Chapter 2

Neo-liberal State and Higher Education: Theoretical Perspective

2.1 Introduction

The present chapter deals with the theoretical underpinning of the study which consist of a sociological understanding of the state-education relationship, understanding the theoretical origin of the phenomenon of neo-liberalism, its relationship with classical liberal theory, theory of Hayek, theory of Nozick, Milton Friedman’s theories of monetarism and James Buchanan’s Public Choice theory in this regard, the nature of neo liberal state as well as the neoliberal manifestation and implication in the higher education sector.

2.2 A Sociological analysis of State-Education Relationship

Education carries immense socio-economic-political significance for the modern nation states as a potential factor of economic development, equality, social mobility and democracy. A national system of education creates conformity to the nationalist ideology and the larger context of community and citizenship (Prasad, 2002, p.10). A sociological analysis becomes indispensable to understand the relationship between state and education which can be broadly distinguished into three approaches (ibid). The first approach consist of Weber’s Political Sociology and the liberal-pluralist approach which derives from classical liberalism and the liberal democratic theories of state propounded by Hobbes, Locke, Bentham, James Mill and John Stuart Mill. The prominent thinkers to propound the pluralist perspective are Margaret Archer and Randal Collins. The second approach is the functionalist perspective which focuses on
understanding the role of the state and education in the maintenance of stability and change in society, social cohesion and examines their mutual association within this structure. Emile Durkheim is the principal contributor of this perspective. Marxist and Neo-Marxist perspectives which focus on class struggle and the coercive character of the state constitute the third perspective. Education according to the Marxist thinkers, form an apparatus of domination by the ruling class (ibid, p.11).

The liberal pluralist perspective on state and its association with society and societal institutions like education draws primarily from the classical liberal tradition. Liberalism presents a heterogeneous wide range of work of Hobbes, Locke, Bentham, James Mill, J S Mill and other Utilitarian. Hobbes and Locke focused on the separation of the private sphere or the civil society from the public domain of the state or the political system. They envisaged a society where the individuals would be pursuing their self-interests and liberty while the state would be protecting their natural rights of life, liberty and property. According to these liberals, the task of the state would be to secure the interests and freedom of the individuals through the instruments of private property, competitive market economy and constitutional governance (ibid). Later liberals like Bentham, James Mill, J. S. Mill and other utilitarians emphasised upon a democratic political system and upon the political accountability of the government towards the citizens. J. S. Mill emphasised on developing conditions that can ensure full development of individual potential which qualifies as the best kind of freedom, and considered liberty and democracy as two most indispensable natural rights of individuals. Classical liberalism thus envisaged a state which will secure and provide for individuals conditions that can help them pursue their best utility in accordance with
the principles of market economy, private appropriation of resources and competition (Held, 1989).

The contribution of Max Weber is of great significance in the formation of the liberal pluralist perspective of state education relationship (Prasad, 2002, p.13). According to Weber, the key feature of the modern state lies in its capacity to have complete control over the legitimate use of force or violence within a definite territory. He maintained that force is central to a modern state and the state monopoly over coercion or force is maintained by a faith in the legitimacy of this monopoly. The ‘rational legal’ organisation and system of authority broadly create the obedience; and the massive growth of the rational legal system of organisation has been brought about by the expansion of capitalism. Weber expanded the aspect of bureaucracy to other large scale institutions and associations including political parties, civil services, industrial corporations and universities. The process of rationalisation as a part of development of modern societies also gave rise to rationalisation of education (ibid). Weber maintains that the capitalist system needs particular system of examinations and expertise to control the working of the universities with its requirements. Thus education constitutes a part of the larger bureaucratic structure of the state involved in creating conditions for the capitalist system (Girth and Mills, 1972).

The pluralist perspective towards state and the distribution of power in the society is based on the Weber’s idea of multi dimensionality of power (Held, 1989). The classical pluralist theory is based on the argument that class is not the only determinant of distribution of power; rather there are many determinants and therefore many centres of power in a society. Other than the individuals, the various social groups and sectors
which form the world of the individuals are engaged in bargaining and competing for their freedom and self interests (Prasad, 2002, p. 15). According to the pluralist approach, power is not hierarchically arranged, rather is a part of a continuous process of bargaining among various groups representing variety of interests. Though the groups are unequal in terms of resources, each group has potential which can be made use of in the democratic system to create an impact (Held, 1989). Political outcomes are what government comes out with after negotiating among different demands (Prasad, 2002, p.15).

A liberal pluralist perspective to understand as to why and how the state got involved in the process of education and the results of the involvement was first attempted in Archer’s 'Social Origins of Educational Systems' (1984) (ibid). Analysing the role of state in educational development in the countries of England, Russia, France and Denmark, Archer maintains that before the state, education was controlled by the specific elite groups in the society like the church and they reserved the power to control the system of instruction. This exclusive power being used by the dominant groups in course of time got challenged by the ‘assertive groups’ who were deprived of power and were competing for power by trying to redefine the political system as a liberal system (ibid, p.16). Their pursuit was to redefine and rescue education from the control of the dominant groups for which they made use of two strategies- restriction, which implies devaluing the monopoly of the dominant groups by using state legislative machinery and substitution which attempts at devaluing the monopoly by infusing market competition (Archer, 1984). Archer maintains that significant changes occur between society education relation and the education system as a result of the dominant
and assertive groups interface. Thus state plays the restrictive and substitutive role of a supportive agency to the assertive groups to command influence over educational institutions (Prasad, 2002, p. 16).

The functionalist perspective dwells on the role of the education in fulfilling the needs of the society and its contribution towards the maintenance of social stability. Similar analysis is conducted with regard to the state and the relation between the state and education. For this perspective, socialisation and selection are the two most prominent roles of the education system. Emile Durkheim’s work on sociology forms the basis of understanding state education relationship from a functional perspective (Prasad, 2002). Durkheim argues that ‘political society’ is a modern concept and is a feature of developed societies. According to him the separation between the government and the governed is a political society. According to him a political society is characterised by the "union of a greater or lesser number of secondary social groups, subject to the same one authority which is not itself subject to another superior authority duly constituted" (Durkheim, 1956, p. 45). For him, state is not coterminous with ‘political society’; state implies the instrument through which authority of the government is used. He maintains that the state should prefer to perform moral functions above the other functions to maintain social cohesiveness, a challenge faced by the modern societies (Giddens, 1971). As societies develop from mechanical to organic and is characterised by increasing differentiation, the individuals are unchained from the control of ‘conscience collective’; newly emerged moral values stress on individual rights and freedoms (Prasad, 2002, p.17). The activities of the state increases, nonetheless the state itself proactively protects the freedom of the individuals. Education can act as an effective instrument of social cohesiveness by inculcating the desired secular values and attitudes
among individuals. The state performs the important moral function of building the modern education system. Education, according to Durkheim, is the "influence exercised by the adult generation on those who are not yet ready for social life. Its object is to stimulate and develop in the child a certain number of physical, intellectual and moral states which are demanded of him by both the political society as a whole, and the particular milieu for which he is specifically destined" (Durkheim, 1956, p. 71). Durkheim maintained that it is of utmost importance that the state controls the education process operating within the territory and that the ideas of rationality, nationalism, citizenship should be universally inculcated among the children (Prasad, 2002, p.17). However, Durkheim’s analysis is completely devoid of any scope of class conflict or political coercion. Inequalities and conflicts are relegated to mere problems of alterations and adjustments as a result of the change of societies from mechanical to organic (Giddens, 1971).

The Marxist and the Neo-Marxist thinkers criticised the functionalist perspective for being teleological in nature and status quoist in effect. They discredit the functionalist approach for considering the education system as naturally just, effectively carrying out the functions of socialisation and selection for the continuation of society (Prasad, 2002, p.19). The approach ignores the existence of conflict between groups and the legitimisation of the existing social structure by the education system (Blackledge and Hunt, 1985).

Marx (1818-83) and Engels (1820-95) were critical of the idea promoted by the liberal-democratic tradition that analyses of the state can start with the individual and relation between the state and the individual. According to Marx and Engels, understanding the
class structure forms the basis of understanding the relationship between the state and people. They also criticised the liberal-pluralist argument that the 'state' impartially represents the community interest. The state is one of the apparatuses including education and law to manage and uphold bourgeoisie interest and domination (Prasad, 2002, p.19). Education in the Marxian perspective would be a part of the superstructure though Marx did not specifically work on education. The Neo Marxist thinkers analysed the state education relationship using the Marxian perspective primarily from two standpoints. The two groups of thinkers belong to the ‘structuralist’ and ‘voluntarist’ Marxist camps (ibid, p.20).

The structuralist approach adheres to the understanding that the super structural aspects including education and state have an effect on the base and its contradictions. However it maintains that in the final analysis it is the base that determines the superstructure. Criticising the liberal pluralist perspective the structuralist Marxists argue that a scientific understanding of the society is not possible if individuals are merely seen as possessing free choice and not in the larger context of inconsistent structural realities. The prominent thinkers of this group are Althusser, Bowles and Gintis and Nichos Poulantzas (ibid, p.21).

Bowles and Gintis (1976) analysed the American education system in their work ‘Schooling in Capitalist America’ by using the ‘correspondence principle’ propounded by Marx (ibid). The correspondence principle implies that the economic system or the mode of production operating in a society determines the ideologies and institutions that exist in a society. Bowles and Gintis argue that just like the state or the government, the education system cannot bring about any change in the existing economic set up of the
capitalist American system, as the superstructure itself contributes towards perpetuating and reproducing capitalism. The capitalists, to counter the possibility of conflict or resistance on the part of the working class, use state and education system as the repressive and legitimising agents. The education creates the necessary ideological consent among the working class about the legitimacy of the system, while also preparing the younger generation for a class differentiated society by inculcating the attitudes and qualities. Education thus is a tool of only partial victory on the part of the working class and is a major instrument of the capitalist class to perpetuate the existing differentiation (ibid, p.22).

