

## CHAPTER



# Liberalism

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## Preview

The term 'liberal' has been in use since the fourteenth century but has had a wide variety of meanings. The Latin *liber* referred to a class of free men; in other words, men who were neither serfs nor slaves. It has meant generous, as in 'liberal' helpings of food and drink; or, in reference to social attitudes, it has implied openness or open-mindedness. It also came to be associated increasingly with the ideas of freedom and choice. The term 'liberalism', to denote a political allegiance, made its appearance much later: it was not used until the early part of the nineteenth century, being first employed in Spain in 1812. By the 1840s, the term was widely recognized throughout Europe as a reference to a distinctive set of political ideas. However, it was taken up more slowly in the UK: though the Whigs started to call themselves Liberals during the 1830s, the first distinctly Liberal government was not formed until Gladstone took office in 1868.

The central theme of liberal ideology is a commitment to the individual and the desire to construct a society in which people can satisfy their interests and achieve fulfilment. Liberals believe that human beings are, first and foremost, individuals, endowed with reason. This implies that each individual should enjoy the maximum possible freedom consistent with a like freedom for all. However, although individuals are entitled to equal legal and political rights, they should be rewarded in line with their talents and their willingness to work. Liberal societies are organized politically around the twin principles of constitutionalism and consent, designed to protect citizens from the danger of government tyranny. Nevertheless, there are significant differences between classical liberalism and modern liberalism. Classical liberalism is characterized by a belief in a 'minimal' state, whose function is limited to the maintenance of domestic order and personal security. Modern liberalism, in contrast, accepts that the state should help people to help themselves.

## Origins and development

As a systematic political creed, liberalism may not have existed before the nineteenth century, but it was based on ideas and theories that had developed during the previous 300 years. Indeed, as Paul Seabright (2004) argued, the origins of liberalism can perhaps be traced back as far as to early agricultural societies, when people started living in settled communities and were forced, for the first time, to find ways of trading and living with strangers. Nevertheless, liberalism as a developed ideology was a product of the breakdown of **feudalism** in Europe, and the growth, in its place, of a market or capitalist society. In many respects, liberalism reflected the aspirations of the rising middle classes, whose interests conflicted with the established power of absolute monarchs and the landed aristocracy. Liberal ideas were radical: they sought fundamental reform and even, at times, revolutionary change. The English Revolution of the seventeenth century, and the American Revolution of 1776 and French Revolution of 1789 each embodied elements that were distinctively liberal, even though the word 'liberal' was not at the time used in a political sense. Liberals challenged the absolute power of the monarchy, supposedly based on the doctrine of the '**divine right** of kings'. In place of **absolutism**, they advocated constitutional and, later, representative government. Liberals criticized the political and economic privileges of the landed aristocracy and the unfairness of a feudal system in which social position was determined by the 'accident of birth'. They also supported the movement towards freedom of conscience in religion and questioned the authority of the established church.

The nineteenth century was in many ways the liberal century. As industrialization spread throughout western countries, liberal ideas triumphed. Liberals advocated an industrialized and market economic order 'free' from government interference, in

### FEUDALISM

A system of agrarian-based production that is characterized by fixed social hierarchies and a rigid pattern of obligations.

### DIVINE RIGHT

The doctrine that earthly rulers are chosen by God and thus wield unchallengeable authority; divine right is a defence for monarchical absolutism.

### ABSOLUTISM

A form of government in which political power is concentrated in the hands of a single individual or small group, in particular, an absolute monarchy.

which businesses would be allowed to pursue profit and states encouraged to trade freely with one another. Such a system of industrial capitalism developed first in the UK, from the mid-eighteenth century onwards, and subsequently spread to North America and throughout Europe, initially into western Europe and then, more gradually, into eastern Europe. From the twentieth century onwards industrial capitalism exerted a powerful appeal for developing states in Africa, Asia and Latin America, especially when social and political development was defined in essentially western terms. However, developing-world states have sometimes been resistant to the attractions of liberal capitalism because their political cultures have emphasized community rather than the individual. In such cases, they have provided more fertile ground for the growth of socialism, nationalism or religious fundamentalism (see p. 188), rather than western liberalism.

Liberalism has undoubtedly been the most powerful ideological force shaping the western political tradition. Nevertheless, historical developments since the nineteenth century have clearly influenced the nature and substance of liberal ideology. The character of liberalism changed as the ‘rising middle classes’ succeeded in establishing their economic and political dominance. The radical, even revolutionary, edge of liberalism faded with each liberal success. Liberalism thus

#### CLASSICAL LIBERALISM

A tradition within liberalism that seeks to maximize the realm of unconstrained individual action, typically by establishing a minimal state and a reliance on market economics.

