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Liberal Arts in Neoliberal Times

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Abstract

This paper examines the transformation of liberal arts education under neoliberalism, focusing on the ideological shift that has redefined the purpose of higher education in economic terms. The paper traces the increasing instrumentalization of education through the lens of "human resources" and "human capital" theory. Drawing on the works of Gary Becker and Friedrich Hayek, it explores how neoliberal thought has reshaped not only educational institutions but also the very conception of knowledge and subjectivity. The argument highlights the paradox at the heart of neoliberal education policies: while higher education is framed as an investment in human capital, neoliberal economic theory simultaneously asserts the fundamental unpredictability of market demands and the limits of knowledge itself. The paper concludes by reflecting on the potential for intellectual freedom within this framework, reclaiming the liberal arts as a domain of autonomous inquiry beyond immediate economic utility.

Keywords: neoliberalism, liberal arts education, human capital, human resources, higher education policy, knowledge and ignorance, Friedrich Hayek, market rationality

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Academics in general do not pay much attention to the mission statements of their institutions. Understandably so, as such official declarations often misrepresent or diverge significantly from the realities of academic life. Nonetheless, when reflecting on the relationship between neoliberalism and the liberal arts, I became curious about how my own department defines its mission as part of a school of liberal studies in a Japanese university. What I discovered turned out to be more closely connected to this topic than I initially anticipated.

My department's homepage features an electronic pamphlet advertising its program, outlining its structure, and emphasizing its distinctive qualities. The brochure, which is also available in print, objects to "conventional academic approaches," which it describes as inadequate for addressing "today's increasingly complex society." In contrast to these approaches, the pamphlet claims that students in our school will learn "through dialogue" to address such complexities from fresh perspectives and thereby "open up the future by themselves."

Albeit rather vague, in keeping with the nature of institutional marketing materials, the statement contains a clear nod to fashionable conceptions of student-led education and the demise of professorial authority. But what truly captured my attention was the concluding sentence, which reads: "We will nurture human resources who are capable of taking on such a role [of opening up the future]." This description seemed oddly disconnected from the day-to-day reality of our work and from the way I—and most of my colleagues, I assume—perceive our roles as educators. I do not think that any of us would describe our mission as being centered on "nurturing human resources." More importantly, the mention of "human resources" in an official statement on the meaning of liberal studies immediately evoked a distinct sense of *déjà vu.*

Nurturing Human Resources

In 2015, the Republican governor of the State of Wisconsin, Scott Walker, proposed a $300 million reduction to the state's higher education budget. As part of this initiative, Walker unilaterally revised the University of Wisconsin's mission statement, removing a section that articulated the university's purpose as "seeking truth" and "serving society." In its place, he proposed a new objective: "to develop human resources to meet the state's workforce needs." This incident has often been cited as a paradigmatic example of the neoliberal encroachment on higher education. The backlash to Walker's revisions was so significant that he ultimately rescinded

them, later claiming that the use of the expression "human resources" was merely a "drafting error" (Stein, 2015).

Yet Walker's description of the purpose of higher education as the development of "human resources" was certainly no accident. On the contrary, it reflects a widespread vision of the goal of education as serving the needs of the labor market. This vision becomes particularly problematic when applied to the liberal arts, which stand, by their very definition, in opposition to vocational training. Traditionally emphasizing the cultivation of a well-rounded individual, the liberal arts could hardly be further from the understanding of students as potential human resources.

The liberal arts trace their origins, in part, to the Hellenistic concept of *enkyklios paideia*, an educational model designed to cultivate intellectual and moral development independent of immediate utilitarian aims. This tradition evolved through the medieval trivium and quadrivium, the Renaissance, and into the modern era, maintaining a distinction from strictly professional or vocational training. From *enkyklios paideia* emerged the sixteenth-century European concept of the "encyclopedia," a term whose meaning has diverged over time while retaining a parallel commitment to comprehensive knowledge. Despite its many transformations, the liberal arts have consistently been defined in opposition to narrowly instrumental education—a contrast fundamental to their identity as "liberal."

