

The Relevance of Laissez-Faire and Fabian Social Policy Theorizing in Explaining and Addressing Social and Developmental Problems of Nigeria

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Abstract: Social policy entails the provision of social welfare services by the government to the people. Laissez-faire and Fabianism are models of social policy which seek to explain how a policy of a state on the provision of social needs of the population should be. The Laissez-faire model advocates that social policy should exclude government intervention in the economic affairs of the country and emphasized on the private ownership of property and virtue of individualism. The Fabian model was a model which favoured gradual development of socialism by peaceful means rather than revolutionary change. It emphasized on government intervention, abolition of private property and the perfectibility of the welfare state in which the government provides for the basic needs of the population. This paper therefore attempts to focus on these two models of social policy. The paper examined the historical emergence of the models. The paper compared and contrasted the major theoretical postulates of the two models and looked at their possible shortcomings. The Laissez-faire model was found relevant in explaining Nigerian social policy and the Fabian model was found to be the best in addressing Nigerian social problems.

Keywords: Fabianism, Laissez-faire, Policy, Problem and Social

I. INTRODUCTION

Social policy can be seen as policies which government use for welfare and social protection and the ways in which welfare is developed in the society. In other words, social policies are government policies that are directed towards meeting the social needs of the population such as social security, health, housing, education and law and order (Marshall, 1998). Therefore, social policy is particularly concerned with social services and the welfare state and in broader sense; it stands for a range of issues extending for beyond the action of government, that is, the means by which welfare is promoted, and the social and economic conditions, which shape the development of welfare.

Different models or schools of thought of social policy were advocated by social policy scholars stating how the social policy of a state should be. These models were broadly classified into three; the Laissez-faire model, the Fabian/socialist model and the liberal strategy. The purpose of this paper is therefore to examine two of these models namely:

1. The Laissez-faire model.

2. The Fabian/socialist model.

A. The Laissez-Faire Model

The term Laissez-faire is a French phrase, which literally means 'let do'. But technically, Laissez-faire is a term used to describe a policy of allowing events to take their own course. It is a doctrine, which states that government should generally not intervene in the market place (Arthur and Sheffrin, 2003). The term was later used to refer to various economic and political philosophies, which seek to minimize or eliminate government intervention in most or all aspects of the economy.

The exact origin of the term Laissez-faire as a slogan of economic liberalism is uncertain but it was established that the first recorded use of the 'Laissez-faire' maxim was by Rene de Voyer, a French minister. According to historical folklore, the phrase stems from a meeting held in 1680 between the French finance minister, Jean Baptiste Colbert and a group of French business men led by M. Le Gendre when the minister asked on how the French state could be of service the merchants and Le Gendre replied simply saying '*Laissez-nous faire*', meaning let us do. Vincent de Gournay later popularized the slogan in 1750s, a French intendant of commerce who was ardent proponent of the removal of restrictions on trade and the deregulation of industry and economic prosperity in France.

The first English classical economists to use phrase *laissez-faire* to describe governmental non-interference as a maxim of social policy was John Stuart Mill (Harris, 1973). Moreover, notably classical economists such as Adam Smith, Thomas Malthus and David Ricardo also used the term to explain classical economic values and orientations, which emphasized the virtues of individualism (Kurawa, 2009). For example, Adam Smith, in his book titled 'Wealth of Nations' (1776) argued that individuals pursuing their own self-interest in the market would lead to the realization of common good.

Since the end of 1970s, following the state's fiscal crisis and the increasing influence of New Right Philosophies, laissez-faire social policy is now once more in the political foreground and the result has been an increasing privatization of state properties and a return to an all-pervasive market economy (Marshall, 1998).

Major Assumptions of the Laissez-Faire Model

Laissez-faire was a political as well as an economic doctrine. It is a social policy model that asserts the importance of the free, competitive market of individual suppliers and individual purchasers to the efficient production, distribution and allocation of goods and services as well as to the maximization of individual choice, and emphasizes the need to keep state regulation to a minimum. The pervading theory of the 19th century was that the individual pursuing his own desired ends, would thereby achieve the best for the society of which he was a part (Schumpeter, 1943). Consequently, the Laissez-faire activists support little or no state intervention on economic issues which implies free markets, minimum regulation and private ownership of property. They therefore support certain kinds of negative liberty as opposed to positive liberties, such as wealth distribution, given by the state (Atkinson, 1995). Their opposition to wealth distribution is based on the belief that it takes capital form the most productive sectors of the economy and gives it to the less productive sectors and this, according to them, enforces economic egalitarianism, which reduces productivity and incentives to work. The Laissez-faire model therefore suggested that the function of the state should be to maintain order and security and to avoid interference with the initiative of individual in pursuit of his own desired goals. But the Laissez-faire advocates nonetheless believed that government had an essential role in enforcing contracts as well as ensuring civil order. Therefore, supporters of Laissez-faire favored a state that is neutral between the various competing interest groups that vie for privileges and political power in a country. They oppose government funding and regulation of schools, hospitals, industries, agriculture and other welfare programmes.

