Between Democracy and the Market- Liberal and Neoliberal Traditions in Education

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Abstract

Since its inception, the liberal tradition has placed special emphasis on the development of education. Various thinkers have reflected on its role in society. However, education has remained a divisive issue within liberalism, generating differing and sometimes contradictory viewpoints. This study examines two distinct strands of educational thought that emerged in response to the crisis of liberalism in the late nineteenth century: John Dewey's educational philosophy, which advocates for the deepening of democracy through education, and, in contrast, neoliberal approaches that seek to reinforce market dynamics. The objective of this work is to explore why, despite the significance of Dewey's contributions to educational thought, a neoliberal perspective ultimately prevailed within the liberal tradition, taking into account the social and intellectual context in which the debate between these two traditions unfolded.

Keywords: *Education, Liberalism, John Dewey, Neoliberalism, Human Capital.*

Introduction

This article contends that the contemporary prevalence of neoliberal educational policies cannot be understood simply as the triumph of a set of economic ideas, but rather as the victory of a specific liberal project over an alternative democratic–liberal tradition exemplified by John Dewey (1859-1952). While

Dewey's conception of education has exerted a lasting influence on philosophical debates (Sant, 2019), it has been unable to shape educational policy in the same way as neoliberalism.

From its inception, liberalism has articulated a position on educational matters. However, it cannot be understood as a monolithic tradition; rather, it comprises a dynamic and often internally contradictory set of ideas and commitments.

The central contribution of this paper is to reconstruct these two competing liberal rationalities, identify the epistemological and anthropological assumptions that differentiate them, and to explain why the neoliberal variant became dominant in concrete policy regimes.

Firstly, Dewey's pragmatic philosophy refers to an epistemological rethinking of the development of the social sciences and of the role of education in societal progress, a perspective he progressively refined as an analysis of the consequences arising from the separation between theory and practice. Secondly, the tradition that later became known as neoliberalism, championed by thinkers such as Ludwig von Mises, Friedrich Hayek, and Milton Friedman, is characterized by its pivotal role in the revitalization of capitalism since the 1980s and by its operation as "a mode of governance encompassing but not limited to the state, and one that produces subjects, forms of citizenship and behavior, and a new organization of the social" (Brown, 2009, p.37), with education serving as a primary pillar of its advancement.

The exercise involves comparing the epistemological and anthropological conceptions within these two traditions to underscore their primary distinctions, as well as analyzing the intellectual and social contexts in which debates about education between these two liberal currents developed. The goal is to understand the contradictions and varying perspectives on education within liberalism and to provide insights into two key questions: Why did the

neoliberal tradition gain greater influence in contemporary discussions of education? What are the implications of an education system guided by neoliberal principles?

John Dewey stands as a central figure in American pedagogical thought, and his work reflects a trajectory of continuous development rather than a single stable position. His early, middle, and late writings were shaped by the impact of industrialization and the repercussions of the First World War (del Castillo, 2003), and increasingly incorporated questions concerning the evolving relationship between humans and nature (Ralston, 2019). Across these phases, Dewey argued that education could strengthen democratic life by cultivating reflective cooperation and placing intelligence at the service of social progress (White, 1976; Vergara & Martin, 2017). Moreover, he maintained that individual and social interests were not inherently opposed (Dewey, 1946); consequently, Dewey envisioned democracy not merely as a formal system for electing representatives but as a guiding principle for social development through collaborative efforts, a view often criticized for its limited attention to conflict and inequality (Thiel & Sant, 2025).

In contrast, neoliberalism emerged as a critical response to the collectivist shift within liberalism during the early twentieth century. Key milestones in its development include the Walter Lippmann Colloquy in 1938, the founding of the Foundation for Economic Education in 1946, and the establishment of the Mont Pelerin Society in 1947 (Laval & Dardot, 2009); where intellectuals from Europe and the United States rallied around positions that challenged the ideas of liberal figures such as J. M. Keynes.

Neoliberal thinkers contended that, in response to the crisis of liberalism, there was an increasing acceptance of state intervention, which they believed inevitably led to socialist policies. For these thinkers, rescuing liberalism required returning to what they conceived as its true foundations: rejecting state

intervention and allowing the market to steer social development. A further concern from the outset was to prevent democratic expansion from granting excessive influence to the masses in governmental administration.

Neoliberalism thus asserts the primacy of the individual, conceived not merely as a rights-bearing citizen, but increasingly as *homo economicus* (Laval & Dardot, 2009; Brown, 2009; Foucault, 2007), an entrepreneurial and competitive agent whose rationality is shaped by market imperatives and whose conduct is expected to conform to the logic of self-optimization.

These contrasting conceptions within liberalism lead to divergent positions regarding the role of education, grounded in opposing views of human nature and social life.