Today, however, the notion of a well-rounded education dedicated to citizenship and self-cultivation seems increasingly out of step with the priorities of many students, parents, administrators, and "experts" in higher education. Among the central tenets of human resource theory is the need for a flexible labor force. As legal scholar Ewan McGaughey argues, efficient firms need to organize "around core staff, a periphery of workers who can respond to changing market demands" (McGaughey, 2021, p. 3). In McGaughey's view, this is precisely where the liberal arts can contribute, by nurturing professionals flexible enough to switch tasks as fast as needed, thus accompanying the unpredictability of market demands. Or, to put it in a more palatable manner, by educating individuals who are ready to face our "increasingly complex society" and "open the future by themselves."

Neoliberal Times

This profound shift in the understanding of the role of a liberal arts education follows a more general trend of social and cultural transformations under the widespread dominance of neoliberal ideology. More

than just a reconfiguration of the social role of education, at stake in this shift is a transformation in the understanding of human liberty itself. The term "neoliberalism" is often associated with a set of economic policies that prioritize market deregulation, the removal of trade barriers, the dismantling of price controls, the reduction of the state's role in economic affairs, and the promotion of austerity measures in public spending. These policies aim to enhance the role of the market as the primary mechanism for organizing economic and social life.

Beyond its practical applications in economic policy, "neoliberalism" refers to the theoretical framework and social philosophy underpinning these policy changes, as developed by thinkers such as Friedrich Hayek, Ludwig von Mises, and other members of the Austrian School of Economics. It also finds resonance in the work of the German Ordoliberals, Chicago School economists like Milton Friedman, Frank Knight, and Gary Becker, and, in some instances, libertarian thinkers such as Ayn Rand. Together, these figures articulated a vision of capitalism that not only sought to limit and shape state intervention but also redefined the individual on the basis of its participation in market activity.

Michel Foucault, in his 1979 *Collège de France lectures, The Birth of Biopolitics*, explored neoliberalism as more than an economic doctrine, arguing that it represents a distinctive form of reason that reshapes subjectivity itself. In this broader sense, neoliberalism extends its rationality to every sphere of human existence, molding individuals into "entrepreneurs of themselves" (Foucault, 2008). Critics of neoliberalism, inspired by Foucault's analysis, have emphasized its capacity to universalize economic rationality, redefining the way we approach family, education, health, relationships, ethics, and even life itself. Neoliberalism thus emerges not just as a set of policies, but as a pervasive ethos that underpins contemporary culture and society.

In *Neoliberalism's War on Higher Education*, Henry A. Giroux (2014) discusses the profound impact of neoliberal policies and ideologies on higher education in the United States and beyond. Giroux examines how neoliberalism reduces education to a commodity, prioritizing profit generation and market mechanisms over critical thinking, intellectual growth, and the pursuit of the public good. This shift, he suggests, transforms universities into corporate entities more concerned with generating revenue than fostering ethical reasoning or intellectual development. Such an approach aligns closely with the crude vision of education's goal as the development of "human resources."

Wendy Brown, too, has extensively analyzed the tangible consequences of neoliberalism's approach to education (Brown, 2015, pp. 175-200). Under neoliberal logic, education is increasingly treated as a private good rather than a public one, evaluated primarily through economic metrics such as employability and income potential. Its potential contributions to public life or personal development are most often sidelined. This paradoxically contrasts with neoliberalism's emphasis on individualism, which, despite its rhetoric, leaves little room for an understanding of education as an end in itself—a pursuit of intellectual growth for the sake of personal enrichment.

The commodification of education has reached such a level that prominent university administrators have begun to publicly express concerns about the risks posed by neoliberalization. In a 2009 *New York Times* column, American historian Drew Faust, then-president of Harvard University, questioned whether "the market model [had] become the fundamental and defining identity of higher education" (Faust, 2009). As exemplified in Faust's statement, academic administrators and even industry management have become increasingly aware of the deleterious implications (and PR damage) associated with the language of "human resources." However, commodification, strictly speaking, is not the only model, and not even the most prominent way through which education is subsumed into the neoliberal framework.