#### MODERN LIBERALISM

A tradition within liberalism that provides (in contrast to classical liberalism) a qualified endorsement for social and economic intervention as a means of promoting personal development.

became increasingly conservative, standing less for change and reform, and more for the maintenance of existing – largely liberal – institutions. Liberal ideas, too, could not stand still. From the late nineteenth century onwards, the progress of industrialization led liberals to question, and in some ways to revise, the ideas of early liberalism. Whereas early or **classical liberalism** had been defined by the desire to minimize government interference in the lives of its citizens, **modern liberalism** came to be associated with welfare provision and economic management. As a result, some commentators have argued that liberalism is an incoherent ideology, embracing contradictory beliefs, notably about the desirable role of the state.

## Core themes: the primacy of the individual

Liberalism is, in a sense, the ideology of the industrialized West. So deeply have liberal ideas permeated political, economic and cultural life that their influence can become hard to discern, liberalism appearing to be indistinguishable from ‘western civilization’ in general. Liberal thinkers in the eighteenth and nineteenth centuries, influenced by an Enlightenment belief in universal reason, tended to subscribe to an explicitly foundationist form of liberalism, which sought to establish fundamental values and championed a particular vision of human flourishing or excellence, usually linked to personal autonomy. This form of liberalism was boldly universalist, in that it implied that human history would be marked by the gradual but inevitable triumph of liberal principles and institutions. Progress, in short, was understood in strictly liberal terms.

During the twentieth century, however, it became fashionable to portray liberalism as morally neutral. This was reflected in the belief that liberalism gives priority to ‘the right’ over ‘the good’. In other words, liberalism strives to establish the conditions in which people and groups can pursue the good life as each defines it, but it does not prescribe or try to promote any particular notion of what is good. From this perspective, liberalism is not simply an ideology but a ‘meta-ideology’; that is, a body of rules that lays down the grounds on which political and ideological debate

can take place. However, this does not mean that liberalism is simply a philosophy of ‘do your own thing.’ While liberalism undoubtedly favours openness, debate and self-determination, it is also characterized by a powerful moral thrust. The moral and ideological stance of liberalism is embodied in a commitment to a distinctive set of values and beliefs. The most important of these are:

- individualism
- freedom
- reason
- justice
- toleration.

## Individualism

In the modern world, the concept of the individual is so familiar that its political significance is often overlooked. In the feudal period, there was little idea of individuals having their own interests or possessing personal and unique identities. Rather, people were seen as members of the social groups to which they belonged: their family, village, local community or social class. Their lives and identities were largely determined by the character of these groups in a process that changed little from one generation to the next. However, as feudalism was displaced by increasingly market-orientated societies, individuals were confronted by a broader range of choices and social possibilities. They were encouraged, perhaps for the first time, to think *for* themselves, and to think *of* themselves in personal terms. A serf, for example, whose family might always have lived and worked on the same piece of land, became a ‘free man’ and acquired some ability to choose for whom to work, or perhaps the opportunity to leave the land altogether and look for work in the growing towns or cities.

As the certainties of feudal life broke down, a new intellectual climate emerged. Rational and scientific explanations gradually displaced traditional religious theories, and society was increasingly understood from the viewpoint of the human individual. Individuals were thought to possess personal and distinctive qualities: each was of special value. This was evident in the growth of natural rights theories in the seventeenth and eighteenth centuries, which are discussed later, in relation to classical liberalism. Immanuel Kant (see p. 52) expressed a similar belief in the dignity and equal worth of human beings in his conception of individuals as ‘ends in themselves’ and not merely as means for the achievement of the ends of others. However, emphasizing the importance of the individual has two contrasting implications. First, it draws attention to the uniqueness of each human being: individuals are defined primarily by inner qualities and attributes specific to themselves. Second, they nevertheless each share the same status in that they are all, first and foremost, individuals. Many of the tensions within liberal ideology can, indeed, be traced back to these rival ideas of uniqueness and equality.

## Key concept

# Individualism

Individualism is the belief in the supreme importance of the individual over any social group or collective body. In the form of methodological individualism, this suggests that the individual is central to any political theory or social explanation – all statements about society should be made in terms of the individuals who compose it. Ethical

individualism, on the other hand, implies that society should be constructed so as to benefit the individual, giving moral priority to individual rights, needs or interests. Classical liberals and the New Right subscribe to *egoistical* individualism, which places emphasis on self-interestedness and self-reliance. Modern liberals, in contrast, have advanced a *developmental* form of individualism that prioritizes human flourishing over the quest for interest satisfaction.

A belief in the primacy of the individual is the characteristic theme of liberal ideology, but it has influenced liberal thought in different ways. It has led some liberals to view society as simply a collection of individuals, each seeking to satisfy his or her own needs and interests. Such a view has been equated with **atomism**; indeed, it can lead to the belief that ‘society’ itself does not exist, but is merely a collection of self-sufficient

### ATOMISM

A belief that society is made up of a collection of self-interested and largely self-sufficient individuals, or atoms, rather than social groups.

### HUMAN NATURE

The essential and innate character of all human beings: what they owe to nature rather than to society (see p. 68).