Methodologically, this is a work of conceptual analysis. It begins by examining the foundational texts and intellectual origins of classical liberalism, together with Dewey's work, the writings of neoliberal thinkers, and contemporary critical scholarship on neoliberalism. The educational reforms of Chile and the United States in the 1980s are used as illustrative examples rather than exhaustive empirical studies. The aim is not to provide a comprehensive history of reforms but to clarify how competing liberal rationalities have informed key moments in the reconfiguration of education systems.

Following the introduction, the article is divided into four sections:

First, the origins of liberalism and its initial principles regarding education will be outlined, with particular attention to the works of Adam Smith and the later contributions of Herbert Spencer, which marked a shift towards greater individualism within classical liberal thought. Second, John Dewey's educational postulates and their connection to his concept of democracy will be analyzed across their different phases, together with their grounding in a historicist epistemological approach to the social sciences. Third, a comparable

analysis will be conducted on neoliberal authors –especially Friedrich Hayek and Milton Friedman– while also considering the theoretical foundations provided by Ludwig von Mises, rooted in deductivist methods and critiques of emerging social thought from a naturalistic and conservative perspective. Finally, the concluding section highlights the key distinctions between these two traditions in order to address the questions guiding this study.

This article offers an original contribution by connecting three levels of analysis that are often treated separately in the literature on education and neoliberalism. First, it reconstructs the epistemological divergence between a historicist and pragmatic liberalism, exemplified by Dewey, and a deductivist, formal, and ahistorical neoliberal rationality. Second, it examines how each of these projects configures a different relation between theory and practice, either seeking their integration within democratic inquiry or reinforcing their separation through abstract, universalized principles. Third, it analyzes the contrasting forms of subjectivity implied in these traditions –democratic and cooperative citizens versus *homo economicus*– and illustrates how these competing liberal rationalities have informed concrete education reforms, using the cases of Chile and the United States as illustrative examples.

I. Education in classical liberalism

Liberalism emerged in the context of the profound political and economic transformations of the eighteenth and nineteenth centuries, including the rise of industrial capitalism and new conceptions of individual freedom. These developments shaped the early liberal debates on the role of education.

The rise of this new economic order was driven by an ideology that promoted the role of an emerging social class.

The bourgeoisie, as a class, exerted pressure to reduce state control promote unrestricted commerce. Liberalism advocated for the reduction of state power, embracing the idea of *laissez-faire*. From their point of view, good government is one that refrains from excessive intervention and enables the unfettered development of market forces.

According to Foucault (2007), the advent of liberalism gave rise to a new form of governmental rationality, which stipulated that there were areas where government intervention was warranted and others where it should refrain, allowing market operations to operate freely.

Building on the idea of selective government intervention, one of its duties, as expressed by Smith (2007), is the establishment and upkeep of public institutions and public works, which, even though highly advantageous to society at large, would not naturally come about through private means. Among these institutions are public schools.

Smith (2007) advocated for public schools with the primary objective of educating the working population (*common people*). In contrast, the education of individuals from the upper classes (*people of some rank and fortune)* was considered a private matter. He argued that public schooling should provide only the essential skills needed by the working population, while members of the upper classes could pursue broader accomplishments privately. This distinction reveals the class-based logic underpinning classical liberal views of education.

Setting aside the moral precepts that guided him, the consequences of Smith's view support the idea that public education serves to preserve social class distinctions, as it preemptively differentiates the aims of education for the upper social strata and for the working classes. This distinction in educational aims

between social groups constitutes a foundational idea about the role of education in the development of capitalist society.

A first response within the liberal tradition, represented by Herbert Spencer, was critical of this proposal for partial state involvement in the education of society. In the context of the consolidation of industrial processes and the economic transformations that unfolded throughout nineteenth-century Europe, he advocated a system of private education without government intervention as the means to preserve the natural course of social evolution and to strengthen free exchange as the basis of social life.

Strongly influenced by Darwin, he brought the laws of nature into the social field, extending the concepts of survival in the natural world to market principles, which he considered immutable (Vergara & Martin, 2024). His educational proposals followed directly from this general conception of society.

> In this *free-trade era*, however, when we are learning that there is much more self-regulation in things than was supposed; that labour, and commerce, and agriculture, and navigation, can do better without management than with it; that political governments, to be efficient, must grow up from within and not be imposed from without; *we are also being taught that there is a natural process of mental evolution* which is not to be disturbed without injury; that we may not force on the unfolding mind our artificial forms; but that *psychology, also, discloses to us a law of supply and demand*, to which, if we would not do harm, we must conform (p. 41) [1].

Despite the differences between the proposals of Smith and Spencer, both share the idea that government action should or should not be involved in, guided by the preservation of a natural order, proved insufficient as capitalism evolved into a more complex system (Laval & Dardot, 2009). However, while Smith maintained allowed a certain degree of state involvement in educational,

[1] My italics.