Althusser and Poulantzas, the French structural Marxists analysed how social reproduction of class relations takes place in capitalist society. According to Althusser (1971) and Poulantzas (1978), the capitalist endeavour on its own fails to fulfil the necessity of such reproduction, and thereby the state fulfils the objective through various methods and mechanisms whereby it neutralises the socio economic contradictions (ibid, p.23).

Althusser in his essay 'Ideology and ideological state apparatuses' (1971) argues that the ruling class achieves reproduction of social differentiation through the state by using two apparatuses- RSA, that is, repressive state apparatus and ISA, that is, ideological state apparatus. While RSA maintains the social differentiation by using force or repression, ISA carries out a subtle building of consensus among people about the ruling ideology through the agencies such as education, media, religion, culture etc. (Althusser, 1971). However, the limitation with Althusser’s analysis lies in considering all the ideological apparatuses as the state apparatuses.
Poulantzas in his work, 'The State, Power and Socialism' (1978), dealt with social reproduction; and maintains that the capitalist state is not a result, rather an agency in the creation, maintenance and reproduction of social relations of production. State policies are the results of class conflict and are created by the state apparatuses. The school system, according to Poulantzas, helps reproduce class structures by inculcating corresponding values and attitudes among the students and by segregating the youth among different strata of labour force (Prasad, 2002, p.23). The state and the educational system thus are not only shaped by the class struggle, but also project the same in the political sphere. Class struggle is carried out in the education system by control over new knowledge, useful technologies and over-socialised labour.

The ‘voluntarists’, as against the deterministic idea of the structural Marxists, gives primacy to the super structural realities of the society. Rather than believing that individuals and groups are mere parts of the predetermined scheme of dialectical reality, the voluntarists concede that it is the super structural reality that develops the dialectics of the contradictions in the base. Rather than the objective conditions of the contradictions, voluntarists focus on the individual's consciousness of the contradictions (ibid, p.24). Antonio Gramsci is the main proponent of this voluntarist group. Gramsci (1980) focussed on analysing the role of superstructure and its components like education and culture. His analysis of state and his conception of hegemony brought in a new perspective to Marxist theory. Hegemony, according to Gramsci, implies the successful effort of the ruling class to establish its ideology as universal and inclusive, through its influence and control over the state and civil society, especially with the use of education and mass media (Gramsci, 1980).
By using the dual agency of force and consensus, the ruling class attempts to shape the views and consensus of the subsidiary groups; and also attempts to limit the possibility of critical discourses or radical resistance. Given that hegemony builds on consensus, it is an educative relationship between the ruling and the subordinate groups where the intellectuals organise the hegemony exerted by the ruling class. Education contributes towards creating social conformity and consensus, and thus constitutes a vital tool in the hands of the state to create and maintain the hegemony of the ruling class (ibid). The state thus contributes towards reproduction of the capitalist relations of production by acting as an agent of force or repression and also by controlling people’s consciousness. The capitalist state carries out the difficult task of generating social conformism through the education system and the intellectuals (ibid).

While the theoretical understanding of the Liberal-Pluralist, Functionalist, Marxist and neo-Marxist perspective revolves primarily around the developed capitalist countries, they provide useful insights into the working of the post colonial developing countries as well. The developing countries demonstrate unique nature of state society relationships due to a number of socio-cultural historical political and economic problems peculiar to these societies. These societies share common characteristics unlike the developed western societies (Prasad, 2002, p.28). Carnoy and Sarnoff (1990) while studying the five developing countries-China, Cuba, Tanzania, Mozambique and Nicaragua, analysed the role and importance of education as a vehicle of social change and as a tool of political and ideological legitimisation. These societies, termed as ‘transitional societies’, have discredited the capitalist state and class character of such states and have decided upon democratic socialism as the base of larger socio-economic transformations. The state education relationship in such societies is largely shaped by
the legacy of the pre transitional period and the socio political history of the transition (ibid, p.28). The configuration of the education system of these developing countries is influenced by a host of factors such as the origins of the educational priorities and objectives of these countries, the classes which carry out these policies, peculiar conditions of that particular period of time, conditions of the choices and the consequences of the choices on the nature of the education system (ibid). Apple and Jules (2000) also talk about the primacy of the state in the educational system and the struggle of various groups and sections over the educational policies. The transitional state recognises the inherent class character of the state and establishes its legitimacy by debunking the discriminatory character. The education system holds immense significance in so far as there is a continuous drive to negate the entrenched class structure and to bring about a radically different socio-cultural and political structure (ibid, p.29).

A post colonial society faces the twin challenges of fast industrial development and distributive justice. The state has to legitimise itself, its components and the existing social configuration (ibid, p.30). With an imported non-indigenous state, these societies possess a dual economy. The state also needs to create the autonomous space to carry out the distributive role to challenge the claims of the elites. Amidst such critical conditions, the education system also confronts severe issues. While the goals decided for education are high, the resources are scant. There is increase in the political demand for education, and the state also considers education as a crucial icon of its commitment towards democracy, equality and social justice (ibid).
The developing societies thus are caught between several currents. While on the one hand it has to enhance capitalist accumulation, on the other hand it has to act on the larger societal goals of equity and social justice. In such circumstances, education holds a crucial role—not only as a tool of economic enhancement, but also and more importantly as an agent of social transformation. It helps the state achieve legitimacy and also provides an ethical and benevolent character to the state (ibid). The state in the developing countries is thus under the political necessity of ensuring democratic and equitable expansion of education.

The political context and nature of educational policies, the values associated with the democratisation and expansion of the same, scarcity of resources and the dilemma of capitalist expansion constitute the basis for understanding the state-education relationship in post colonial underdeveloped nations. The process of liberalisation has brought another dimension to the understanding of the state education relationship and the imperatives of state policy towards education.

As economic globalisation has led to an increasingly interdependent and interconnected world economy, governance of national economy has come out as a crucial issue and has acquired much limelight. As globalisation accelerated, how capitalism is governed in different national economies has emerged as a rather contested issue; the crux of the issue being the role of the nation state in the ‘governance issue’. What is the role of the state? Should it intervene and regulate the process of development? Or should the state rather take a minimal stand of ‘night watchman’ leaving the optimal solutions of economic problems to Adam Smith’s ‘invisible hand’? Many scholars of international political economy have argued that the model of governance with minimal role of the
state is the dominant political and economic ideology when it comes to governing the
globalised world economy (Kabir, 2011). And this dominant strategy of governance is
collectively known as neo liberalism. In countries like Britain and America, neo-
liberalism has been considered as the institutional mechanism to deal with the global
issue confronting the nation states to internationalize and globalise their productive
capacity, as well as its need to make local facilities for jobs and employment of labour
(Tickell and Peck, 2003). On the other hand, the Asian developmental states have been
associated with a different approach to resolve the tensions brought by globalisation-
the ‘statist’ approach.

2.3 The Idea of Neo-liberalism
The ideology of neo-liberalism emerged in post war construction period as a response to
the crisis of the ‘Keynesian welfare state’ (Clarke, 2005). However, according to
Martinez and Garcia (2000), neo-liberalism is not more than 25 years old. According to
them, neo-liberalism is a set of economic policies that have become widespread during
the last 25 years or so. Around the world, neo-liberalism has been imposed by powerful
financial institutions like the International Monetary Fund (IMF), the World Bank and
the Inter American Development Bank (IADB). The capitalist crisis, with its shrinking
profit rates, inspired the corporate elite to revive economic liberalism. That's what
makes it "neo" or new (Ross & Gibson, 2007, p. 12). Neo-liberalism as a policy has
been more of an imposition by powerful financial institutions like the IMF, the World
Bank and the IADB. The first half of the 20th century saw the failure of market and the
downfall of a period of liberal market ideology. The downfall of liberal ideology was
followed by a new doctrine of welfare state in the immediate post second world war.
The decades of 1950s and 1960s happened to be the period of Keynesian policy of state
intervention. The failure of Keynesian welfareism to ensure sustainable growth in the 1970s marked a new period of neo liberal policies which intended to establish a synthesis of market and state interventions by invoking the principles of market in the functioning of state (Bhushan, 2009, p.145). The capitalist crisis over the last 25 years, with its shrinking profit rates, inspired the corporate elite to revive economic liberalism. That's what makes it "neo" or new (Ross & Gibson, 2007, p. 12). Liberal ideology considered competition as the only mechanism to ensure efficient allocation of resources and rules out state intervention in the same. Reinforcing the liberal idea of individual rationality and market competition, neo liberalism extended to consider that state is supposed to intensify the market operations. It implies privatization of a part of services produced by the state. The argument of neo-liberalism is in favour of abolishing public monopoly and it opposes the basic premises of welfare state. It believes that state interference in public enterprises will hinder production and profit, and therefore upholds privatization and market fundamentalism. It believes in abolishing all kinds of barriers and creating opportunities for private sector. It is in favour of restructuring rather than planning by the state and wants the state to promote market-based incentives. Thus, in neo-liberalism, the role of the state is not negated. State participates more and more not in the production of goods and services but in facilitating the production by the privatized mode. The state actively constructs the market. State control is expected to be devolved and flexible.

Martinez and Garcia (2000) explains the main points of neo-liberalism as- the rule of market which refers to liberating free/private enterprise from any restriction imposed by the state (government) no matter what social damage results. Secondly, cutting public expenditures for social services refers to reducing government support from education
and health care. Thirdly, *deregulation* refers to the reduction of government regulation. Fourthly, *privatization* means to sell state owned enterprises, goods, and services to private investors (including public education services), and finally, *elimination of the concept of "public goods" or "community"* means the individual has the core responsibility to manage his own life (Ross & Gibson, 2007, p. 3).