### EGOISM

A concern for one’s own welfare or interests, or the theory that the pursuit of self-interest is an ethical priority.

individuals. Such extreme individualism is based on the assumption that the individual is egoistical, essentially self-seeking, and largely self-reliant. C. B. Macpherson (1973) characterized early liberalism as ‘possessive individualism’, in that it regarded the individual as ‘the proprietor of his own person or capacities, owing nothing to society for them’. In contrast, later liberals have held a more optimistic view of **human nature**, and have been more prepared to believe that egoism is tempered by a sense of social responsibility, especially a responsibility for those who are unable to look after themselves. Whether **egoism** is unrestrained or is qualified by a sense of social responsibility, liberals are united in their desire to create a society in which each person is capable of developing and flourishing to the fullness of his or her potential.

## Freedom

A belief in the supreme importance of the individual leads naturally to a commitment to individual **freedom**. Individual liberty (liberty and freedom being interchangeable) is for liberals the supreme political value and, in many ways, the unifying principle within liberal ideology. For early liberals, liberty was a natural right, an essential requirement for leading a truly human existence. It also gave individuals the opportunity to pursue their own interests by exercising

### FREEDOM (OR LIBERTY)

The ability to think or act as one wishes, a capacity that can be associated with the individual, a social group or a nation (see p. 29).



## PERSPECTIVES ON... FREEDOM

**LIBERALS** give priority to freedom as the supreme individualist value. While classical liberals support negative freedom, understood as the absence of constraints – or freedom of choice – modern liberals advocate positive freedom in the sense of personal development and human flourishing.

**CONSERVATIVES** have traditionally endorsed a weak view of freedom as the willing recognition of duties and responsibilities, negative freedom posing a threat to the fabric of society. The New Right, however, endorses negative freedom in the economic sphere, freedom of choice in the marketplace.

**SOCIALISTS** have generally understood freedom in positive terms to refer to self-fulfilment achieved through either free creative labour or cooperative social interaction. Social democrats have drawn close to modern liberalism in treating freedom as the realization of individual potential.

**ANARCHISTS** regard freedom as an absolute value, believing it to be irreconcilable with any form of political authority. Freedom is understood to mean the achievement of personal autonomy, not merely being 'left alone' but being rationally self-willed and self-directed.

**FASCISTS** reject any form of individual liberty as a nonsense. 'True' freedom, in contrast, means unquestioning submission to the will of the leader and the absorption of the individual into the national community.

**GREENS**, particularly deep ecologists, treat freedom as the achievement of oneness, self-realization through the absorption of the personal ego into the ecosphere or universe. In contrast with political freedom, this is sometimes seen as 'inner' freedom, freedom as self-actualization.

**ISLAMISTS** see freedom as essentially an inner or spiritual quality. Freedom means conformity to the revealed will of God, spiritual fulfilment being associated with submission to religious authority.

choice: the choice of where to live, for whom to work, what to buy and so on. Later liberals have seen liberty as the only condition in which people are able to develop their skills and talents and fulfil their potential.

Nevertheless, liberals do not accept that individuals have an absolute entitlement to freedom. If liberty is unlimited it can become 'licence', the right to abuse others. In *On Liberty* ([1859] 1972) John Stuart Mill argued that 'the only purpose for which power can be rightfully exercised over any member of a civilized community, against his will, is to prevent harm to others'. Mill's position is libertarian (see p. 78) in that it accepts only the most minimal restrictions on individual

freedom, and then only in order to prevent ‘harm to others.’ He distinguished clearly between actions that are ‘self-regarding’, over which individuals should exercise absolute freedom, and those that are ‘other-regarding’, which can restrict the freedom of others or do them damage. Mill did not accept any restrictions on the individual that are designed to prevent a person from damaging himself or herself, either physically or morally. Such a view suggests, for example, that laws forcing car drivers to put on seat belts or motorcyclists to wear crash helmets are as unacceptable as any form of censorship that limits what an individual may read or listen to. Radical libertarians may defend the right of people to use addictive drugs, such as heroin and cocaine, on the same grounds. Although the individual may be sovereign over his or her body and mind, each must respect the fact that every other individual enjoys an equal right to liberty. This has been expressed by John Rawls (see p. 53) in the principle that everyone is entitled to the widest possible liberty consistent with a like liberty for all.

While liberals agree about the value of liberty, they have not always agreed about what it means for an individual to be ‘free.’ In his ‘Two Concepts of Liberty’ ([1958] 1969), Isaiah Berlin (see p. 292) distinguished between a ‘negative’ theory of liberty and a ‘positive’ one. Early or classical liberals have believed in **negative freedom**, in that freedom consists in each person being left alone, free from interference and able to act in whatever way he or she may choose. This conception of freedom is ‘negative’ in that it is based on the absence of external restrictions or constraints on the individual. Modern liberals, on the other hand, have been attracted to a more ‘positive’ conception of liberty – **positive freedom** – defined by Berlin as the

#### **NEGATIVE FREEDOM**

The absence of external restrictions or constraints on the individual, allowing freedom of choice.