Spencer completely denied it. According to White (1976), Spencer's Darwinian reflections rested on a deductivist principle derived from the logic of the natural sciences, which he applied in the same way to the social sciences and the humanities. As a result, and despite the nuances within this stage of liberal thought, the economic law of supply and demand became the regulatory framework shaping classical liberal conceptions of education.

This inadequacy led to a crisis within liberalism at the end of the nineteenth century, and liberalism began to lose ground in the face of new intellectual currents, most notably Marxism.

In response to the crisis within liberalism, two distinct directions emerged (Laval & Dardot, 2009). One of these sought to moderate the forces of capitalism by expanding the powers of the state in order to prevent social disintegration and promote collective interests. This position built on Smith's view that certain areas of the economy required state intervention.

Proponents of this first response included figures such as John Maynard Keynes and, in the field of education, John Dewey. The second response involved a radicalization of liberalism's original principles, following Spencer's line of thought and emphasizing individualism over society, a position that later became known as neoliberalism. According to neoliberal theorists, the dichotomy between the state and the market is rejected; the state is instead expected to intervene actively in order to create, shape, and expand market processes, as will be discussed later.

From the perspective of the development of social and humanistic thought, the first response advanced a historicist approach to replace formal logical deductivism, while the second response reaffirmed these epistemological principles, which equated the methodology of the natural sciences with that of

the social sciences and reinforced a view of human development as governed by natural conditions.

II. John Dewey: Education for democracy

John Dewey emerged as one of the most influential educational thinkers of the twentieth century, shaping educational systems across multiple countries. His thought developed through three major stages –early, middle, and late– each marked by a growing effort to understand the social transformations of his time and to articulate an educational philosophy capable of responding to them.

In the context of early-twentieth-century U.S. industrialization, Dewey aligned himself with a broader intellectual movement associated with the emergence of New Deal thinking, which emphasized the practical significance of history and moral theory for addressing concrete social problems (White, 1976). His work drew on elements of the liberal tradition –drawing on antecedents in John Stuart Mill (Vergara & Martin, 2024) and in nineteenth-century American figures such as Horace Mann– while advancing a more expansive and socially embedded vision of education that acknowledged global processes of change.

One of the most significant moments in Dewey's intellectual trajectory was his two-year stay in China (1919–1921), which coincided with the May Fourth Movement. Exposure to Chinese social, cultural, and political debates not only enhanced his international visibility but also broadened the scope of his philosophical concerns. This experience contributed to the consolidation of his late-period work (Ralston, 2019; Zhixin, 2019; Ching-Sze, 2007), particularly his interest in the relationship between humans and nature, intercultural understanding, democratic reconstruction, and the global conditions under which education could support social transformation, reinforcing the increasingly holistic orientation of his mature work.

Throughout his career, Dewey's concern for education was inseparable from his broader critique of the development of democracy in the United States and beyond. He denounced the contradictions of an American individualism shaped by a capitalist economy and mass culture, lamenting what he called the "tragic state" of American society (Saito, 2005, p. 125). As Vergara & Martin (2024, p. 71) note, Dewey offered a sharp examination of a society in which citizens conceived of themselves as "idealistic," while their everyday culture was profoundly permeated by materialism.

Dewey (1946) drew a distinction between democracy as a political system and as an ideal for society. He argued that the political system of democracy arose from the necessity for human beings to live in communities. However, the exacerbation of individualism and the belief that individuals and society were antagonistic forces with conflicting interests hindered the realization of the ideal of democracy.

> The same forces which have brought about the forms of democratic government, general suffrage, executives and legislators chosen by majority vote, have also brought about conditions which halt the social and humane ideals that demand the utilization of government as the genuine instrumentality of an inclusive and fraternally public (p. 109).

According to Dewey, people inherently exist within associations, and extreme individualism is a distortion aimed at serving private property interests. The remedy lies in transitioning from society to community, founded on communication, dialogue, and reflection on public issues (Dewey, 1946). Education plays a central role in this transformation, as it enables communities to strengthen their associative capacities and foster dialogue across diverse segments of society. Dewey, as cited by Vergara and Martin (2017), argues that it is insufficient for the political system to be democratic; there is also a

need for the development of democratic personalities capable of living within a community:

> Democracy will be a farce unless individuals are trained to think for themselves, to judge independently, to be critical, to be able to detect subtle propaganda and the motives which inspire it (p. 99).

On this basis, John Dewey (2004) proposed the establishment of public schools to cultivate individuals in alignment with democratic values. Public schools serve as the forum where societies can impart common knowledge across generations. Within these institutions, younger individuals have the opportunity to learn and adapt their actions to participate in a complex society, enabling them to "participate effectively in associated activities" (p. 40) and facilitating both mental and moral growth.

What begins to emerge from his middle works is Dewey's vision of education as a tool for social transformation—one directed toward the consolidation of democratic life and the promotion of anti-individualist values. Within this framework, education becomes a form of "social engineering" aimed at guiding processes of progressive social change (White, 1976).