Harvey (2006) also points out four features of neo-liberalism as: privatisation, financialization, the management and manipulation of crisis, and state redistributions. He argues that public assets are targeted to be corporatized, commoditised and privatised in the neoliberal project. Public utilities of all kinds (water, telecommunications, transportation), social welfare provisions (social housing, education, health care, pensions), public institutions (such as universities, research laboratories, prisons) and even warfare (as illustrated by the "army" of private contractors operating alongside the armed forces in Iraq) have all been privatised to some degree throughout the capitalist world (Ross & Gibson, 2007, p. 44).

The grounds of neo-liberalism are rooted in the collective works of Hayek, theories of monetarism by Milton Friedman, and the Public Choice Theory by James Buchanan (Olssen & Peters, 2005; Roberts, 2007). Hayek, in his book, *The Road to Serfdom (1944)*, put across his arguments against socialism, collectivism and state planning. In fact, Hayek considered collectivism and totalitarianism as synonymous which disregard individual freedom and autonomy. Severely criticising the state’s attempt at ensuring absolute equality and security, he limited the role of the state to maintaining law and order without imposing moral values on the individuals and leave them to their own free will. According to Hayek, democratic methods are not as effective as market choice in
expressing information about what the individuals want in the way of welfare services (Ramaswamy, 2003, p. 44). He addressed the problem of planned socialist economy and suggested that "the absence of a pricing system would prevent producers from knowing true production possibilities and costs" (Roberts & Peters, 2008, p. 12). In 1949, he critiqued the role of intellectuals, academic institutions and their ideas for the rise of socialism in his paper, ‘The Intellectual and Socialism’. Hayek consistently maintained that economic freedom should be treated as the political and moral force that "shaped all other aspects of a free and open society" (Steger & Roy, 2010, p. 15). He contended that "the increasing of economic freedom led not only to rapid economic growth and the development of science and technology but also to the "undesigned and unforeseen by-product of political freedom" (Hayek 1944, cited in Kohl & Farthing, 2006, p. 16). He said: ...if we are to avoid such a development we must be able to offer a new liberal program, which appeals to the imagination. We must make the building of a free society once more an intellectual adventure, a deed of courage (Hayek, 1949b, cited in Plehwe & Walpen, 2006, p. 33). Individual freedom from society, according to Hayek, was a key constituent in the development of modern European history. Individual effort can lead to a "complex order of economic development" which requires political freedom (Hayek, 1944, p. 12). Hayek put forward economic and moral arguments against the collectivist state. Development of individual personality is hampered with increased state intervention in individual affairs, as the state fails to maintain impartiality. He maintained- If the state is precisely to foresee the incidence of its actions, it means that it can leave those affected no choice. In a world where everything was precisely foreseen, the state could hardly do anything and remain impartial. The state ceases to be a piece of utilitarian machinery intended to help individuals in the fullest development
of their individual personality and becomes a "moral" institution – where "moral" is not used in contrast to immoral, but describes an institution which imposes on its members its views on all moral questions, whether these views be moral or highly immoral. In this sense the Nazi or any other collectivist state is “moral”, while the liberal state is not (Hayek, 1944, p. 57). Economic Control can make way for control of all sorts of things in life. But central planning cannot usher in an environment of economic freedom as the former is governed by collectivism instead of individualism, and it is hard to believe that collective effort can solve individual economic problems. Hayek therefore criticised Socialist systems to be the enemy of economic and political freedom. "As soon as the state takes upon itself the task of planning the whole economic life, the problem of the due station of the different individuals and groups must indeed inevitably become the central political problem" (Hayek, 1944, p. 80).

The views of the libertarian political philosopher Robert Nozick are also of considerable significance, whose book Anarchy State and Utopia clearly put across the idea of a minimal state. Defending the philosophy of free market, Nozick contended that welfare state is against individual freedom. Though Nozick never outrightly rejected the legitimacy of state, he was in favour of one which provides security to individuals and protected private property which is also called the ‘night watchman’ state. Nozick held that individuals possess self ownership- both over mind and body, and have ultimate property rights which no one can deny them to. He said- “Individuals have rights, and there are things no person or groups can do to them without violating their rights.” (Nozick, 1974, p. ix). Through self-ownership, Nozick also meant owning one’s own labour. Another argument of Nozick that resonates with the free market philosophy is that he was in favour of voluntary legitimate transfer of property so long as it does not
amount to coercion or fraud of any manner. And in all such transactions, an individual shall be treated as ‘end in itself’, and not as a means to others’ ends (Gauba, 2006, p. 387). Nozick was critical of the redistributive character of welfare state and argued that inequalities that exist at the level of production cannot and should not be redeemed at the distributive level, which tantamount to violation of individual rights.

Similarly, Friedman too argued the case of economic freedom in his theory of monetarism. Maximum economic growth, according to Friedman is based on two broad principles- Firstly, "the scope of government must be limited, and secondly, government power must be dispersed" (Friedman, 1962, p. 2). Friedman maintained that political freedom stems from economic freedom- which is also an indispensable condition for social development. Contending that economic freedom is also a gateway to total freedom, Friedman considered capitalism as necessary for political freedom since it brings about a separation of economic power from political power. Friedman (1962) argued that socialism and individual freedom can never go hand in hand although some may argue that freedom is possible in socialist countries following certain ways. He said (1962): By contrast, it is clear how a free market capitalist society fosters freedom. One may believe, as I do, that communism would destroy all of our freedoms, one may be opposed to it as firmly and as strongly as possible, and yet, at the same time, also believe that in a free society it is intolerable for a man to be prevented from making voluntary arrangements with others that are mutually attractive because he believes in or is trying to promote communism (Friedman, 1962, p. 19-20).

Public choice theory, which is a set of ideas concerning politics, developed when the Marxist views of the socialist and collectivist ideal started declining (Kabir, 2011).
Buchanan is believed to have set the tone of a major shift from liberal to neoliberal systems of government where state intends to work towards economic fulfilment (Olssen, 2002; Olssen & Peters, 2005). According to Buchanan, public choice theory is capable of explaining the failure of political processes of the socialist system. According to him, "public choice theorists were concerned with the marketization of the public sector through the deliberate actions of the state" (Olssen & Peters, 2005, p. 319). States were to consciously use market as an effective tool of development. Buchanan argued that there are two types of states- protective and productive state. Whereas protective state builds a strong force of constitutional rules, productive state facilitates free participation with the former playing the role of a policeman only to see to the regulation of market flow (Buchanan & Tullock, 1962, cited in ibid). Buchanan placed high importance on the concept of the individual and maintained that only individual evaluation can define and determine public good. He justified individual choice by arguing that individuals’ drive to get their interests fulfilled does not amount to them maximising their self interest.

Neo-liberalism is a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets and free trade; while the state is expected only to create and preserve that institutional framework. The state must also, neo-liberalism argues, set up those military, defences, police and legal structures and functions required to secure private property rights and to guarantee the proper functioning of markets, even with the use of force, if necessary. Furthermore, if markets do not exist (in areas such as land, water, education, health care, social security, or environmental pollution) then they must be
created, by state action if necessary. But beyond these tasks the state should not venture. “State interventions in markets must be limited because, according to the theory, the state cannot possibly possess enough information to second-guess market signals and because powerful interest groups will inevitably distort and bias state interventions (particularly in democracies) for their own benefit” (Harvey, 2005, p. 2). Thus while as a theory, neo-liberalism favours market relations over state intervention, at the level of hegemonic practice, has successfully captured the state as the means of pursuing its objectives. The concept of free market used in modern economics until the end of 1970s or early 1980s was probably consistent with an appropriate role of the government to take care of market failures. This was the basis of welfare economics. But the 1980s and 1990s brought about a complete swing of the pendulum in which social democratic values and welfare state concerns were replaced by the free market philosophy that stresses individual economic values and gains. Individual freedom and choices are preferred to social (or public) choice. The extreme form of free market philosophy (Hayek, 1944), held no importance to 'social good' and 'social welfare'; there is no such thing as society or value to society that is inseparable from individual gains (Tilak, 2004). Only individuals are real, and their gains are crucially important and individual freedom is more important than even democratic values (Tilak, 2004).

Neo-liberalism is also guided by the philosophy of individualism where the individual shapes his own life and destiny unhindered by state. An ideology, a kind of policy, a form of governability- neo-liberalism did not remain confined only to an economic discourse, but has affected politics, society and lives of every individual. The common argument of neo-liberalism is that creation of wealth as well as economic progress lies solely on individual private property and private enterprise. As Harvey (2005, p. 65)
states that the entitlement of private property rights is the best way to protect against the so-called ‘tragedy of commons’ (the tendency in individuals to irresponsibly super-exploit common property resources such as land and water). Neo-liberalism with its inclination towards privatization has advocated shift of public enterprises to the private sector. Even though privatization and commoditisation has not been successful in bringing forth much efficiency and welfare, developing states seem to be increasingly tempted by the same. Explaining the insistence on neoliberal policies, Harvey states that neo-liberalism builds conditions for class formation, and as that class power strengthens, there arises a strong tendency on the part of that class to liberate itself from its dependence upon state power and to reorient state power along neoliberal lines (Harvey, 2005, p. 72).

Giroux (2005) argues that neo liberalism forms a part of a larger agenda of reinstating concentration of capital and aimed at restoration of class system and hierarchy. Defining it as an ideology, a policy and a mode of governance, Giroux posits that neo liberalism constitutes a political and economic project.