#### **POSITIVE FREEDOM**

Self-mastery or self-realization; the achievement of autonomy or the development of human capacities.

ability to be one’s own master; to be autonomous. Self-mastery requires that the individual is able to develop skills and talents, broaden his or her understanding, and gain fulfilment. This led to an emphasis on the capacity of human beings to develop and ultimately achieve self-realization. These rival conceptions of liberty have not merely stimulated academic debate within liberalism, but have also encouraged liberals to hold very different views about the desirable relationship between the individual and the state.

## **Reason**

The liberal case for freedom is closely linked to a faith in reason. Liberalism is, and remains, very much part of the Enlightenment project. The central theme of the Enlightenment was the desire to release humankind from its bondage to superstition and ignorance, and unleash an ‘age of reason.’ Key Enlightenment thinkers included Jean-Jacques Rousseau (see p. 184), Immanuel Kant, Adam Smith (see p. 52) and Jeremy Bentham (see p. 52). Enlightenment rationalism (see p. 31) influenced liberalism in a number of ways. In the first place, it strengthened its faith in both the individual and freedom. To the extent that human beings are rational,

## Key concept

# Rationalism

Rationalism is the belief that the world has a rational structure, and that this can be disclosed through the exercise of human reason and critical enquiry. As a philosophical theory, rationalism is the belief that knowledge flows from reason rather than experience, and thus contrasts with empiricism. As a general principle,

however, rationalism places a heavy emphasis on the capacity of human beings to understand and explain their world, and to find solutions to problems. While rationalism does not dictate the ends of human conduct, it certainly suggests how these ends should be pursued. It is associated with an emphasis on principle and reason-governed behaviour, as opposed to a reliance on custom or tradition, or on non-rational drives and impulses.

thinking creatures, they are capable of defining and pursuing their own best interests. By no means do liberals believe that individuals are infallible in this respect, but the belief in reason builds into liberalism a strong bias against **paternalism**. Not only does paternalism prevent individuals from making their own moral choices and, if necessary, from learning from their own mistakes, but it also creates the prospect that those invested with responsibility for others will abuse their position for their own ends.

A further legacy of rationalism is that liberals are inclined to view human history in terms of progress. Progress literally means advance, a movement forward. In the liberal view, the expansion of knowledge, particularly through the scientific revolution, enabled people not only to understand and explain their world but also to help shape it for the better. In short, the power of reason gives human beings the capacity to take charge of their own lives and fashion their own destinies. Reason emancipates humankind from the grip of the past and from the weight of custom and tradition. Each generation is thus able to advance beyond the last as the stock of human knowledge and understanding increases progressively. This also explains the characteristic liberal emphasis on education. People can better or improve themselves through the acquisition of knowledge and the abandonment of prejudice and superstition. Education, particularly in the modern liberal view, is therefore a good in itself. It is a vital means of promoting personal self-development and, if extended widely, of bringing about social advancement.

Reason, moreover, is significant in highlighting the importance of discussion, debate and argument. While liberals are generally optimistic about human nature, seeing people as reason-guided creatures, they have seldom subscribed to the utopian creed of human perfectibility because they recognize the power of self-interest and egoism. The inevitable result of this is rivalry and conflict. Individuals battle for scarce resources, businesses compete to increase profits, states struggle for security or strategic advantage, and

### **PATERNALISM**

Authority exercised from above for the guidance and support of those below, modelled on the relationship between fathers and children (see p. 76).

so on. The liberal preference is clearly that such conflicts be settled through debate and negotiation. The great advantage of reason is that it provides a basis on which rival claims and demands can be evaluated – do they ‘stand up’ to analysis; are they ‘reasonable’? Furthermore, it highlights the cost of not resolving disputes peacefully: namely, violence, bloodshed and death. Liberals therefore typically deplore the use of force and aggression; for example, war is invariably seen as an option of the very last resort. From the liberal perspective, the use of force is justified either on the grounds of self-defence or as a means of countering oppression, but always and only after reason and argument have been exhausted.

## Justice

**Justice** denotes a particular kind of moral judgement, in particular one about the distribution of rewards and punishment. In short, justice is about giving each person what he or she is ‘due’. The narrower idea of social justice refers to the distribution of material rewards and benefits in society, such as wages, profits, housing, medical care, welfare benefits and so on. The liberal theory of justice is based on a belief in equality of various kinds. In the first place, individualism implies a commitment to foundational **equality**. Human beings are seen to be ‘born’ equal in the sense that each individual is of equal moral worth, an idea embodied in the notion of natural rights or human rights (see p. 58).

Second, foundational equality implies a belief in formal equality or equal citizenship, the idea that individuals should enjoy the same formal status within society, particularly in terms of the distribution of rights and entitlements. Consequently, liberals fiercely disapprove of any social privileges or advantages that are enjoyed by some but denied to others on the basis of ‘irrational’ factors such as gender, race, colour, creed, religion or social background. Rights should not be reserved for any particular class of person, such as men, whites, Christians or the wealthy. This is the sense in which liberalism is ‘difference blind’. The most important forms of formal equality are legal equality and political equality. The former emphasizes ‘equality before the law’ and insists that all non-legal factors be strictly irrelevant to the process of legal decision-making. The latter is embodied in the idea of ‘one person, one vote; one vote, one value’, and underpins the liberal commitment to democracy.