Individual development requires a robust community. Hence, an educational community is needed to enable the full development of individual capabilities within a democratic context. True democracy, beyond its role as a mere political system, requires individuals capable of exercising social intelligence. "The acquisition of the capacity for an equal and free exercise of social intelligence is a condition of growth, and it requires education" (Saito, 2005, p. 83).

In this regard, the purpose of education is to facilitate a continuous process of growth. This process is holistic and perpetual, with individuals striving for continual improvement throughout their lives. "Dewey thinks that the significance of perfection can never be measured against a perfected state, but

is solely experienced and communicated through the ongoing process of perfecting" (Saito, 2005, p. 75). This view establishes a relationship in which the educational system of a society fosters the intellectual growth of individuals, who in turn contribute to broader processes of social progress.

This process of growth is not linear; individuals require development across multiple dimensions, achieved through interactions with other individuals and with the environment. These interactions allow individuals to transform their initial impressions into the capacity for critical discrimination, which in turn requires the communication of diverse experiences, a central social function of the school.

According to Dewey (2004), young individuals begin their social experiences within the public school system, where they acquire learning methods appropriate to their developmental stage. Dewey rejects the notion of an education oriented solely toward preparation for a future moment. He also emphasizes that various educational and philosophical traditions have posited a supposed dualism between, on the one hand, education as a free practice aimed at cultivating knowledge for its own sake and fostering the leisure necessary for humanistic formation, and, on the other hand, vocational education focused on contributing to society by developing practical skills and providing services to the broader community. Drawing on *empirical pluralism* (Dewey, 1917), he conceives of a democratic public school, integrated into society, as capable of facilitating both aims.

> The school has been the institution which exhibited with greatest clearness the assumed antithesis between purely individualistic methods of learning and social action, and between freedom and social control (p. 324).

However, Dewey (2004) offers a cautionary note regarding the potential transformation of vocational education into a tool for perpetuating the existing social order and its inequalities. He argues for a shift in social structures, with

education serving a vital social function in driving this change. For him, education functions as the mechanism for socialization and the development of critical thinking, essential components in advancing such transformation.

> Put in concrete terms, there is danger that vocational education will be interpreted in theory and practice as trade education as a means of securing technical efficiency in specialized future pursuits.
>
> Education would then become an instrument of perpetuating unchanged the existing industrial order of society, instead of operating as a means of its transformation (p. 340).

Therefore, education systems function as tools for socializing young individuals, and they can be used either to promote social change or to maintain the existing social order, given their influence on the values and behaviors of society's members. The analysis of this tension between change and preservation was central to Dewey's transition toward what came to be known as his later works.

Dewey's late work reveals a decisive consolidation of his holistic epistemology, moving beyond the dominant Western tradition that tends to separate knowledge from action and theory from lived experience. In *The Quest for Certainty* (1929), he argues that education and "all activities which are concerned with rendering human relationships more significant and worthy" (p. 32) must be understood as part of an integrated field of human inquiry, where knowing is inseparable from doing.

In his late works, Dewey argued that the tendency to divide theory and practice had generated profound distortions in moral, economic, and political life. As he notes, these distortions "have been merely hinted at. They are so manifold and so pervasive that an adequate consideration of them would involve nothing less than a survey of the whole field of morals, economics and politics" (p. 283). This reflects a mature philosophical stance in which human relationships, knowledge, action, and the conditions of collective life form a single,

interdependent continuum, signaling a shift toward a more integrated and relational conception of human experience.

This must be understood in the context of Dewey's understanding of democracy as a "mode of associated living" (Dewey, 1916), which entails a normative project of subject formation grounded in cultivating dispositions such as cooperation, reflective inquiry, and social responsibility. Although these aims sharply contrast with the competitive individualism that later became characteristic of neoliberalism, they nevertheless remain embedded within a liberal framework premised on the harmonization of individual and collective interests. Such assumptions provide limited tools for confronting class relations, structural domination, or the broader dynamics of state power, revealing the tensions and blind spots that persist within Dewey's reconstruction of knowledge, experience, and democratic life.

Therefore, Dewey's general vision rests on a historicist conception of the development of the social sciences, shaped by an intellectual debate that challenged entrenched assumptions in both the United States and Europe. Dewey's aim extends beyond the design of democratic political systems; he seeks to build democratic societies as a whole. Achieving this requires teaching people the foundations of democratic values, which he sees as essential for advancing processes of social progress.

However, in practice, the implementation of democratic systems often tends to privilege the individual over society.

For Dewey, there is no inherent contradiction here because the social order is not artificial and does not run counter to individual nature. Human beings have always acted in association, and this misconception is, for Dewey, the major flaw of classical liberalism and a key cause of its crisis. Indeed, he argues that democracy must strengthen public education, but in a reciprocal relationship,

since “much of the necessary experience in democracy must be gained in school” (Dewey, 1973, p. 315). Consequently, he calls for a reorientation of the liberal perspective on education.