At the level of an ideology, neo-liberalism interprets democracy to be essentially incorporating profit making. It attempts to define, redefine and design social structures and relations, and deposit complete faith on the market as the panacea of all social issues. At the level of governance, neo-liberalism creates deregulated environment and a new world view of novel subjects and identities. Based on the idea of free individual this ideology of neo-liberalism is driven by the dictum of survival of the fittest. This gives rise to system where the free possessive individual is loyal to the ruling class and institutions of governance to accumulate as much wealth as possible devoid of morality
and social obligations. And at the level of public pedagogy, neo-liberalism attempts to colour all aspects life along the lines of market fundamentalism. Consequently, neo-liberalism ends up legitimizing a way of life which thrives on cruel competition and anything against public interest and values. Neo-liberalism does not leave any scope whatsoever for any resistance to the rule of capital. It thus undermines democratic forums of cohesion, distorts any form of solidarity, and destroys all kinds of social costs.

2.4 Neo-liberalism Across the World

Founded on Hayek’s political economic arguments, during 1980s Thatcher and Reagan began to formulate policies in conformity with ‘free trade’ principles and facilitated open market (Roberts & Peters, 2008, p. 14). Neo-liberal policy agenda took a firm hold in the western world with active role of US President Ronald Reagan and British Prime Minister Margaret Thatcher in the direction of entrenching neo-liberal policies and practices. According to Munck (2005), Reagan, Thatcher and Pinochet in Chile were influenced by the views of Hayek and Friedman in developing their neo liberal standpoints and incorporated these views and arguments while making the strong state to roll back from its active role and interference and in practising free market principles. Neo-liberal policy got formulated in China in 1978 and its partial adoption in India and Sweden took place in 1980s and in early 90s respectively (Harvey, 2005). British economy started suffering from stagflation from 1970s. While the economy was battling with this economic crisis, Margaret Thatcher got appointed the Prime Minister with a strong mandate to deal with the crisis and to bring about an economic reform. In a bid to reform the economy, Thatcher abandoned the Keynesian model of economy and put her faith on the novel ‘monetary policy’ model to bring about the much needed reform of
the economy and to solve the economic issues (Harvey, 2005). Thatcher at no point was influenced or forced by the US when she introduced the neo-liberal policy agenda in various sectors of the country. Rather introduction of the neo-liberal agenda was a solution to deal with the crisis of rising inflation and increasing unemployment. Thatcher, influenced by the monetary policy, adopted a comprehensive neo-liberal mechanism and policy agenda to bring about some systemic changes like reducing taxes, liberalising exchange control rates, cutting down on regulations and privatising state owned enterprises and industries.

In 1997, Tony Blair, the leader of the Labour Party came to power with a massive electoral triumph. He formulated a new policy namely ‘Third Way’ policy to deal with economic issues of that time and devised solutions to tackle the problems of the middle class (Kabir, 2011). He formulated comprehensive macroeconomic policies and devised new mechanisms of taxation and incurring practices to augment economic efficiency and global competitiveness. He also devised a new system of fiscal stability within the neo-liberal policy agenda to ensure the investors of the commitment and ability of the government to manage the finances of the state (ibid).

Ronald Reagan also adopted some novel policies in order to deal with the stagflation of economy that America faced. Reagan who came to power in 1981 formulated a ‘supply side oriented’ program which included tackling accelerating unemployment and generating revenue to run public programmes by reducing marginal tax rates et al. He also made an attempt to introduce ‘new federalism’ inspired by the neo-liberal principle of individual freedom and decentralisation. It was believed that a decentralised government would more efficiently regulate economy and market. Reagan’s
deregulations included deregulation of loans and savings industries, telecommunications industries and privatisation of state owned land. Social sector and its programmes also underwent significant changes including withdrawal of state support from various programmes namely school lunch, medical aid, aid to families with dependent children (Kabir, 2011).

Chile in Latin America adopted neo-liberal policy agenda at the behest of Dictator Augusto Pinochet who came to power with backing of US by evicting the democratically formed government (Kabir, 2011). A number of new economic policies were introduced by Pinochet on the recommendation of ‘Chicago Boys’, a group of economists introduced influenced by the ideas of Milton Friedman that equated free market with socio political freedom (Harvey, 2005). A number of academic programmes were introduced in the lines of free market such as ‘Chile project’ which aimed at training children in accordance with principles of free market (Steger & Roy, 2010, p. 100).

In Argentina too, the democratically elected government got ousted from power by the military junta in 1976, which like Chile had a close association with the ‘Chicago Boys’. In the course of time as the military regime collapsed and a new government came to power, new economic policies according to neo-liberal policy came to be adopted, which included deregulation policies for promotion of trade and business as well as privatisation of state owned enterprises (Steger & Roy, 2010).

In case of Asia, Chinese President Deng Xiaoping initiated liberalisation of communist Chinese economy in 1978. However market oriented economic ideology and policies
enhanced in Asia and especially in Southeast Asia from 1990s (Harvey, 2005). Deng developed a new economic model under the influence of neo-liberal foundation of productivity, efficiency and competitiveness, called the ‘state socialism market’ model. Privatisation of public enterprises constituted a major part of Deng’s economic reform as well. As a part of economic restructuring, China also opened up some state owned enterprises (SOE) to foreign agencies too, with some manipulations in the exchange rates to further enhance global competitiveness (Steger & Roy, 2010, p. 87).

2.5 Understanding the Nature of Neo-liberal State

The free market approach has put forwarded an ambiguous conception of the state\(^3\). This market approach to social and economic policies of the nations defined an unclear relationship with the state. World Bank and all the governments that supported the new economic policy initiated major economic reforms including privatisation of public services. The new economic reforms furnished ground for withering away of the state and a minimal state which will have a limited role in the economic system of the nation. According to the neo-liberal ideology, public interest can best be defined and served by market forces and competition. It is argued that market can best define and express individual choices and can promote individual freedom. Market competition, it is argued, can ensure both individual prosperity and larger societal benefit. Competition and efficiency be the basis of economic enterprises, and hence, allocation of funds and profit making are more in tune with individual freedom, which also help the wealth resulted out of private enterprise penetrate down to all the sections of the society.

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\(^3\) See http://www.thecornerhouse.org.uk/sites/thecornerhouse.org.uk/files/StateFull.pdf
The neo-liberal theory concedes incapability of state mechanism for successful functioning of national economies. It is argued that the state should be entrusted with minimal role given the inefficiency of the state to manage national economy. Also, the theory states that the state does not either have any justifiable power to govern the economy, which, rather, the theory argues, would put the economy in peril. State enterprise would put at stake freedom of individual enterprise, which will also lead to ineffective utilisation of resources with no trickledown effect to benefit the society. State led and controlled economy will rather go against the interests of economic well being of the individuals and the larger societal benefits supposed to be accrued from economic activities. The neo-liberal advocates thereby went on to make arguments in favour of a limited state with least government affairs. Considering market competition as the panacea of all the economic problems of the nation, neoliberals argued that there should be increasing market intervention and gradual withering away of the state in all the spheres of economy and society.

When global south encountered massive economic crisis necessitating economic aid from global institutions, IMF and World Bank cashing in on the crisis situation insisted that debtor countries remove the government from the economy as the price of getting credit". These nations got assistance of IMF and World Bank in the form of ‘structural adjustment program” which of course put certain restrictions on the governance of these nations. It anticipated a new role of the government and directed the latter to cut down on its public spending and countries cut down on public spending. With the idea and the belief that enterprises and services would flourish under the auspices of the market, markets got deregulated and state services were largely contracted or sold out to the private sector, sometimes the bodies even dictating what are the private companies that
the state industries should be contracted out to. South, too, experienced slashing of state spending on public enterprises and emphasis on increasing efficiency of services.

A neo-liberal state is supposed to be a staunch protector and promoter of individual freedom with firmly entrenched state institutions and an established rule of law to serve the ends of free market, trade and capital. It provides primacy to individual rights and freedom of action choice and expression and believes in establishing institutional mechanism to protect the sanctity of individual freedom along with upholding the supremacy of free competition and contractual obligation among individuals in the free market scenario. Individual freedom in the form of private corporations and business groups are to be promoted as an essential good; and state is entitled to even resort to oppression, repression and violence to safeguard individual as well as market freedom. Public enterprises’ alleged failure to fetch societal progress and benefit made the case for market as the panacea of all kinds of miseries and economic underdevelopment. Creation of economic wealth and financial novelty are considered to be successfully based only the foundation of free market as against state endeavours. Private entrepreneurship and enterprise are also expected to bring about the much needed ‘trickle down’ effect to actualise larger societal benefit. Omnipresent and continuous private enterprise is seen as the sine qua non of material well being and progress, and like the rising tide that lifts all boats, these enterprises are expected to eliminate poverty.

"Far from supporting a minimalist approach to the state, the world’s development success stories have shown that development requires an effective state, one that plays a catalytic, facilitating role, encouraging and complementing the activities of private business and individuals".
Neo-liberalism advocated a limited role of the state, but as an upshot of neo-liberal policies, there has been a huge expansion of state power. Hardcore Thatcherites questioned the influence of neo-liberal principles in policy making. They have questioned the rising public spending and the ever increasing role and power of the state. But rather than a small state, neo-liberalism has given birth to a market state. It appeared politically implausible to shrink the state; and hence neo liberals turned the table and instead started using state. State has been given the task of reshaping the social institutions in accordance with market principles; and this task could not have been accomplished by a small and minimal state. Neo-liberalism has delivered a bloated market state which ensures omnipotent government interference. Neo-liberalism has always had the inner logic of increasing state power and influence, because for the market to invade every aspect of social life, a strong, powerful and invasive government is needed. State control is more visible now-a-days in sectors like health, education and arts. Institutions which once occupied autonomous positions are intertwined with government apparatus. Reshaping of society on a market model has resulted in an omnipresent state (Plant, 2012).