### JUSTICE

A moral standard of fairness and impartiality; social justice is the notion of a fair or justifiable distribution of wealth and rewards in society.

### EQUALITY

The principle that human beings are of identical worth or are entitled to be treated in the same way; equality can have widely differing applications.

Third, liberals subscribe to a belief in equality of opportunity. Each and every individual should have the same chance to rise or fall in society. The game of life, in that sense, must be played on a level playing field. This is not to say that there should be equality of outcome or reward, or that living conditions and social circumstances should be the same for all. Liberals believe social equality to be undesirable because people are not born the same. They possess different talents and skills, and some are prepared to work

much harder than others. Liberals believe that it is right to reward merit (ability and the willingness to work); indeed, they think it is essential to do so if people are to have an incentive to realize their potential and develop the talents with which they were born. Equality, for a liberal, means that individuals should have an equal opportunity to develop their unequal skills and abilities.

This leads to a belief in ‘**meritocracy**’. A meritocratic society is one in which inequalities of wealth and social position solely reflect the unequal distribution of talent and application among human beings, or are based on factors beyond human control; for example, luck or chance (though some liberals believe that all aspects of luck, including natural ability, should be irrelevant to distributive justice, a position called ‘luck egalitarianism’ (Dworkin 2000)). Such a society is socially just because individuals are judged not by their gender, the colour of their skin or their religion, but according to their talents and willingness to work, or what Martin Luther King called ‘the content of their character’. By extension, social equality is unjust because it treats unlike individuals alike. However, liberal thinkers have disagreed about how these broad principles of justice should be applied in practice. Classical liberals have endorsed strict meritocracy on both economic and moral grounds. Economically, they place heavy stress on the need for incentives. Morally, justice requires that unequal individuals are not treated equally. Modern liberals, on the other hand, have taken social justice to imply a belief in some measure of social equality. For example, in *A Theory of Justice* (1970), John Rawls argued that economic inequality is only justifiable if it works to the benefit of the poorest in society.

#### **MERITOCRACY**

Literally, rule by those with merit, merit being intelligence plus effort; a society in which social position is determined exclusively by ability and hard work.

## Toleration

#### **PLURALISM**

A belief in diversity or choice, or the theory that political power is or should be widely and evenly dispersed (see p. 290).

#### **TOLERATION**

Forbearance; a willingness to accept views or actions with which one is in disagreement.

#### **AUTONOMY**

Literally, self-government; the ability to control one’s own destiny by virtue of enjoying independence from external influences.

The liberal social ethic is characterized very much by a willingness to accept and, in some cases, celebrate moral, cultural and political diversity. Indeed, an acceptance of **pluralism** can be said to be rooted in the principle of individualism, and the assumption that human beings are separate and unique creatures. However, the liberal preference for diversity has been associated more commonly with **toleration**. This commitment to toleration, attributed to the French writer Voltaire (1694–1778), is memorably expressed in the declaration that, ‘I detest what you say but will defend to the death your right to say it.’ Toleration is both an ethical ideal and a social principle. On the one hand, it represents the goal of personal **autonomy**; on the other, it establishes a set of rules about how

human beings should behave towards one another. The liberal case for toleration first emerged in the seventeenth century in the attempt by writers such as John Milton (1608–74) and John Locke (see p. 52) to defend religious freedom. Locke argued that, since the proper function of government is to protect life, liberty and property, it has no right to meddle in ‘the care of men’s souls’. Toleration should be extended to all matters regarded as ‘private’, on the grounds that, like religion, they concern moral questions that should be left to the individual.

In *On Liberty* ([1859] 1972), J. S. Mill developed a wider justification for toleration that highlighted its importance to society as well as the individual. From the individual’s point of view, toleration is primarily a guarantee of personal autonomy and is thus a condition for moral self-development. Nevertheless, toleration is also necessary to ensure the vigour and health of society as a whole. Only within a free market of ideas will ‘truth’ emerge, as good ideas displace bad ones and ignorance is progressively banished. Contest, debate and argument, the fruit of diversity or multiplicity, are therefore the motor of social progress. For Mill, this was particularly threatened by democracy and the spread of ‘dull conformism’, linked to the belief that the majority must always be right. Mill ([1859] 1972) was thus able to argue as follows:

If all mankind minus one, were of one opinion, and only one person were of the contrary opinion, mankind would be no more justified in silencing that one person, than he, if he had the power, would be justified in silencing mankind.