Yet, despite the breadth and depth of his thought and the increasingly robust epistemological framework he developed throughout his intellectual life, it may be argued that Dewey’s project remained marked by a weak engagement with questions of power, rooted in his understanding of democracy as a “mode of associated living” (Thiel & Sant, 2025). His enduring belief in the harmonization of individual and social interests led him to downplay the structural conflicts, coercive dynamics, and inequalities that shape educational and democratic life, thereby exposing the limits of his otherwise sophisticated reconstruction of knowledge, experience, and inquiry.

III. Education according to neoliberalism: learning to trade

Conversely, another tradition within liberalism offered an alternative diagnosis of its crisis, understood as a consequence of the social and political transformations of the early twentieth century. For neoliberalism, the crisis stemmed from a departure from classical liberal tenets that prioritize individual freedom and impose limits on governmental power. For example, Friedrich Hayek (1966) argued that liberalism is a natural outcome of human development:

> [Liberalism] is itself not the result of a theoretical construction but arose from the desire to extend and generalize the beneficial effects which unexpectedly had followed on the limitations placed on the power of government out of sheer distrust of the rulers (pp. 161-162).

For neoliberals, attempts to subordinate individual interests to those of society create a fundamental contradiction. They contend that the primary duty of

liberalism is to safeguard the interests of the individual, promoting selfishness as a virtue. Consequently, the crisis within liberalism was attributed to the erosion of individual values.

> In the name of welfare and equality, the twentieth-century liberal has come to favor a revival of the very policies of state interventionism and paternalism against which classical liberalism fought (Friedman, 2002, pp. 5-6).

This return to classical principles –following Spencer's line of thought–did not entail a revival of *laissez-faire* as a governing logic. Neoliberalism's diagnosis was that earlier liberalism had been overly optimistic in assuming that a liberal social order could emerge spontaneously through *laissez-faire* policies alone.

According to neoliberalism, the government must actively create the institutional conditions for a social order grounded in individual freedom. Consequently, these authors advanced a new governing rationality.

Their proposal shifts from advocating selective state intervention to redefining the very mode through which governments intervene across different domains (Foucault, 2007). Although this new trend differs from classical liberalism in its understanding of the state's role, its core arguments ultimately reflect a return to classical positions. In contrast to the more historicist approaches of theorists associated with social liberalism in the United States –such as Dewey– the postulates of this current rely once again on formal, deductivist arguments, detached from the social contexts in which they arise and oriented toward establishing universal principles of human development.

In this vein, neoliberalism's governing rationality seeks to extend market dynamics to all facets of human existence, as a natural law. The State must actively design regulatory frameworks that enable private participation in new markets across society. This market-oriented mode of governance provides a lens through which social issues are understood, one in which individual entrepreneurship is presumed to advance the interests of society as a whole. In

essence, this rationality embodies "the valorization of competition and the company as a general form of society" (Laval & Dardot, 2009, p. 134).

For neoliberalism, the market holds greater significance than democracy, and a government is considered legitimate only insofar as it facilitates the expansions of market forces without resorting to state coercion, leaving in second place its commitment to the democratic system.

> A true 'dictatorship of the proletariat', even if democratic in form, if it undertook centrally to direct the economic system, would probably destroy personal freedom as a completely as any autocracy has ever done (Hayek, 2001, p. 74).

In this view, neoliberalism does not merely advocate for market primacy but restructures the very foundations of political legitimacy by redefining the purpose of government itself. Political authority becomes justified insofar as it expands competitive markets, protects private initiative, and submits collective life to economic calculation, while democratic commitments –such as equality, participation, or collective self-rule– are relegated to a subordinate position.

As Brown (2009) notes, "the implications of the political rationality corresponding to, legitimating, and legitimated by the neoliberal turn" (p. 40) are evident in the recasting of citizens as market actors and the reframing of political life through the logic of efficiency, competition, and economic optimization, thereby reshaping the boundaries of what is considered politically conceivable or desirable.

This interpretation aligns with the broader characterization of the "neoliberal order" proposed by Gerstle (2022), for whom neoliberalism is not simply a set of economic doctrines but a political project aimed at "expanding market relations into realms considered non-market realms such as family, marriage, and education" (p. 129). From this perspective, neoliberalism reconfigures the boundaries of the social and extends the logics of competition, individual responsibility, and economic calculation into domains traditionally governed by

democratic, communal, or ethical considerations. Situating neoliberal educational reforms within this wider transformation highlights how the shift toward market-based schooling forms part of a systemic reordering of social life rather than an isolated policy preference.

The subordination of democracy to the market is likewise reflected in this tradition's conception of educational. From to this perspective, the purpose of education is to perpetuate the existing social division of labor and inequalities. Consequently, the education system can also function as a market in two dimensions: a) governments should create incentives for private involvement in the system, and b) each individual should view their education as a private investment.