Raymond Plant in The Neoliberal State, deals with neo-liberalism and attempts to uncover its inherent contradictions with the technique of immanent criticism. By analysing and examining the ideas of different thinkers - Michael Oakeshott, Friedrich

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Hayek, Robert Nozick, James Buchanan and others - he develops a thorough and convincing argument that neoliberal ideas are innately unstable.

Neo-liberals are different from anarchists, who oppose any form of government, or libertarians, for whom the role of the state should be limited only to the maintenance of law and order and provisions for national defence. A neo-liberal state might make room for welfare state, but one with limited and minimal power. For neo-liberals, to use welfare state in a bid to realize the ideals of social justice, amounts to abuse of state power. They argue that social justice being an ambiguous and contested concept, governments while trying to realize the former, will end up compromising rule of law and abrogate freedom of individuals. Neo-liberal state can make rooms for a welfare state, but only of the most limited kind- its role being confined to protecting the free market and providing a minimum level of security against poverty (Plant, 2012).

The thinkers who contributed to the building up of the neo-liberal ideology present a mixed bag of ideas which are essentially incoherent. They differed widely on many fundamental issues. While Oakeshott's scepticism to a considerable measure differed from Hayek’s reliance on market and its principles to usher in human progress, Nozick based his arguments on his ideas of individual rights. There has never been a systematic coherent body of neo-liberal theory. Reconstructing the ideology is essential to criticising it, and that is what Plant attempts and does. And Plant comes up with the most convincing and detailed critique of neoliberal idea till date. The central argument of Plant when criticising neo-liberalism is that when clearly defined, the theory tends to fall apart due to its inherent contradictions. Being a Hegelian scholar, Plant (2012) criticises the neo-liberal ideology from a strongly Hegelian perspective. Neo-liberal
state essentially stands upon the moral grounds of rule of law and negative freedom. But
on a closer examination it is evident that neoliberal state eventually requires social
democracy and is very much similar to social democracy. Plant posits that a socio
democratic path is the only way forward for the neo-liberal to live up to its moral and
rational standpoints.

However, Plant’s argument does not seem to be plausible in the sense that inherent
contradictions and instability of the ideology does not necessarily equate it with another
philosophy, that is, social democracy. Plant’s adoption of immanent criticism though
revealed the internal contradictions of the philosophy; it failed to provide ways to
ameliorate the same. Also the advocates of neo-liberalism who argue the case of a
minimal do not turn social democrats on account of implausibility of the idea; rather
they end up advocating a conventional welfare state, which is not aimed at fetching the
ideal of social justice, but rather prepare people so as to make them fit for the labour
market. Neo-liberal state goes against moral principles and disrupts social harmony. The
theory of neo-liberal state suffers from a number of inherent contradictions and
inconsistencies which make the theory incapable of coherence and of substantial
credentials.

Given that neo-liberal theory essentially believes in competition, it is difficult to discern
as to when competition turns to monopoly and oligopoly. The theory holds that
competition will prove beneficial in improving efficiency and productivity. Unrestricted
entry of competitors and free competition is supposedly the panacea of ills of the
society, according to the neo-liberal theory. But when will the competition turn out to
be domination and oppression of some over others, it is difficult to discern. Such
situations of monopoly necessitate state regulation and control of some sort. Though partial deregulation by the state might be plausible, but the probability of profiteering and exploitation remains equally conceivable.

Market failure and avoidance of responsibility and accountability by the market forms another area of tension within the neo-liberal theory. Many times the business groups tend to externalize the costs of production, do not take responsibility of the same, whereby inconsistencies and inconveniences take place. Private firms, for example, in their irresponsible selves dump wastes in the environment, exhibit how unbridled market activities can act hazardous to environment, human health and well being and overall societal well being. Though some neo-liberals advocate minimal state intervention to regulate market activities, most of the neo-liberals are apprehensive of the role of state in regulating market and in ensuring their accountability.

The presumption of all the actors of the market competing from a level playing field is another limitation of the theory of neo-liberal state. The fact remains that not all have access to same information and it is imperative that those with access to better information will spill over to have even better information, more power and influence. The denial of the presence of asymmetric power relation and its influence on economic decision making, tend to further entrench the unequal power relation, which eventually necessitates state intervention. Presuming the existence of a symmetric power equation, the neo-liberal theory presents an idealistic image; or if anything else, it will further perplex the reality and will contribute towards concentration of wealth and resurfacing of class conflicts.
A fundamental conflict between the urge for absolute individualism and a desire for well meaning collectivism apparently emerges in the theory. How to make both the aims of individualism and collective well being co-exist, is an area of tension within the theory. While the theory advocates the freedom and the ability of the individuals to choose on one hand, they are deprived of their freedom to choose a collective life and collective well being. The individuals, while are considered rational enough to take wise decisions for their well being, are not given the freedom to form strong collective institutions to influence and pressurise the government to intervene for greater well being, or to remove the market from the sphere of governance. Considering popular government, socialism, fascism as the greatest threats, neo-liberalism restraints democratic system of government, and puts the onus of decision making on actors-unaccountable and undemocratic. Thus it gives rise to an irony of increasing intervention of the privileged in a situation of supposed non intervention of states. Resistance and movements against the neo-liberal propaganda is often meted by the state with repressive intervention thus undermining the spirit of freedom so profoundly advocated the neo liberal ideology. The protests and resistances are challenged by global competitions. And if and when the globalisation tactic does not word, neo-liberal state resorts to the use of persuasive and repressive methods, including use of police force to smother/contain any opposition to it (Plant, 2012)

The most effective role in entrenching the ideology of neo-liberalism and rolling the neo-liberal principles into action has been played by the state. The state and its attempt have been omnipresent in designing out an intimate relationship between state and market so much so that the two become inseparable and complementary. The emergent idea has been that the alleged conflicting and contrasting interests of state and market
are nothing real, but imaginary. Free market therefore does not entail a minimal state; rather is in need of an enforcing state to firmly entrench market principles. The idea of a minimal state thus gets aborted as a utopian idea. State appears as a ubiquitous force; but whose ends will it serve, that remains the issue. Referring to the World Bank Report of 1997, that talked of an effective state, it needs to be seen whose ends does the effective state is supposed to meet⁵.

2.6 Neo-liberalism vis-a-vis Higher Education

Neo-liberalism, very soon, came to influence and reshape all the sectors. Among all the sectors, education has also been identified as one where incorporation of neo-liberal ideas seems plausible. Ross and Gibson has argued in their book how North America and basically the world has experienced challenges to and attacks on public education system as a result of neo-liberal policies adopted by the government (Ross and Gibson, 2007, p. 4). “No Child Left Behind’ (NCLB) Act was introduced in 2002 by the then President George W. Bush with an attempt to redesign education sector in America. With new reforms introduced in education sector by this act including new standards of evaluation, accountability and government’s support to schools, this act came to be considered as a prime neo-liberal business driven education policy (Lipman, 2007).

Last few decades saw the intrusion of neo-liberal agenda in the education sector all over the western world. Countries like US, UK, Australia, Canada and New Zealand are considered to be the ones who have thoroughly overhauled their social sector policies in favour of neo liberal ideology. Education sector in these countries other than Canada

has also been marketised (Roberts, 2007; Hill, 2007). Neo-liberal agenda, Ross and Gibson (2007) argued, can be integrated with the educational sector in three ways-firstly by opening up educational system to management agencies driven by profiteering thus creating room for privatisation of education, secondly by reducing costs of education by adopting different means including downsizing costs like closing down certain facilities, thirdly by setting new standards of curriculum and accountability. According to Torres (2009), neo-liberal agenda in education primarily aims at decentralising and privatising public education, with new educational standards and new conditions of accountability mostly based on narrow considerations. Carnoy (1999) also talked of reforms brought in to education by neo-liberalism. The three forms of reforms that he talks about, first one confirms to changes like decentralisation of administration and governance in matters of education, new methods, norms and standards relating to education, teaching and learning. The second one, according to Carnoy, refers to reforms based on financial conditions laid down by international institutions which include mechanisms like transferring financial resources from heads of primary education to that of higher education, privatisation of education, reduction of costs by different strategies et al. The third type of reform talks about changes based on equity; which is rather a deception to legitimise the other two reforms (Torres, 2009, p. 17). Hursh (2007) was of the view that mainly two forces were in play in promoting the idea of neo liberalism across the globe. While the developed world is the pioneer in embracing and practising the neo-liberal ideology, the developing world ended up following the developed counterpart and integrated neo liberal principle in their economic policies. The developed countries incorporated the neo-liberal agenda as a
guideline given by the international institutions as a condition for loans and grants, which these countries were in much need of.

WTO aimed to introduce trade in various services by concluding various agreements (GATS came into force on 1st January, 1995). Thus countries all over the world were driven to adopt and incorporate the neo liberal policy in their policy initiatives. WTO aimed at introducing further liberalisation of services. In this bid, a number of services which were hitherto being facilitated by the government would be privatised. The government would have to outsource services like education, water and health (Matheson, 2000 as cited in Hill, 2007, p. 122). Neo liberalism in education started off with primary and secondary education, with limited effect on higher education with privatisation touching upon on non educational facets only (Levidow, 2007). It was from 1980s that higher educational institutions, primarily the universities flagged off commercialisation of many educational facets including knowledge, skills, curriculum, finance, accounting, management etc. (Levidow, 2007). Several universities in North America were seen catering to entrepreneurial mechanisms like revenue generation and profiteering and even set business collaborations (Levidow, 2007). Higher education in India got marked by the twin attempt of improving standards of teaching, curriculum, and norms; and of balancing reduced resources and increasing costs (Johnstone, 1997, p. 133). Many American universities devised educational governance on entrepreneurial lines by adopting various new mechanisms like privatisation, reducing costs, business like strategies etc. Similarly, in UK too, higher education went through significant changes in neo liberal lines. During the Prime Minister ship of Margaret Thatcher, much in line with neo liberal agenda, government cut down on resources and funds to be
allotted to higher education institutions. Also, towards the late 90s, UK saw abolition of student grants and introduction of tuition fees (Levidow, 2007).