Sympathy for toleration and diversity is also linked to the liberal belief in a balanced society, one not riven by fundamental conflict. Although individuals and social groups pursue very different interests, liberals hold that there is a deeper harmony or balance among these competing interests. For example, the interests of workers and employers differ: workers want better pay, shorter hours and improved working conditions; while employers wish to increase their profits by keeping their production costs – including wages – as low as possible. Nevertheless, these competing interests also complement one another: workers need jobs, and employers need labour. In other words, each group is essential to the achievement of the other group’s goals. Individuals and groups may pursue self-interest, but a natural equilibrium will tend to assert itself. The relationship between liberalism, pluralism and diversity is examined further in Chapter 11, in connection with multiculturalism.

## Liberalism, government and democracy

### LAW

Established and public rules of social conduct, backed up by the machinery of the state, the police, courts and prisons.

### The liberal state

Liberals do not believe that a balanced and tolerant society will simply develop naturally out of the free actions of individuals and voluntary associations. This is where liberals disagree with anarchists, who believe that both **law** and

**government** are unnecessary. Liberals fear that free individuals may wish to exploit others, steal their property or even turn them into slaves if it is in their interests to do so. They may also break or ignore contracts when doing so is to their advantage. The liberty of one person is always, therefore, in danger of becoming a licence to abuse another; each person can be said to be both a threat to, and under threat from, every other member of society. Our liberty requires that they are restrained from encroaching on our freedom and, in turn, their liberty requires that they are safeguarded from us. Liberals have traditionally believed that such protection can only be provided by a sovereign **state**, capable of restraining all individuals and groups within society. Freedom can therefore only exist ‘under the law’; as John Locke put it, ‘where there is no law there is no freedom’.

This argument is the basis of the **social contract** theories, developed by seventeenth-century writers such as Thomas Hobbes (see p. 84) and John Locke, which, for liberals, explains the individual’s political obligations towards the state. Hobbes and Locke constructed a picture of what life had been like before government was formed, in a stateless society or what they called a ‘**state of nature**’. As individuals are selfish, greedy and power-seeking, the state of nature would be characterized by an unending civil war of each against all, in which, in Hobbes’ words, human life would be ‘solitary, poor, nasty, brutish and short’. As a result, they argued, rational individuals would enter into an agreement, or ‘social contract’, to establish a sovereign government, without which orderly and stable life would be impossible. All individuals would recognize that it is in their interests to sacrifice

a portion of their liberty in order to set up a system of law; otherwise their rights, and indeed their lives, would constantly be under threat. Hobbes and Locke were aware that this ‘contract’ is a historical fiction. The purpose of the social contract argument, however, is to highlight the value of the sovereign state to the individual. In other words, Hobbes and Locke wished individuals to behave as if the historical fiction were true, by respecting and obeying government and law, in gratitude for the safety and security that only a sovereign state can provide.

The social contract argument embodies two important liberal attitudes towards the state in particular, and political authority in general:

- political authority comes, in a sense, ‘from below’
- the state acts as an umpire or neutral referee in society.

In the first place, social contract theory suggest that the state is created *by* individuals and *for* individuals; it exists in order to serve their needs and interests.

#### GOVERNMENT

The machinery through which collective decisions are made on behalf of the state, usually comprising a legislature, executive and judiciary.

#### STATE

An association that establishes sovereign power within a defined territorial area, usually possessing a monopoly of coercive power.

#### SOCIAL CONTRACT

A (hypothetical) agreement among individuals through which they form a state in order to escape from the disorder and chaos of the ‘state of nature’.

#### STATE OF NATURE

A pre-political society characterized by unrestrained freedom and the absence of established authority.

Government arises out of the agreement, or consent, of the governed. This implies that citizens do not have an absolute obligation to obey all laws or accept any form of government. If government is based on a contract, made by the governed, government itself may break the terms of this contract. When the legitimacy of government evaporates, the people have the right of rebellion.

Second, in social contract theory, the state is not created by a privileged elite, wishing to exploit the masses, but by an agreement among all the people. The state therefore embodies the interests of all its citizens and acts as a neutral referee when individuals or groups come into conflict with one another. For instance, if individuals break contracts made with others, the state applies the ‘rules of the game’ and enforces the terms of the contract, provided, of course, that each party had entered into the contract voluntarily and in full knowledge. The essential characteristic of any such referee is that its actions are, and are seen to be, impartial. Liberals thus regard the state as a neutral arbiter among the competing individuals and groups within society.

## Constitutionalism

Though liberals are convinced of the need for government, they are also acutely aware of the dangers that government embodies. In their view, all governments are potential tyrannies against the individual. On the one hand, this is based on the fact that government exercises sovereign power and so poses a constant threat to individual liberty. On the other hand, it reflects a distinctively liberal fear of power. As human beings are self-seeking creatures, if they have power – the ability to influence the behaviour of others – they will naturally use it for their own benefit and at the expense of others. Simply put, the liberal position is that egoism plus power equals corruption. This was expressed in Lord Acton’s famous warning: ‘Power tends to corrupt, and absolute power corrupts absolutely’, and in his conclusion: ‘Great men are almost always bad men’ (1956). Liberals therefore fear arbitrary government and uphold the principle of limited government. Government can be limited, or ‘tamed’, through the establishment of constitutional constraints and, as discussed in the next section, by **democracy**.