Human Capital

The theory of "human capital," advanced by Chicago economists Gary Becker and Theodore Schultz, helps us to better understand the role and function of education in neoliberal contexts, which goes beyond the mere commodification of knowledge. At its core, the concept of "human capital" refers to the productive capabilities individuals acquire through education, training, and experiences that enhance their ability to contribute to economic activities. By recasting the concept of human resources in terms of human capital, these economists not only provided a practical model for valuing investments in education but also reframed human beings as capital assets that can be cultivated and enhanced, rather than mere resources to be exploited.

Schultz acknowledged from the outset the moral unease inherent in conceptualizing humans in terms of capital and investment. "The mere thought of investment in human beings," he writes, "is offensive to some among us. Our values and beliefs inhibit us from looking upon human beings as capital goods, except in slavery, and this we abhor" (Schultz, 1961, p. 2). This moral

difficulty remains only partially addressed in his work. The discomfort seems implicitly alleviated by the notion of elevating laborers to the status of capitalists. In this sense, at least rhetorically, the concept of "human capital" offers a notable advantage over "human resources":

> The failure to treat human resources explicitly as a form of capital, as a produced means of production, as the product of investment, has fostered the retention of the classical notion of labor as a capacity to do manual work requiring little knowledge and skill, a capacity with which, according to this notion, laborers are endowed about equally. … Laborers have become capitalists not from a diffusion of the ownership of corporation stocks, as folklore would have it, but from the acquisition of knowledge and skill that have economic value (Schultz, 1961, p. 3).

As can be gleaned from Schultz's statement, Human capital theory does not entirely discard the notion of "human resources" but instead reframes it, elevating its subjects from mere objects utilized by capital to the status of capital itself. In Schultz's words: "laborers have become capitalists." This transformation, according to him, occurs through the "acquisition of knowledge and skill."

There is nothing in the concept of labor that inherently excludes specific skills and knowledge that enhance productivity. Indeed, the category of skilled labor has long been recognized in economic discourse. What is novel here is rather the expansion of the concept of capital—from a strictly objective, physical entity to a subjective and human dimension—which enables Schultz to redefine laborers as capitalists.

This redefinition performs yet another crucial operation for neoliberal thought: It facilitates the erasure of labor as a distinct category in economic analysis. By conceptualizing skilled labor-power as a "produced means of production," akin to capital, the economic activities of laborers are effectively equated with those of capitalists. Laborers working for low wages are not an exploited class opposed to the exploiting capitalist bourgeoisie, but simply less successful capitalists themselves.

As Michel Feher observes, the notion of human capital as an explanatory tool to measure the rate of returns on investment in education "did not seem all that ambitious" to begin with, but "its heuristic ambitions soon expanded considerably" (Feher, 2018, p. 25). The purview of human capital gradually extended its reach to encompass every dimension of an individual's life—the actions one takes, the

traits one inherits, and the experiences one accumulates—until there is no meaningful distinction between a person and their human capital: as Feher puts it, "my human capital is me" (Feher, 2008, p. 26).

Human capital theory underscores the central role education plays in neoliberal capitalism, both as a driver of individual economic productivity and as a means of wealth reproduction. Within this framework, education—whether vocational training or the broad-based learning associated with the liberal arts—becomes a valuable resource for enhancing personal economic potential. Compared to the instrumentalizing resonance of the concept of "human resources," the cultivation of human capital appears to offer a more attractive version of neoliberal educational goals. Yet, beneath this rhetoric lies a similar utilitarian view of education, which is valued primarily for its capacity to enable success within a market society.

Moreover, framing education through the lens of human capital swiftly privatizes its value, reducing it to an individual investment while disregarding its broader social significance. One need not turn to Marxist economic literature to find explicit recognition of education's collective benefits. Milton Friedman, a key architect of neoliberal thought, acknowledges as much in *Capitalism and Freedom*:

> [T]he gain from the education of a child accrues not only to the child or to his parents but also to other members of the society. The education of my child contributes to your welfare by promoting a stable and democratic society. It is not feasible to identify the particular individuals (or families) benefited and so to charge for the services rendered. There is therefore a significant "neighborhood effect" (Friedman, 1962, p. 75).