On the idea of individualism, the Laissez-faire model assumes that all aspects of social policy be based on the productive system and on individual bargaining power with a minimum interfering from the state, either to protect the rich or to restrain the powerful. The Laissez-faire model therefore see government/state as only an arbitrator who interferes in the affairs of the economic process only when there is conflict between owners of industries and employees, arising in the process of bargaining.

However, numerous exceptions are found in the Laissez-faire model. The Chicago school of Laissez-faire model, for example, justifies school voucher system on the ground of fairness (Drover and Kearns, 1993). They also support some wealth distribution programme and state funding of environmental regulation. Moreover, according to Burden (1998), many self-identified Laissez-faire believers may prefer drug prohibition and prohibition of illegal immigration which are, in most cases, contradicting the libertarian ideology of both personal and economic freedom.

Criticisms of the Laissez-Faire Model

Despite the influence of the Laissez-faire model on social policies of many countries of the world today, the model had been criticized on the following grounds.

Firstly, Laissez-faire model has been criticized for emphasizing on curative rather than preventive measures of social policy. The implication here is that government pays little attention to the problem of poverty until it seriously affects the chances of survival of members of the society and threatens the stability of the community. This suggests that unless there is apparent and serious problem of crime, disease, homelessness, starvation, drought, etc., the government should pay little attention to social policy. In this regard, the government interferes to solve a problem after it has become a serious one, and not based on the humanistic need or desire of protecting individuals and preventing problems before they occur (Parver, 1975). Therefore, the critics argued that social policy should ideally emphasize on preventive measures rather than curative.

The Laissez-faire principle of individualism was criticized on the ground that market relationships are competitive and therefore tended to be divisive in which individuals are vulnerable to misfortunes (Marshall, 1998). For example, social welfare theorists argued that unrestrained free exchange causes welfare problems as evidenced by the housing market, which in most cases, fails to provide shelter to those individuals in demonstrable need.

It was argued, also, that the actual markets bear so little relation to the Laissez-faire theorists' idealized models of rational and atomized individuals making choices in the market. The critics stressed that in the real world markets are beset by imperfections in which there are often monopolies of supply, few purchasers, external constraints, etc. Moreover, individual preferences are shaped and limited by culture and social norms, thereby reducing choices. Hence, the idea of efficient, let alone equitable, allocation via the market is something of a chimera, that is, it functions far more effectively as myth than reality.

The Laissez-faire popularity reached its peak around 1870 up to the late 19th century, due to the acute changes caused by industrial growth and the adoption of mass production techniques. This proved the Laissez-faire doctrine insufficient as a guiding philosophy because with the tremendous growth of industries, Laissez-faire policies led to abuses, especially in the use of child labor.

Finally, Fabian socialism shared the conviction that Laissez-faire was a bankrupt philosophy and concluded that it should be replaced by the planning based on social needs (Mishra, 1981)

B. The Fabian Model

The Fabian model in other words, known as Fabianism is a British intellectual socialist movement whose purpose is to

advance the principles of socialism via gradual reform rather than revolutionary means. The model describes a broad central tendency in English collectivist thinking about social policy which is essentially non revolutionary, pragmatic welfare state (Marshall, 1998).

Fabianism was founded in 1884 as an offshoot of a society founded in 1883 called Fellowship of the New Life (Edward, 1916). The model took its name from Fabius, who was a Roman general and whose motto was 'slow but sure'. The founders of the model include Edward Carpenter, John Davidson, Havelick Ellis and Edward R. Pease. These people wanted to transform society by setting an example of clean simplified living for others to follow (Mishra, 1981). Immediately after its formation, Fabianism began attracting many prominent contemporary figures drawn to its socialist cause, including George Bernard Shaw, Sidney Webb, Annie Besant, among others. According to Clasen (1999), the Fabian model laid many foundations of the labor party of Britain and subsequently affected the policies of states emerging from the decolonization of the British Empire, especially India.

Major Assumptions of the Fabian Model.