A constitution is a set of rules that seeks to allocate duties, powers and func-

### DEMOCRACY

Rule by the people; democracy implies both popular participation and government in the public interest, and can take a wide variety of forms (see p. 41).

### WRITTEN CONSTITUTION

A single authoritative document that defines the duties, powers and functions of government institutions and so constitutes ‘higher’ law.

tions among the various institutions of government. It therefore constitutes the rules that govern the government itself. As such, it both defines the extent of government power and limits its exercise. Support for constitutionalism can take two forms. In the first place, the powers of government bodies and politicians can be limited by the introduction of external and, usually, legal constraints. The most important of these is a so-called **written constitution**, which codifies the major powers and responsibilities of government institutions within a single document. The first such document was the US Constitution (see p. 38), but during the

## Key concept

# Constitutionalism

Constitutionalism, in a narrow sense, is the practice of limited government brought about by the existence of a constitution. Constitutionalism in this sense can be said to exist when government institutions and political processes are effectively constrained by constitutional rules. More broadly,

constitutionalism refers to a set of political values and aspirations that reflect the desire to protect liberty through the establishment of internal and external checks on government power. It is typically expressed in support for constitutional provisions that establish this goal; notably, a codified constitution, a bill of rights, separation of powers, bicameralism and federalism (see p. 39) or decentralization. Constitutionalism is thus a species of political liberalism.

nineteenth and twentieth centuries written constitutions were adopted in all liberal democracies, with the exception of the UK, Israel and New Zealand. In many cases, **bills of rights** also exist, which entrench individual rights by providing a legal definition of the relationship between the individual and the state. The earliest example was the ‘Declaration of the Rights of Man and the Citizen’, which was passed by France’s National Constituent Assembly in 1789. Where neither written constitutions nor bills of rights exist, as in the UK, liberals have stressed the importance of statute law in checking government power through the principle of the **rule of law**. This was expressed most clearly in nineteenth-century Germany, in the concept of the *Rechtsstaat*, a state ruled by law.

Second, constitutionalism can be established by the introduction of internal constraints which disperse political power among a number of institutions and create a network of ‘checks and balances’. As the French political philosopher Montesquieu (1689–1775) put it, ‘power should be a check to power’ (Montesquieu [1748] 1969). All liberal political systems exhibit some measure of internal fragmentation. This can be achieved by applying the doctrine of the **separation of powers**, proposed by Montesquieu himself. This seeks to prevent any individual or small group from gaining dictatorial power by controlling the legislative, executive and judicial functions of government. A particular emphasis is placed on the judiciary. As the judiciary interprets the meaning of law, both constitutional and statutory, and therefore reviews the powers of government itself, it must enjoy formal independence and political neutrality if it is to protect the individual from the state. Other devices for fragmenting government power include cabinet government (which checks the power of the prime minister), parliamentary government (which checks the power of the executive), bicameralism (which

### BILL OF RIGHTS

A constitutional document that specifies the rights and freedoms of the individual and so defines the relationship between the state and its citizens.

### RULE OF LAW

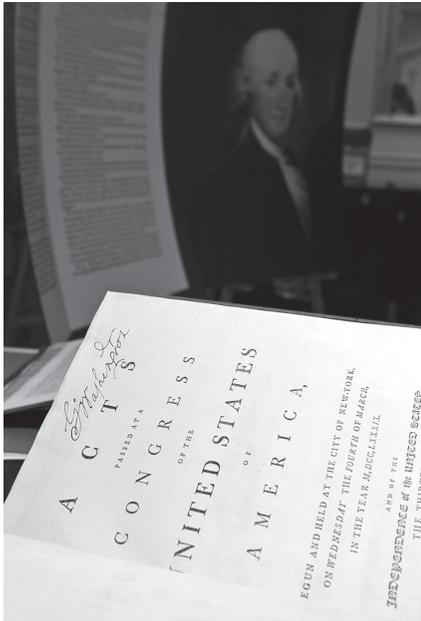
The principle that all conduct and behaviour, of private citizens and government officials, should conform to a framework of law.

### SEPARATION OF POWERS

The principle that legislative, executive and judicial power should be separated through the construction of three independent branches of government.

## POLITICAL IDEOLOGIES IN ACTION . . .

# Making the US Constitution



**EVENTS:** Between May and September 1787, delegates from 12 of the original 13 states (Rhode Island did not send a delegate) met in Philadelphia to draft the US Constitution. The task confronting what became known as the Constitutional Conference was, some 11 years after rebelling against British colonial rule by issuing the Declaration of Independence, to establish a system of national government that would be more effective than the Articles of Confederation, adopted in 1781. The ratification of the Constitution in 1797 marked the founding of the United States of America.