In the first dimension, Milton Friedman developed a proposal for the privatization of the education system, particularly at the primary and secondary levels. According to Friedman, the U.S. school system was "an island of socialism in a free market sea" (Friedman & Friedman, 1980, p. 154). His proposal consisted of dividing the public education budget by the total number of students and distributing it to families in the form of vouchers redeemable at public or private schools based on enrollment. Additionally, families could make top-up payments to attend schools whose tuition exceeded the voucher amount.

Regarding higher education, Friedman rejects the allocation of public funds because, at that level, education is viewed solely as a private investment. Instead, he proposes the creation of a loan system to support students who cannot afford to pay for higher education. Under this arrangement, higher-education institutions would compete for student enrollment, which, in his view, would enhance efficiency and improve quality through competition (Friedman, 2002).

In the second dimension, neoliberal theorist argue that learning should be understood as an individual investment. Consequently, each person would receive education based on market interests, preventing over-education in societies, which could be perceived as potentially destabilizing for the system:

> There are few greater dangers to political stability than the existence of an intellectual proletariat who find no outlet for their learning (Hayek, 1992, p. 506).

Hayek acknowledges that such policies may generate increased inequalities, but within a society governed by market principles, this is not considered a problem, even when it involves replacing "public education with free market practices" (Sant, 2019, p. 665).

An example of the concrete application of these educational policies was the reforms implemented in Chile by the Pinochet dictatorship (1973-1990), aimed at expanding private-sector participation in education and promoting a system based on competition and market principles. This was accompanied by active policies to reduce the capacity of public institutions to provide educational services (Ruiz, 2010).

The case of the United States is also highly relevant because –unlike in Chile– it unfolded in a democratic context, where broad political agreements enabled the implementation of federal educational reforms. These reforms included significant reductions in the federal education budget; a shift toward promoting educational quality through the establishment of performance standards that generated competition among schools rather than prioritizing equity; and a stronger orientation toward aligning educational objectives with national economic and productive needs (Clark & Astuto, 1986).

In both cases –emblematic of the early implementation of neoliberal education policies– individual competition, parental choice among diverse educational alternatives, the creation of an education market, and a distrust of state

monopolies in schooling were promoted as fundamental and desirable principles for the operation of an educational system.

The comparison between the educational reforms in Chile (under a dictatorship) and the United States (under a liberal democracy) highlight Hayek's argument that liberalism is incompatible with totalitarianism ideas represented by socialist projects, but not to authoritarian (non-democratic) projects committed to expanding markets. Therefore, both reform processes are consistent with the liberal ideal articulated by Hayek and other neoliberals, as they aim to strengthen and expand market forces regardless of whether these reforms took place in democratic or non-democratic settings.

What lies beneath this approach is a one-dimensional anthropological perspective, in which individuals are primarily understood as investments (Vergara and Martin, 2017; Laval & Dardot, 2009; Brown, 2009). This perspective envisions people as *homo economicus*, embedded within an all-encompassing market rationality.

The perspectives of Hayek and Friedman draw on Ludwig von Mises's formulation of human agency (Foucault, 2007). In *Human Action* (1988), Mises argues that individuals must learn to treat their own capacities as investments: training is undertaken as a speculative expenditure, justified only if the future labor market yields returns that compensate for the costs incurred. In this framework, the worker "becomes a speculator and entrepreneur" (p. 620), whose value is determined by the future state of the market.

These authors conceive society as an all-encompassing market, and education is understood as a domain of individual investment and self-development. Consequently, all individuals are cast as potential entrepreneurs; even if they lack financial capital, they are still expected to understand themselves as human

capital. In this way, neoliberalism reduces human complexity to a single, economic dimension.

Other domains, including education and government, are subordinated to market interests, a sharp contrast with Dewey and the advocates of the democratic liberal tradition, for whom education and government were instead oriented toward the ideal of deepening democracy.

IV. Liberal education: Between democracy and market

All versions of liberal educational thought share a concern with the formation of the individual, yet they differ markedly in how they conceive the relation between individual development and collective life (Sant, 2019). While some strands, such as Dewey's, emphasize cooperation, shared inquiry, and the harmonization of personal and social interests, others –most notably neoliberalism– recast education as a competitive arena in which individuals must optimize themselves in accordance with market norms.

The comparison undertaken in this article situates Dewey and neoliberalism within the broader dispute over the kind of subject that education should cultivate, revealing two fundamentally different models of liberal personhood and social order.

The liberal tradition can be seen as the intellectual foundation of major historical transformations, first in Europe and later resonating globally, particularly in the United States. Milestones such as the Industrial Revolution and its impact on global trade, the political ideas that underpinned the French Revolution and U.S. independence, and major advancements in the natural sciences collectively established a new intellectual foundation. This foundation linked individual freedom to social development and progress. In essence, liberalism provided the

backdrop for these historical changes, shaping economic, political, and social life worldwide.