Another country to steadfastly move in the direction of designing higher education on neo-liberal lines has been Australia. Higher education sector of Australia has been highly commercialised. It has aimed at attracting more foreign students as a means of revenue generation in form of export revenue (Marginson 2006). Marginson (2006) says that all the Australian universities are driven and led by commercial market policies. The role of the government is only to see that universities do not give rise to any negative business among themselves. Universities in Australia came to charge commercial fees from domestic postgraduate students on one hand; while doctoral programs seem to be designed with an aim to attract foreign students in larger scale. "Within the national system, institutions compete for research funding via merit based academic schemes, targeted public and private sector projects, consultancy and philanthropy; and also tuition revenues from international and postgraduate students, short courses and continuing professional education" (Marginson, 2006, p. 9).

New Zealand, known to be the hub of welfare also resorted to neo liberal policy agenda long back, almost two decades back (Roberts, 2004; Olssen, 2002 cited in Roberts 2009). The government adopted a number of strategic plans in this regard. It first came out with a strategic plan for higher education sector, called Tertiary Education Strategy adopted in 2002 for a period of 5 years. Year 2007 saw another plan document named the Tertiary Education Strategy. These documents carried the strategic vision of the government of creating and developing an economy characterised by high income, innovative, creative and knowledge based (Roberts, 2009, p. 413). Late 1990s also saw
introduction of a new strategy called 'Bright Future Package'. Based primarily on the concept of knowledge society, its aim was to further advance innovation, economic competitiveness, enterprise and skill development (Roberts, 2004). Neo-liberal policy agenda clearly reflected in both the strategic plans in so far as creating and developing knowledge based economic society is the prime agenda of neo-liberal policy (Roberts, 2004; Roberts, 2009).

In case of developing countries, entrenchment of neo-liberal ideology, has much been contributed by World Bank, in the form of all necessary support. Neo-liberal policy agenda is primarily aimed at deregulation, privatisation and marketization of higher education. Neo-liberal reform agenda is guided and led by market principles rather than being oriented towards government planning, control or regulation. And application of this policy in higher education has facilitated promotion of neo liberal and market principles (Johnstone, 1998 cited in Levidow, 2005, p. 157).

The philosophy to restructure higher education in line with neo-liberal principles is based on the understanding that state cannot be an efficient allocator of services. However, the political state remains essential for developing a democratic and just order. The state therefore has to play the role of a mediator, and while doing so, it has to follow the principles of market. Accordingly, a reduced role of the State in education, more explicitly higher education, is promoted as an economically and educationally efficient proposal and it is argued that the role of the government should be confined broadly to the formulation of a coherent policy framework (e.g., World Bank, 1994). Within liberalism, state occupied an important position as far as supply of public goods and services, regulation of market failures, arbitration between competing social groups
and classes were concerned. Education was a public good, and state provided education was also considered as the basis of liberal democracy as former provides the basis of informed choice necessary for a successful democracy (Mill, 1965). State intervention was considered desirable to ensure that freedom becomes non-coercive (Green, 1988). Liberalism facilitates the existence of a minimalist state with its own method of intervention- policy and planned approach and control and regulatory approach. Liberalism negates state in the sense that it is not allowed to become the dominant discourse.

The privatised model of higher education which is much more ingrained in the American psyche, promises to erase financial crisis and to improve efficiency, as against the failure of public education (Tilak, 2013). It concentrates on reducing the role of the government in higher education and creating a market for individual institutions to compete against each other. Its thrust is on non-governmental sources of funding, shift of management of higher education from state to individual institutions and introduction of performance indicators to analyse the production of institutions. Just as it needs no further elaboration that neo-liberalism was much a result of World Bank prescriptions, its neo-liberal thrust on higher education can be understood from the following recommendation:- “Tertiary education institutions and entire tertiary systems must become increasingly responsive to changes in the labour market. A diverse system that includes a strong set of private providers and autonomous public providers of tertiary education affords the necessary flexibility” (World Bank, 2002, p. 86). The thrust on a 'diverse system' of higher education refers to the World Bank's continuing drive to encourage a market in higher education, wherein universities compete against each other for government and private funding. The aim of introducing competition
among higher education institutions is to increase the efficiency of education, and achieve higher rates of return on education investment. The two important World Bank reports on higher education- Report on Financing Higher Education in Developing countries, 1986 and Higher Education- Lesson or Experience, 1994 clearly bring forth the privatised model of higher education along with the logic of reducing state subsidy. According to these reports, expenses on higher education should be reduced in order to expand primary education. The first report says- in view of the general economic catastrophe, majority of educational expenditure needs to be borne by the students (parents). As the recipients of higher education are generally the well off students, subsidised higher education will be beneficial to them and not the needy poor people. The poor students cannot compete with the better off students. Therefore the public subsidy should be made available for primary education. Accordingly suggestions are made for increased fee, educational loan to students aspiring for higher education, converting higher education institutions into completely private institutions so that they can generate their own revenue. It is suggested that the revenue of higher education should be incurred for expansion of primary education. ‘Higher Education: Lessons of Experience, 1994’ says- primary education accrues more social benefits than higher education. Developing countries like India should not increase expenditure on higher education; rather should cut it. Moreover, the government should emphasise more on designing institutes of general education, polytechnic, small professional courses or distant education course. The government should cut down its pressure by relying on private investment. These non-governmental institutions will have complete autonomy on matters related to student enrolment and fees, and the government at the most can only form some committee to control these matters. The policies of World Bank can be
summarised in the following points- i. To control state expenditure on higher education, ii. To generate necessary expenditure from students and parents, iii. Loan for higher education, iv. Give autonomy to private institutions, v. To develop convenient environment for the growth of private institutions, vi. Generate funds after due analysis.

Neo-liberal proponents have argued that as long as the government provides such a high level of subsidies to higher education institutions they will not respond to the real needs of the market, and individuals and governments will continue making inappropriate and inefficient educational decisions (George, 2006). The neo-liberal model of education for development necessarily requires the devolution of considerable administrative responsibility to institutions so that they can have more control over their product. While at the same time, it also requires states to remain accountable for funding spent on higher education. This neo liberal stand point however cannot be said to be the panacea of the ills of the higher education system in developing countries.

### 2.7 Role of Higher Education and the Neo-liberal Spell

There is no way we can determine the significance of education in the process of social transformation. But in the name of determining causes like material or techno-economic factors, there is a propensity to negate the importance of education in the transformative process (Pathak, 2013, p.21). According to Henry Giroux (2014), higher education is essentially a sphere of democratic deliberations. It is a public sphere where students are enabled and encouraged to comprehend, seek and claim justice, develop a moral responsibility and sensibility towards claims and rights of fellow human beings in society and to larger societal interests, cultivating and utilising critical thinking and analysis to act in a way that not only contributes to their personal growth, but a well being of the society at large. As a democratic public sphere, higher education is aimed
at not only the search for truth, but also cultivating moral strength in the students to question political authorities and to keep them accountable. The knowledge and values imparted through higher education can substantially justify education as a forum of achieving critical investigation of issues, inculcating the sense of public values and establishing the ground for substantive democracy. Such substantive democracy puts faith in a kind of education which produces human resources who are aware of their civic duties and values. To protect these civic values and duties, they engage in broad critical ways of dealing with societal issues; and also participate in the process of governance by developing leadership capabilities. Promotion of a larger public good and achievement of substantive democracy requires restructuring the status quo and the existing power equations. Such rearrangement, according to Giroux (2014), is plausible only in condition of citizens’ commitment to civic duties. And such citizens can be produced through a critical formative culture of education which produces and nurtures socially committed citizens who are not selfish possessive individuals indifferent to social costs and obligations. Democratisation of education through the ideals of mutuality and reciprocity only can achieve the organic relationship between the individual and the society. From the perspective of democratic spirit, education entails an ongoing engagement, rather than mere reception of existing knowledge and ideas-active engagement in dialogues, discussions, debates regarding social realities and in the effort to bring about the much needed societal transformation (Pathak, 2013, p. 37).

Institutions of higher education in America and other parts of the world are facing the challenges of reduced funds, overwhelming influence of market principles in educational governance. There have emerged numerous for profit educational institutions, while faculty has lost the authority of self governance. Such changes in the
sphere of education contradict the very purpose of it, and also detriment democratic culture and ethos of higher education. Institutions of higher education are supposed to produce individuals who are morally imaginative and committed with a critical mind to unearth the truth. However, what higher education is rather creating are depoliticised technically docile would be managers (Giroux, 2002).

Rather than being a production of a democratic project, knowledge in many higher education institutions are production of an economic and market project. Education is largely defined in the lines of a corporate way of life that is increasingly determined by profit making, economic and vocational standpoints. Universities as a forum of critical thinking, contemplative reflections to create a sphere of democratic ethos and dialogue in order to question the status quo and to hold authority accountable is considered a threat to the neo liberal model of governance. The advocates of market fundamentalism rather views higher education as a forum of profit making, that inculcates in students an unquestionable loyalty to corporate market principles and aims at creating labour docility favourable for the market.