Friedman's assertion opens the door to radically different interpretations. On one hand, recognizing that education benefits not only individuals but society as a whole could serve as a strong argument for state-sponsored, free education. On the other, the idea that investing in one's own education—or that of one's offspring—produces a broader "neighborhood effect" aligns with the classical liberal notion of the invisible hand, in which self-interest is transformed into public good. Applied to education, this perspective reinforces the belief that market-driven individual choices naturally lead to collective benefits.

Knowledge and Ignorance

The question of knowledge and its acquisition has long been a core concern of neoliberal thought. Well before Friedman,

Becker, and Schultz, the Austrian economist Friedrich Hayek repeatedly emphasized and extensively demonstrated its centrality, turning knowledge into the core subject of economic thought. According to Hayek, the central problem of economic theory lies not primarily in the efficient allocation of resources but in the social utilization of knowledge. In Hayek's famous words:

> The economic problem of society is thus not merely a problem of how to allocate "given" resources—if "given" is taken to mean given to a single mind which deliberately solves the problem set by these "data." It is rather a problem of how to secure the best use of resources known to any of the members of society, for ends whose relative importance only these individuals know. Or, to put it briefly, it is a problem of the utilization of knowledge which is not given to anyone in its totality (Hayek, 1945, p. 520).

With this formulation, Hayek effectively shifts the focus of economic theory toward a social theory of knowledge. It is not sufficient for economic resources to be "given" in the sense of their mere physical existence; their effective utilization depends on their being accessible to the minds of economic actors. However, as Hayek repeatedly emphasized, these resources are never fully "given" or known in their entirety to any single individual. The dispersion of knowledge across society thus emerges as the fundamental problem and the starting point for economic theory.

The foundation of Hayek's case for the superiority of the capitalist market over what he described as the socialist model of central economic planning lies in the inherently dispersed nature of economic knowledge among market actors. Through the price system, the market transmits all relevant economic information between actors, both near and far, thus obviating the practically impossible task of concentrating economic data in a central planning committee or in the mind of a single individual. Hayek's exploration of the limits of human knowledge holds a central place in neoliberal theory, with far-reaching implications. Given the constraints of this discussion, I will focus on one particularly significant aspect of this issue as it relates to education: the role of ignorance.

Hayek's argument implies that if economic knowledge were completely and immediately available to all economic agents, the market would lose its crucial role as a "system of telecommunications." In other words, even more than knowledge, it is ignorance that justifies the existence of the capitalist market economy. With good reason, Hayek repeatedly emphasizes the

essential role of ignorance in the functioning of the capitalist market. According to him, the market's defining strength lies in its "economy of knowledge," that is, the minimal amount of information individual participants need in order to make effective decisions. In this view, the primary function of the market is to enable society to navigate and manage the pervasive condition of ignorance: "I've come to believe that both the aim of the market order, and therefore the object of explanation of the theory of it, is to cope with the inevitable ignorance of everybody of most of the particular facts which determine this order" (Hayek, 1978).

Ignorance, as Hayek conceives it, is thus not merely a temporary flaw to be remedied through the advancement of knowledge but an inherent and inescapable feature of any economic system. As he explains, "I do not believe that it is merely present ignorance, which we expect future advance of knowledge will remove, which makes a rational effort at central planning wholly impossible" (Hayek, 1978). More than just an obstacle to be overcome, ignorance constitutes a fundamental condition that shapes the very logic of the capitalist market.

This perspective raises critical questions with profound implications for the role of education under neoliberalism. Chief among them is a fundamental paradox: if ignorance is essential to the market's proper functioning, how can the market be trusted with the task of education? Intellectual historian Philip Mirowski explores this issue extensively, arguing that "a major characteristic of the modern neoliberal era of the new knowledge economy is the unapologetic production of ignorance" (Mirowski, 2011, p. 260). According to Mirowski, ignorance is not merely a passive condition or unintended consequence but an actively produced and strategically maintained feature of neoliberal economies. If the capitalist market, as envisioned by neoliberal theorists, fundamentally relies on the production and maintenance of ignorance, the implications for education are deeply troubling. This deliberate cultivation of ignorance calls into question the market's capacity to support genuine intellectual development while simultaneously relying on the suppression and manipulation of knowledge.