Despite its significant influence, liberalism soon faced serious challenges. One of the most influential critiques came from Marx (2015), who argued that liberalism portrayed the individual as a natural, pre-social entity, when, in fact, individuals were socially and historically constituted. According to Marx, individuals are shaped by social relations, and *laissez-faire* policies were therefore incapable of regulating the dynamics generated by unfettered exchange.

By the end of the 19th century, liberalism found itself under pressure on multiple fronts. It faced challenges from Marxist ideas emphasizing the social determination of individuals and the emergence of the proletariat as a political force. Additionally, new forms of nationalism paved the way for the rise of fascist ideologies, further reshaping the intellectual and political landscape of liberalism.

To navigate and overcome the crisis within liberalism, thinkers pursued divergent paths that often led to sharply opposing viewpoints. This divergence helps explain the profound differences between Dewey's liberalism and neoliberalism in their understanding of the role of education in society. It also highlights the broader spectrum of responses within the liberal tradition, which reflect contrasting political orientations as well as differing epistemological foundations for the development of the social sciences.

While both approaches recognize the limits of *laissez-faire* politics and seek to reposition the liberal project, their positions are fundamentally divergent and often diametrically opposed. Despite their common starting point, they take markedly different paths in conceptualizing the role of education and its relationship to the broader liberal project.

John Dewey holds a holistic and pluralistic view of human development, grounded in a historicist conception of the social sciences. For him, growth is not a linear process but a continuous journey shaped by the accumulation of diverse experiences. This lifelong process of self-perfection requires ongoing interaction between individuals and society, without a predetermined endpoint. Dewey's perspective underscores the importance of communal life and collaboration among individuals within their social environment, and it assigns education a central role in fostering democratic processes of social progress.

In contrast, neoliberalism tends to reduce human action to market behavior, portraying individuals as *homo economicus* whose conduct is driven by economic self-interest. Within this framework, interactions among individuals are understood as rational exchanges motivated by self-interest, and society is conceived as an aggregate of individual interests expressed through the market. All of this is grounded in a deductivist logic for theorizing the social sciences, which interprets the variables that explain human behavior as social laws derived from fixed desires and motivations.

These two perspectives offer starkly contrasting views of the individual's role, the nature of human interaction, and the concept of society, reflecting the broader differences between Dewey's liberal philosophy and neoliberalism.

For John Dewey, the individual cannot be understood in isolation from society; association and interaction with others are natural conditions of human existence. His perspective emphasizes historical development and the emergence of new technologies and modes of production, as well as their influence on forms of social life. Although some aspects of his analysis may appear close to Marxist concerns, Dewey remains firmly committed to deepening the democratic systems that emerged from liberal traditions (White, 1976), despite their inherent limits. For Dewey, the idea of an individual

standing above society constituted a major flaw of classical liberalism, and he believed this misconception played a central role in its crisis.

In contrast, neoliberalism tends to depict society as an oppressive constraint on the individual, who must assert personal self-interest in response. In this view, the very concept of society is often blurred or even denied, and social order is legitimized only insofar as it conforms to market logic, which is elevated above democratic values. Individuals are portrayed as entrepreneurs, and even when they lack financial capital, they are construed as entrepreneurs of their own capacities. Learning the rules of the market thus becomes paramount, shaping both individual behavior and the role of the education system.

These opposing views on the relationship between the individual and society underscore the profound philosophical differences between Dewey's liberal philosophy and the tenets of neoliberalism, both in their epistemological foundations and in the social implications of their respective educational proposals.

Both Dewey's liberal perspective and neoliberalism acknowledge the pivotal role of education in their respective social projects, but they take vastly different approaches to it.

For Dewey, public schools are the institutions that facilitate the process of growth, making his educational proposals instruments for deepening democracy and achieving higher levels of social welfare. He views public schools as spaces in which young people engage in social and democratic communication and through which they generate meaningful democratic experiences. From this perspective, the emphasis is on collective growth, on democracy as a dynamic and participatory process, and on the development of individuals capable of contributing to social progress.

Conversely, neoliberalism advocates for the privatization of education. This perspective not only promotes private schools but also instills the notion that education is a personal investment. Within the neoliberal framework, each person is conceived as *human capital*, and education is framed in terms of the economic returns it can generate. Schools become competitive arenas for obtaining better academic credentials and for learning to perform effectively within a market-driven environment. The emphasis thus shifts toward personal gain and individual competitiveness within the market.

These divergent approaches to education exemplify the profound differences between Dewey's liberalism and neoliberalism in how they conceive the role of education within their broader social visions. These differences rest on distinct epistemological foundations and lead each tradition to assign markedly different roles to education in society.