With government cutting down on public funds to public institutions, not only public institutions of higher education are downsizing and degrading, there has also been a serious downfall of the culture of community welfare, public good, equality, rights and justice. The potential of education to create the formal critical culture and identities, subjectivities, capacities and dispositions to challenge various mechanisms that suppress the notions of justice and democracy is at stake under such circumstances. Also compromised at such situations are the attempts at developing and promoting public good, values and policy initiatives that can offer a viable alternative model to existing politics and social construction. Education is interpreted as a set of market mechanisms
and corporate skills that considers and defines education as a commodity, teachers as entrepreneurs and students as a customer. Such reduction of education only as a tool to serve neo liberal interest saps any possibility of individuals going beyond their selfish interests and to fulfil civic responsibilities. (Giroux, 2011). Education is critical because it represents the larger versions of civic life, values and ideals, the notion of power relations, ourselves and others in social construction. Education is part of the larger process of building knowledge, values and future of the society. Hence it is of crucial importance that we critically delve into the facets of educational governance like authority, curricula et al. The neo-liberal agenda of turning universities into a corporate sphere of producing commodities, according to Giroux, would set a dangerous trend of suppressing young people and their claims for democratic ethos of justice and equality, and would also tear apart the culture of democracy. The challenge and the need of the hour is to develop a discourse that questions the existing system and explores the future on democratic grounds. Higher education constitutes one of the vital spheres of public discourse which can raise genuine claims of democratic ideals and values by engaging in imaginative dialogues and deliberations. And without such spheres, Giroux argues, there is depletion of political life and democracy cannot thrive. The striving of education should be along the democratic line that establishes links between knowledge and ethics, between excellence and equity and acts as an agency of driving social responsibilities. Neo-liberalism on the contrary only produces a predatory class of docile labour that is prompt on waging all sorts of war against the democratic education. It is therefore imperative on the part of the educational community and the larger community to develop a new political vocabulary and pedagogy which incorporates the sense of civic duties, social obligations and also the institutions thriving the same. This
can only help create a strategy invigorated with critical imagination, civic duties and an
agency of social mobility—which can offer a potential challenge to the neo liberal agenda
of colouring every facet of life and society in the colours of market fundamentalism.

Prabhat Patnaik (2007) argues that there are perspectives to look at higher education.
One of them sees higher education as certain kind of deal between the teachers and the
students, where the teachers are engaged in imparting knowledge and the students by
receiving the same acquaint themselves for their placements in the job market. It thus
judges the locations of such higher education, i.e., colleges or universities on the basis
of the qualities of the trainees and the jobs that they get.

The other perspective, Patnaik argues, does not see higher education as any kind of
transaction between the students and teachers. Rather higher education is seen as a
higher form of engagement where both the students and teachers are involved to achieve
something on behalf of the society, the common people. This perspective concedes to
higher education the aim of producing what Gramsci called “organic intellectuals”. If
asked what the organic intellectuals can achieve for the society, higher education is not
only contributory to development of the country. It rather constitutes the very realm of
freedom of a society. It is a realm of ideas and vision, the absence of which makes a
society and its people parasitic; dependent on others’ ideas, which in turn causes
unfreedom. India’s freedom struggle was largely a result of breaking out of the shackles
of unfreedom built by the prevailing theories which reflected colonialism as a
benefactor, and was aimed at producing intellectuals which would serve none but the
colonial regime only. It was only because scholars like Romesh Chandra Dutta and
Dadabhai Naoroji broke away from such colonial constructs of knowledge through their
writings and built the base of the much needed political consciousness and mobilisation. Macaulay’s educational policy was aimed at producing organic intellectuals for the colonial regime, and the prevalent educational system even was successful in doing so (Patnaik, 2007). Gandhiji was steadfast in trying and breaking away from such an education system as he was aware as to how that was giving rise to increasing colonisation of minds, which if not checked, can never achieve real freedom for the country. Gandhiji took personal initiatives in establishing alternative institutions of learning that imparted original independent form of knowledge which could provide an alternative to colonial constructs of knowledge and thinking. As much as such independent non parasitic system of knowledge building was necessary to gain independence, it is required to keep intact the acquired independence too. While one perspective sees higher education only as a medium of imparting skills, the other one aims at making all kinds of skills informed of social realities and concerns. It aims at acquainting students beyond the technical and market oriented form of education and providing a broader outlook on education with a comprehensive and inclusive perspective taking into account the society where such knowledge building takes place and which will be affected by such knowledge creation. It more emphasises on creating organic knowledge for the society, which can potentially meet the needs of the society and can ameliorate ills of the same. If education does not encourage creation of organic intellectuals and keeps feeding on borrowed ideas and knowledge not suitable to local situation, then education only ends up to be a homogenous phenomenon where some institutions are considered better in comparison to some others on the basis of some common criteria not taking into account the organic factors. Such an education, according to the alternative perspective cannot prove to be a viable mechanism of social
change and reconstruction. This alternative perspective also challenges professionalization of any academic discipline, as such professionalization entails confirming to western ideas which might be heavily influenced by the ideological premises justifying imperialism and hegemony of western world. Confirming to such professionalism, Patnaik argues, would entail shrinking down of democratic sphere of independent thought open to us, and would be tantamount to giving in to new form of colonial domination. It also challenges the prevalent notion of ‘recognition’ from the west in determining the quality of academic endeavours. Confirming to the western notion of good would imply negating the organic reality and its merit and complying with something foreign and unrelatable. Private education gets only a secondary position in this perspective. Private education, according to this perspective, turns education into a commodity where commodity is produced in accordance with choices and preferences of the consumer. In this system of education, an individual’s accessibility to education is determined by their ability to pay. Private education aims at catering to the choices of consumers with the ability to buy it, whereas public financed education can cater to a large section of the society. Thus if education should meet the demands and needs of interests of the society, then it must be publicly financed, or else private education will make education accessible to only a selected few. Education should primarily be public financed with an aim to serve the interests of the society and private education need to just fit in with such a system of education. However the model of education that looks at education as a transaction between teachers and students favours education that can meet the demands of those who can buy it and it leaves no scope for criticising and challenging privatised education.
2.8 Higher Education and Structural Adjustment Program (SAP)

The World Bank and the IMF adopted the SAP in a bid to reconstruct the crisis ridden economies of the developing countries. The developing countries receive short term aids and loans from IMF to stabilize their fiscal deficits, which of course is combined with conditions like cutting down governmental spending on sectors which are considered to be expensive and 'unproductive'. World Bank aims at reforming the supply side to improve the economic deficit of the countries. The program aims at bringing about structural changes in the economies of developing countries. It levies certain conditions along with the loans regarding liberalisation and deregulation of trade, dismantling of the state controlled economic system, enhanced role of the private sector along with expansion of export oriented global market system and assimilating the national economic system with the international market. IMF loans impose major conditions on government expenditure, especially expenditure on social sector fronts considering such allocation as unproductive; more significantly such loans and the adjacent policies make long term irreversible changes in policy priorities and decisions. And this inevitably leads to cuts in the budgetary expenditure on social sector. (Nayyar, 1995). Though such cut in social sector is not essentially directed towards higher education, “efficient” allocation of resources under the influence of World Bank leads to diversion of resources from higher to elementary education. For instance, some of the major recommendations of the World Bank Educational Sector Paper, 'Priorities and Strategies for Education: A World Bank Review' 1995, are: shifting government fund from the higher level of education and reallocating it to the lower levels, growth and expansion of higher education through privatisation and ensure increased quality through efficiency mechanisms.
SAP came with two major aspects of privatisation and globalisation. The policy of privatisation entails a minimal role of the state while the market takes the centre stage. Privatisation is said to be a "powerful phenomena that puts markets and market concerns ahead of the state and the policies of the state" (Tilak, 2000, p. 53). Globalisation has come to acquire greater significance than national economy in setting the policy imperatives of the nation state. Also the role of the state has been reduced and has more to do with promotion of the private sector, while the adjustment policies have come to restructure the political economic policies of the developing nations.

2.9 India, Economic Reforms and Social Sector
The sluggish rate of economic growth of India and the subsequent economic crisis of 1991 was sought to be resolved through economic reforms with the introduction of Structural Adjustment Programme (SAP). Stabilisation measures included increasing efficiency and global competitiveness and shrinking of public expenses. Compression in public expenditure results in reduction in social sector spending, which ultimately bears adverse effects for the weaker sections of the society. Services under social sector contribute towards formation of human capital and thereby leads to human development. Experiences of the many countries that underwent economic reforms under the stabilisation and structural adjustment programme bear witness to the fact that such reforms eventually leads to cut in public expenditure on services and programmes which are directly connected with social sector or human resource development (Mahbub ul Haq Human Development Centre, 2001). Social sector expenditure implies the aggregate of the central and state expenditures on promotional and protective services and measures. Such measures include among others, education, public health,
water supply, sanitation, family welfare. While the percentage of social sector expenditure of total expenditure has been growing since 1984-85 till 1991-92, the same has started declining since 1992-93.