Traditionally seen as a means of dispelling ignorance and fostering critical understanding, education now operates within a system where ignorance is not merely an obstacle to overcome but a structural necessity for the market's logic. While education is charged with cultivating informed, autonomous individuals, Mirowski argues that neoliberalism not only thrives on but actively depends on restricting access to knowledge and perpetuating misinformation.

Moratorium

It is impossible to conceive of any project for liberal arts education today without accounting for the pervasive presence of neoliberalism. It serves as both the ideological backdrop against which contemporary institutions are evaluated and the economic and social reality that students will encounter upon graduation. Neoliberalism shapes how instructors define their societal roles, how students navigate their educational choices, and how governments formulate policies, making its influence inescapable at every level of higher education. Simply ignoring it will not make it disappear, nor will lamenting its effects offer a path forward.

Yet rather than propose a definitive model for liberal arts education under neoliberal conditions, my aim has been to illuminate the historical and intellectual trajectories that have shaped our contemporary understanding of education. The neoliberal transformation of higher education is not simply a policy shift but part of a broader reconfiguration of knowledge, freedom, and the self. Neoliberal thought does not merely subordinate education to market imperatives—it redefines the very purpose of knowledge in economic terms, collapsing the distinction between learning and investment, knowledge and capital, education and training. This shift has profound implications, not only for the survival of the liberal arts but for the meaning of education itself.

The market-driven rationale behind education's transformation is often justified in terms of employability and economic competitiveness. However, neoliberal theory itself contains an unresolved tension: while proponents of human capital theory justify education in terms of its economic returns, neoliberal economic models also emphasize the fundamental unpredictability of market demands and the limits of knowledge itself. Hayek's claim that ignorance is an inescapable condition of economic life raises a crucial paradox—if knowledge is fragmented, dispersed, and inaccessible in its entirety, how can education be meaningfully aligned with an economy that is, by definition, in constant flux? This contradiction undermines the very premise that education can or should function as a rationalized system of human capital production, exposing the fragility of neoliberal arguments for the commodification of learning.

The liberal arts, traditionally framed in opposition to vocational training, have long been a site of resistance to the instrumentalization of knowledge. Yet, as neoliberalism has subsumed even critical thinking within its logic of flexibility,

innovation, and adaptability, the liberal arts have increasingly been reframed as a means of producing agile, self-directed workers capable of navigating an unpredictable job market. The language of "addressing complex problems" and "opening up the future" in my department's mission statement exemplifies how liberal education is now justified in terms that align seamlessly with the demands of neoliberal capitalism.

And yet, despite this bleak assessment, there remains room—however limited—for alternative interpretations of what a liberal arts education can still offer. I conclude with an observation from one of my students about the role and potential of a liberal arts education within the very system that has subordinated education to market imperatives. The student pointed out that Japanese universities and their students are so preoccupied with the job market that they often overlook a peculiar reality: Most employers in Japan care little about students' majors, and even less about what they actually studied during their undergraduate years. With hiring decisions often based primarily on institutional prestige and personal attributes, students—at least in principle—could spend their university years studying what genuinely interests them, relatively unburdened by utilitarian concerns.

This observation, however contingent on privilege, echoes a long-standing notion in Japan: that the university years function as a kind of moratorium—a temporary reprieve between the rigid discipline of school life and the regimented structures of corporate employment. While the employment landscape in Japan is changing, and this space of freedom may be shrinking, the insight remains valuable. The idea of a moratorium—a time for intellectual exploration without immediate economic pressures—reclaims an essential aspect of what the "liberal" in liberal arts has historically meant: the freedom to pursue knowledge as an end in itself—for those who can afford it.

This does not resolve the deeper contradictions of neoliberalism's encroachment on higher education, nor does it offer a systemic solution to the dilemmas facing the liberal arts. But it does point to an enduring possibility: that even within an economic order that seeks to quantify, instrumentalize, and privatize education, moments of intellectual freedom can still be carved out—however precarious, however fleeting. If nothing else, this recognition might serve as a reminder that the value of a liberal education is not something to be granted by the market, but something that must continually be reclaimed.

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