In the comparison of the educational reforms in Chile and the United States, we observed that, for neoliberalism, the dictatorial or democratic character of the regime is largely irrelevant to how the educational system is organized, since the primary goal is to produce a skilled workforce for the labor market. Dewey, by contrast, takes precisely the opposite view:

> …in an authoritarian country with a class society, mere pouring in of instruction could conceivably constitute an adequate education, because the child is merely being trained to occupy a predetermined position and role, and this sort of education can condition him to this end. But in a democratic country there must be equal opportunity for each person to develop all his potentialities, so that he may become a contributing member of his democratic society and a good citizen of his country (Dewey, 1973 p. 199).

In summary, John Dewey's vision of education seeks to deepen democracy through a historicist and experiential approach that emphasizes the cultivation of democratic values and active participation in society. Yet this project remains

limited in its capacity to address the structural conflicts and power relations that shape educational and democratic life.

In contrast, neoliberalism, grounded in a deductivist approach based on formal and ahistorical premises, seeks to expand the reach of the market, with education often framed as a means to promote individual economic profit and market-oriented values. Unlike Dewey, neoliberal thinkers did not problematize the epistemological separation between theory and practice, treating their abstract principles as universally valid and detached from the concrete social conditions in which educational practices unfold.

According to neoliberalism, the ability to alter a person's position in society is determined solely by market forces rather than democratic ones; by individual advancement rooted in self-interest, rather than by collaborative participation in social life. These two perspectives entail fundamentally different goals and priorities for the role of education in society.

While Dewey's influence was significant in many countries and gave rise to the tradition known as the New School, his ideas ultimately had limited impact on large-scale education policy, even though they continued to exert substantial influence on theoretical debates within the field of education (Sant, 2019).

By contrast, it was the neoliberal tradition that proved more influential in shaping major education reforms of the twentieth century (Carnoy, 1977). Why, then, did neoliberalism gain greater traction in contemporary educational policy while Dewey's thought remained primarily an intellectual reference rather than a guiding framework for reform?

This question can be approached from multiple dimensions. One of them involves recognizing that, although this debate concerns the theoretical principles that underpin these two traditions, its consequences extend directly into the political sphere. They influence how state action is understood and

enacted, thereby shaping the political and economic interests of different social actors.

Neoliberalism proved more effective in framing schools as providers of specialized and socialized labor for industry and as instruments of social control, a role that significantly shaped educational systems in the twentieth century (Carnoy, 1977). It promoted an educational model oriented toward preparing individuals to succeed in competitive environments.

Although Dewey advocated for education as a means of social change and democratic reconstruction, his approach paid limited attention to the power relations and structural hierarchies embedded in capitalist societies.

Capitalist societies required an education system capable of sustaining social stratification while generating expectations of individual advancement. Neoliberalism succeeded in institutionalizing a form of schooling that promised personal progress yet reproduced social order and its inequalities. As Dewey cautioned, education was increasingly transformed into an instrument for perpetuating the existing industrial order rather than challenging it.

What are the consequences of an education system structured according to neoliberal principles?

As Saito (2005) asserts, “the practice of education is heavily dominated by neoliberal ideology and by the language of performativity; it has become dominated by procedures of standardization and quantification, in the name of efficiency and effectiveness” (p. 128). In many societies today, education is increasingly treated as something that can be quantified so that individuals can be compared and made to compete with one another.

These changes not only reshape how education systems operate but also generate broader cultural shifts. In many contemporary societies, democracy remains confined to a political system with formal mechanisms for

representative selection. Dewey's democratic ideals—developed in a United States grappling with the economic transformations, industrialization, and profound changes in the world of work characteristic of the early twentieth century, and centered on community life and collaborative problem-solving—have not been fully realized. Instead, the global trend toward the privatization of education has produced individuals oriented toward the market, equipped with individualized strategies for improving their lives, all sustained by the illusion of freedom, because "the concept of liberty has become confined in the too-narrow space of neoliberalism" (Saito, 2005, p. 139).

John Dewey developed a sophisticated educational philosophy that formed part of a broader project of social reconstruction, emphasizing the importance of learning as a driver of social change grounded in empirical pluralism. However, when we consider the economic forces that shape capitalist societies –forces that prioritize competition and market functioning over the strengthening of formal democracy– Dewey may appear naïve. He did not fully anticipate that, within the logic of capitalism, the market would hold greater importance than democracy. Beyond the historical development of capitalism, certain values are promoted in a seemingly timeless way, reinforcing a model of social organization designed to protect already consolidated economic interests.

In contrast, neoliberalism advanced a strategy that positioned schools as instruments for reconfiguring capitalism, transforming individuals into a particular form of capital useful to the interests of capitalist forces. This helps explain its success, its capacity to proliferate, and its resilience during the various crises that liberalism has faced, as it directly benefits the social groups that control capital. Although theoretically flawed and rooted in pre-nineteenth-century conceptions of the social and economic sciences, this approach proved coherent with the interests of an economic class that depends on market hegemony to reproduce its patterns of wealth accumulation.

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