Expenditure Pattern of State Government on social services as a Percent of Total Expenditure:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Expenditure</th>
<th>Social Sector Expenditure</th>
<th>Social Sector exp. As a % of total exp.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984-85</td>
<td>398.57</td>
<td>124.18</td>
<td>31.15</td>
</tr>
<tr>
<td>1985-86</td>
<td>448.97 (12.56)</td>
<td>145.40 (17.08)</td>
<td>32.40</td>
</tr>
<tr>
<td>1986-87</td>
<td>517.86 (15.42)</td>
<td>167.86 (15.44)</td>
<td>32.41</td>
</tr>
<tr>
<td>1987-88</td>
<td>598.71 (15.61)</td>
<td>194.09 (15.62)</td>
<td>32.41</td>
</tr>
<tr>
<td>1988-89</td>
<td>670.78 (12.03)</td>
<td>223.10 (14.94)</td>
<td>33.25</td>
</tr>
<tr>
<td>1989-90</td>
<td>767.82 (14.46)</td>
<td>257.74 (15.52)</td>
<td>33.56</td>
</tr>
<tr>
<td>1990-91</td>
<td>910.88 (18.63)</td>
<td>299.60 (16.24)</td>
<td>32.89</td>
</tr>
<tr>
<td>1991-92</td>
<td>1079.29 (18.48)</td>
<td>336.88 (12.44)</td>
<td>31.21</td>
</tr>
<tr>
<td>1992-93</td>
<td>1193.35 (10.56)</td>
<td>373.32 (10.81)</td>
<td>31.28</td>
</tr>
<tr>
<td>1993-94</td>
<td>1338.49 (12.16)</td>
<td>415.97 (11.42)</td>
<td>31.07</td>
</tr>
<tr>
<td>1995-96</td>
<td>1746.32 (9.72)</td>
<td>565.12 (18.37)</td>
<td>32.36</td>
</tr>
<tr>
<td>1996-97</td>
<td>1992.54 (14.09)</td>
<td>638.04 (12.90)</td>
<td>32.02</td>
</tr>
<tr>
<td>1997-98</td>
<td>2239.24 (12.38)</td>
<td>715.36 (12.11)</td>
<td>31.94</td>
</tr>
</tbody>
</table>

Source: Budget documents of state governments (Social Sector and Economic Reforms: With Special Reference to Public Health, Jain Anjali and Paul Runa, www.isca.in, www.isca.me)
2.10 Structural Adjustment Policy (SAP) and Indian Higher Education
The principal effect of the adjustment programs on the higher educational front in India have been budgetary cuts, which has led to fundamental changes in the system in terms of quality, quantity and equity. Cut has been made mostly in the 'planned' expenditure, while non-planned expenditure is increased or at least not decreased, the reason being that while plan expenditure deals with capacity and facility enhancement, the non-plan expenditure is largely responsible for salaries and other such expenditure, which, if reduced, might lead to political fallout (Tilak, 2004). Moreover, with a shift in the policy priorities from non-tradable to tradable goods and services, education sector has also undergone a shift of priorities in terms of shifting focus to new revenue generating courses from non revenue generating courses which are otherwise important. It is seen in the cases of social sciences and humanities and physical and biological sciences as well. There has been noticed a stark shift from proper academic disciplines of study to crash and certificate courses suitable for the market. The shift can also be noticed from resource allocation for research. The fallout of this is more in the interest of the lower castes and women who are absorbed in the general education of the public sector (Tilak, 2000). The sidelining of their educational interests would further marginalise their position in the job arena. This entails a deviation from the true spirit and purpose of university system which is building new knowledge and expansion of the same (Beteille, 1995).

Adjustment programs have also led to the introduction of cost recovery measures. The two most important measures regarding this are increased fee and student loans. Accessibility of higher education is severely affected as a fall out of the twin agenda of cut in subsidies, both direct and indirect as well as introduction of cost recovery
mechanism. The structural changes are said to accentuate the already existing inequities of education in terms of accessibility of under privileged sections of the society. There have been repeated indications on the part of the Government of India to reduce subsidies on higher education, which would make resource mobilisation primarily dependent on fees (GOI, 1994; 1997). This has been in consonance with the policy of World Bank to reduce higher education subsidies and reallocate the resources to elementary education (World Bank 1986; 1994; 1995). The corresponding report in this regard (UGC, 1993; AICTE, 1994) recommended while student fees already constitute around 15% of total expenditure on education, fees should be increased gradually so that the student fees constitute almost 20% of total expenditure. Several higher educational institutions of professional education are seen to have increased their fee phenomenally. This inadvertently hampers the demand and accessibility of professional education to weaker sections of the society. Along with that, there is a simultaneous growth of capitation fee and dual pricing system in institutions of higher education. To add to the adversities, there is absence of protective and supportive measures like scholarships or loans for the weaker sections which can make education viable and practicable for them. The economic reform period also saw a declining budgetary allocation for student support tools including scholarships (Tilak, 2000). The emergence of such phenomena has coincided the time when there is increasing demand of higher education in the international market. The emerging shift is bound to work in favour of the already privileged section of the society. Post-liberalisation era also witnessed the emergence of the phenomenon of privatisation of higher education. Government of India claimed that "higher education needs to be extended in an equitable and cost effective manner mainly by large expansion of distance education and increased
involvement of voluntary and private agencies" (GOI, 1993, p. 204). This was in line with the reform policies propagated by the World Bank which have been focussing on privatisation of the social sector, especially in the sphere of higher education (World Bank, 1994; 1986).

The shift that has been noticed in the policies of the state towards higher education has to be understood from this point of view. Structural adjustment policies have affected change in the higher education sector by restoring and promoting private enterprises in the sector. This phenomenon becomes functional directly, as privatisation and marketization of services are the advocated policy changes, and also indirectly as fallout of undercuts in government expenditure. However increasing private investment in education can never compensate for the decline in public funding; also the goals of equity and social justice cannot be achieved along this line (Tilak, 1991).

Educational development and the structural reforms are antithetical (Tilak, 2000). The paradox lies in adjusting the needs of international market with those of the nation. International market is controlled by the transnational forces which are based in developed countries, and they evidently lay more importance on elementary education than higher education with stringent budget conditions for production of standardised mass goods (Ilon, 1994).

The countries under SAP face difficulties in maintaining the earlier social sector spending because of the adjustment plans, as these states experience major political as well as ideological influence in terms of policy making. Such influence on policy making contribute towards shifting limited resources allocated for education from
higher to elementary education. Thus while the states would make cuts on educational allocations, they will shift the available resources to elementary education. However, the developed countries with their edge on resources and capital would keep their higher education system intact and make attempts for its betterment, which is clearly visible in their policy designs (Powar, 1998). It would help them keep intact their upper hand in such sectors which require high knowledge, skill and information. This inadvertently will lead to a secured future of the developed countries in the knowledge economy, whereas the developing countries find it hard to maintain a balance between the national and global needs and pressures like (Singh, 1994; Stewart, 1995).

The higher education sector in the countries under the adjustment plans also got affected by economic reforms and changes- micro as well as macro. Budget shifts at macro level has increased the cost of post secondary education, while changes at the micro level make higher education inaccessible to weaker sections of the society with the former coming up with increasing opportunity costs. Moreover marketization and privatisation of higher education as a consequence of the new economic policy also affects the accessibility of weaker sections to higher education (Noss, 1991).

The inequitable and differentiated system of education that has come into place because of the adjustment plans can be clearly understood from the nature of education available for poor and elite in these countries. Such iniquitous and differentiated education legitimises 'international division of labour'. While a class of knowledge workers have emerged both in developed and developing nations, bulk of the mass in developing nations has been victims of disabilities caused by inequitable access to higher education. While the mass of the developing countries have access to a poorly maintained public
education system that is also considered as low in quality and are absorbed in low scale job market which calls for semi skills, the highly skilled workforce for the secured job market is produced by the private sector (Tikly, 2001). Ilon (1994) has also argued that the gap between the 'global elite' and the masses in all the nations are going to increase in the future. He maintains that such gulf makes way for an environment of differentiation where- the top tier receives global standard private education which prepare them for global competition, middle tier receives a good but not a globally competitive education; and the major bulk of the society is served with a ‘local’ state education that would only prepare them for 'marginally competitive for low skill jobs' (Ilon, 1994, p. 102).

Thus two distinct discernible processes have been noticed in higher education in countries that have adopted neo-liberal policies under adjustment plans. The most imminent outcome of this appears to be the dualization of the system of higher education, which implies coming up of two systems of education- one the public poorly funded low quality education serving the majority and public subsidised or private funded superior education catering to a very narrow and concentrated segment of population; and the other process being the phenomenon of increasing private investment with newer mechanisms of efficiency and cost recovery measures, educational loans etc (Pannu, 1994).

Such policies are tantamount to destroying potential distributional benefits that education can facilitate if and when students get equal access to education irrespective of class or economic status (Colclough, 1991). The newly emerged phenomenon of privatisation and cost recovery contribute towards commodification of the service of
education, with ability to pay becoming the condition of accessibility to education. This will inadvertently lead to sharp decline of equity in education (Colclough, 1991). Higher education systems of developing nations already seem to be plagued by the ills of privatisation, commodification and unequal access. Strong advocacy of the same by the international organisations like World Bank can further aggravate the situation. And all these would end up with higher education being inaccessible to large sections of the population (Pannu, 1994).

2.11 Conclusion

The chapter has tried to briefly outline the idea and origin of the concept of neo-liberalism and has tried to do so by delving into the various ideas put forward by eminent thinkers. While neo-liberalism is the renewed version of classical liberalism, the concept got further momentum and widespread dissemination by international financial institutions and their mandates. The nature of a neo-liberal state, as the chapter argues, is not one of minimalism as many would argue. Rather, a neo-liberal state thrives in an omnipresent existence to make the market prosper. Claiming to usher in individual and larger well being, neo-liberalism in reality reinforces class structure and threatens the principles of democracy, equity and justice et al, the chapter argues. Neo-liberal manifestations in higher education around the globe show a diversion in the nature of higher education in accordance with the recommendations of the international institutions. While there emerges a diversion in focus of higher education from public to private, such shift in focus is again tantamount to creating an unequal society where education is a commodity the consumption of which is determined by the economic conditions of the consumers. Thus two distinct discernible processes have been noticed
in higher education in countries that have adopted neo-liberal policies under adjustment plans. The chapter also argues how Indian higher education system under the SAP has given way to privatisation, commercialisation of higher education and has created a dualised education system, which implies coming up of two systems of education- one the public poorly funded low quality education serving the majority and public subsidised or private funded superior education catering to a very narrow and concentrated segment of population; and the other process being the phenomenon of increasing private investment with newer mechanisms of efficiency and cost recovery measures, educational loans etc. Such an education system is tantamount to an inequitable education system where the accessibility to education system is determined by the ability to pay.