Fabianism favored a gradual incremental change rather than revolutionary change. The model therefore rejected the Marxist revolutionary model and believes that socialism can be attained through gradual and peaceful evolutionary process and through democratic parliamentary politics (Clasen, 1999). This social democratic approach assumed that overtime parliamentary would pass laws in the interest of the workers, aided by the development of workers' party (Labour Party) and trade unions.

The Fabian model emphasized social justice, introduction of minimum wage and creation of socialist health care system. Fabian also advocated the introduction of a national education system (Simmel, 1960). In this way, Fabianism favors the creation of a welfare state in which the government provides for the basic needs of the citizens and condemned the idea of individualism in which the citizen lived on their own.

The Fabian ideology supported the rationalization of land. It is also in the support of the state owning and operating enterprises and state control of the conditions of labour thus receding over a just and efficient planned economy and welfare system.

Fabianism had influence over many leaders of the third world most notably, Indian Jawaharlal Nehru, who subsequently framed the economic policy for India on Fabian social democratic lines. Similarly, Obafemi Awolowo, who later became the premier of Nigeria's defunct Western Region also adopted the Fabian ideology to run the region. Dr. Amitai Etzioni, the founder of American communitarianism is also a Fabian. His latest book, 'from Empire to Community: A New Approach to International Relations' emphasized the relevance of the Fabian ideologies for a stronger and welfarist

government (Marshall, 1998). The model according to Mackenzie and Norman (1977) had also been supported by many reknown academics, some of which include the political scientist Bernard Crick, the economists, Thomas Balogh and Nicholas Kaldor and the sociologist, Peter Townsend.

Criticisms of the Fabian Model

There are a number of shortcomings on the Fabian. The model was criticized as being totalitarian and defunct system. It was also criticized for being bureaucratic and elitist being addressed to British politicians and civil servants rather than wider issues, grass root politics and the common people.

Lee Kuan Yew, the first prime minister of Singapore stated that his initial political philosophy was strongly based on the Fabian ideology. However, he later criticized the philosophy, believing that the Fabian ideal of socialism was impractical (Spicker, 2008).

The Fabian ideology of government intervention such as regulation, protectionism, creating legal monopolies, interference in the price was criticized as being corrupt. For example, the United State Food and Drug Administration was found to be corrupt and benefit the corporation instead of the consumers. The critics further challenge the Fabianist idea of wealth distribution by the state on the ground that the practice only take capital from the most productive sectors of the economy and give it to the less productive sectors which according to them, reduces productivity and incentives to work.

Edward (1916) stressed that the state economic restrains and the growth of socialism in the 20th century have not eradicated the basic individualistic appeal of the Laissez-faire philosophy as it still exists today in the emphasis placed on the profit motive and on individual initiative in economic progress.

II. COMPARISM OF THE LAISSEZ-FAIRE AND FABIAN MODELS OF SOCIAL POLICY

There are certain areas in which the Laissez-faire and Fabian models are said to be similar.

- Both of them are social policy models that emphasized on the kind of role that government should play in running the affairs of the country. Therefore, government interference is the central point of both the two models.
- Laissez-faire and Fabianism were both criticized as being impractical. Lee Kuan Yew for example, who initially claimed to be Fabian, later withdrew his membership after finding its ideology to be only theoretical. Similarly, the Laissez-faire ideology of free choice, efficient and equitable allocation of resources via the market was found to be more of myth than a reality.
- There is a similarity between the Fabian model and the Chicago School of Laissez-faire Model as both of them justifies school voucher system on the ground

of fairness. Both models also support some forms of wealth distribution programmes and state funding of environmental regulation.

- Both models were in one way or the other found to be corrupt and benefit only the companies rather than the consumer.

III. CONTRAST OF THE LAISSEZ-FAIRE AND FABIAN MODELS OF SOCIAL POLICY

Having a closer look at the major theoretical postulates of the Laissez-faire and Fabian models, one will observe some similarities between the models but will also notice that the models may be in fundamental opposition. The differences between the two models are as follows:

- The Fabian model advocates for complete government intervention in the economic affairs of the state while the Laissez-faire model on the other hand emphasized on minimum or complete absence of governmental interference in the country's economic activities. They rather emphasized that government should only serve as an arbitrator in the case of conflict between the factory owners and the workers.
- Fabianism emphasized the introduction of minimum wage and introduction of socialist healthcare and national educational system as well as government ownership of the means of production. The model therefore, favours the creation of a welfare state in which the government provides for the basic needs of the citizens such as free medication, education, water supply, electricity, housing, foods stamp, etc. and condemned the idea of individualism. While the Laissez-faire emphasized on private ownership of hospitals, schools and companies and negotiation between the company owners and workers on wage determination and condition of service. In this way, the Laissez-faire model favours the creation of a state based on capitalist ideology in which the individuals live on their own and have to struggle for their survival.
- The Fabian model supported minimum tax burden on the citizens while the Laissez-faire model believed that minimum tax makes the citizen to be lazy and not struggle hard thereby relying on government for support.
- Social policy of Laissez-faire is curative where states engage in the provision of social welfare services to the people only when the social problems become pervasive. While Fabianism advocated that the state should be actively involved and have dominant role in the discharge of resources and infrastructure for social welfare.

In general, therefore, while Laissez-faire model is said to be individualistic or capitalist in orientation, the Fabian model appeared to be socialistic. Laissez-faire favour social security

that enable people to buy food and other basic needs in the market rather than soup kitchen (i.e. which is publicly provided). Fabian on the contrary, proposed the principle of institutional welfare like unemployment benefit, student's grants and other social welfare services that contribute to the betterment of the people.

IV. THE NIGERIAN SITUATION

Nigeria as a democratic state is moving towards capitalism, which is manifesting in the sell of government owned properties and companies to private individuals through policies such as privatization, deregulation etc. Some government organisations including those providing basic social services to the people such as NEPA were sold out to private individuals and in some cases, jointly owned and managed by government and private individuals. This is therefore portraying a systematic attempt by the government to withdraw from the ownership and control of some key economic sectors, which inevitably affected the social welfare system of the country. This is because capitalism as an economic system opposed any kind of governmental interference in the nation's economic affairs, but act only as a regulatory body. In doing so, the government only act as an arbitrator, largely to settle dispute between the owners of the means of production and the employees. This explains the reason why we see the gradual existence of National Industrial Courts in some parts of the country.

Considering the above, we can therefore argue that Nigeria is tending towards Laissez-faire ideology, which favours the promotion of private ownership of the means of production, minimum government intervention in the economy and withdrawal of subsidies and emphasising on individualism vis-à-vis allowing the market forces to determine the prices of goods and services. Thus, individuals live on their own and government only comes to their aid in instances where they are adversely affected by serious economic and social welfare problems.

Generally, Nigeria has a kind of 'fire brigade' approach to social welfare issues. For instance, the Poverty Alleviation Programmes were recently introduced in the country after many people died of poverty related problems, which can earlier be prevented. Unlike in most developed economies where despite their capitalist ideology, still provide some social welfare packages in form of food stamp, unemployment benefit, care for the elderly, housing, etc. to the people.

In Nigeria, these services are not available and even where some of them exist, they stand to be out of place and lack judicious handling. For instance, the Nigerian government is injecting a lot of resources into the Universal Basic Education (UBE) programme, yet not making the desired impact. Also, the health care support by the government, like free distribution of malaria drugs to pregnant women and children under five years, is not reaching the majority of the target population.

Therefore, looking at the present Nigerian social and economic situation where majority of the population (over 70 %) live below the poverty level and lack the basic necessities of life such as portable drinking water, education, descent shelter and basic healthcare services, which consequently further widened the gap between the rich and the poor (World Bank, 2005). We therefore suggest that the social policy of Nigeria should not be based on the Laissez-faire ideology but on Fabian model in which the government will not only act as a regulator but at the same time providing social welfare support to the citizens, with a view to curtailing the incidence of persistent poverty and inequality in the country thereby ensuring proper control of the height of the economy. Hence, Fabianism stands to be the best social policy model in addressing social problems of Nigeria. The model was found successful in addressing the social problem of India under the leadership of Jawaharlal Nehru and in the former Western Region of Nigeria during the premiership of Chief Obafemi Awolowo and in other socialist states.

V. CONCLUSION

The Laissez-faire is a social policy model that stressed the importance of free, competitive market, private ownership of the means of production and emphasizes the need to keep state interference to a minimum. The model therefore, emphasized the virtue of individualism in which all aspects of social policy be base on the individual bargaining power. This explains the present Nigerian approach to economic and social welfare policies. The philosophy of the Fabian model on the other hand, included the statement that 'Fabianism' acknowledges the principle tenet of socialism. That is, the abolition of private property and state intervention in the economic and social life. The model wished to be 'the Jesuits of socialism' and the gospel is welfare, order and efficiency (Burden, 1998). Thus, class struggle, revolution and

turbulence for them, are insanity, but simply let the state take hold of things. Considering the Nigerian social problems, which are closely related to poverty, unemployment and inequality, The Fabian model of social policy has been considered appropriate in addressing these social problems.

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