**SIGNIFICANCE:** The ‘Founding Fathers’ were influenced by concerns and sympathies that had an unmistakable liberal character, meaning that the US Constitution became perhaps the classic example of liberal constitutionalism in practice. The opening

words of the ‘Preamble to the Constitution’, ‘We the people of the United States of America’, reflect the influence of social-contract thinking. Although the Founding Fathers recognized the need for an effective national government, they were acutely aware that this government – like all governments – could become a tyranny against the people. The Constitution was therefore constructed on the basis of an elaborate network of checks and balances, at the heart of which was a separation of powers between the legislature, the executive and the judiciary, which ensured both the independence and interdependence of Congress, the presidency and the Supreme Court. For example, although only Congress could make laws, these laws could be vetoed by the president, but the president’s veto could be overturned by a two-thirds vote in both houses of Congress, the House of Representatives and the Senate.

However, the US Constitution may have been shaped as much by practical concerns as by principled ones. In particular, the emphasis on limited government may have had less to do with the desire to protect individual freedom and more to do with the fact that the newly-independent states were desperate not to replace the despotism of the British Crown with the despotism of US national government, or the despotism of an over-powerful president. Similarly, the economic interpretation of the Constitution suggests that its framers may have been significantly affected by their own backgrounds and interests, desiring above all to protect property by placing constraints on government democratic power (Beard, [1913] 1952). In this view, the underlying purpose of the Constitution may have been to prevent a political revolution from developing into a social revolution.

checks the power of each legislative chamber) and territorial divisions such as federalism (see p. 39), devolution and local government (which check the power of central government).

## Liberal democracy

**Liberal democracy** is the dominant political force in the developed world, and increasingly in the developing world. Indeed, the collapse of communism and the advance of ‘democratization’ (usually understood to imply the introduction of liberal-democratic reforms; that is, electoral democracy and economic liberalization) in Asia, Latin America and Africa, especially since the 1980s, led ‘end of history’ theorists to proclaim the worldwide triumph of western liberal democracy. However, liberal democracy is a very particular form of democracy. Its ‘liberal’ features are reflected in a network of internal and external checks on government that are designed to guarantee **civil liberty** and ensure a healthy **civil society**. The ‘democratic’ character of liberal democracy is based on a system of regular and competitive elections, conforming to the principles of universal suffrage and political equality.

The hybrid nature of liberal democracy reflects a basic ambivalence within liberalism towards democracy. In many ways, this is rooted in the competing implications of individualism, which both embodies a fear of collective power and leads to a belief in political equality. In the nineteenth century, liberals often saw democracy as threatening or dangerous. In this respect, they echoed the ideas of earlier political theorists, such as Plato and Aristotle, who viewed democracy as a system of rule by the masses at the expense of wisdom and property. The central liberal concern has been that democracy can become the enemy of individual liberty. This arises from the fact that ‘the people’ are not a single entity but rather a collection of individuals and

### CIVIL LIBERTY

The private sphere of existence, belonging to the citizen, not to the state; freedom from government.

### CIVIL SOCIETY

A realm of autonomous associations and groups, formed by private citizens and enjoying independence from the government; civil society includes businesses, clubs, families and so on.

## Key concept Federalism

Federalism (from the Latin *foedus*, meaning ‘pact’ or ‘covenant’) usually refers to legal and political structures that distribute power between two distinct levels of government, neither of which is subordinate to the other. Its central feature is therefore the principle of shared sovereignty. ‘Classical’ federations are few in number: for example,

the USA, Switzerland, Belgium, Canada and Australia. However, many more states have federal-type features. Most federal, or federal-type, states were formed by the coming together of a number of established political communities; they are often geographically large and may have culturally diverse populations. Federalism may nevertheless also have an international dimension, providing the basis, in particular, for regional integration, as in the case of ‘European federalism’.

## Key concept

# Liberal Democracy

A liberal democracy is a political regime in which a 'liberal' commitment to limited government is blended with a 'democratic' belief in popular rule. Its key features are: (1) the right to rule is gained through success in regular and competitive elections based on universal adult suffrage;

(2) constraints on government imposed by a constitution, institutional checks and balances, and protections for individual rights; and (3) a vigorous civil society including a private enterprise economy, independent trade unions and a free press. While liberals view liberal democracy as being universally applicable, on the grounds that it allows for the expression of the widest possible range of views and beliefs, critics regard it as the political expression of either western values or capitalist economic structures.

groups, possessing different opinions and opposing interests. The 'democratic solution' to conflict is a recourse to numbers and the application of majority rule: the principle that the will of the majority or the greatest number should prevail over that of the minority. Democracy thus comes down to the rule of the 51 per cent, a prospect that the French politician and social commentator Alexis de Tocqueville (1805–59) famously described as 'the tyranny of the majority'. Individual liberty and minority rights can thus be crushed in the name of the people. James Madison articulated similar views at the Philadelphia Convention in 1787. Madison argued that the best defence against **majoritarianism** is a network of checks and balances that would make government responsive to competing minorities and safeguard the propertied few from the propertyless masses.

Liberals have expressed particular reservations about democracy, not merely because of the danger of majority rule, but also because of the make-up of the majority in modern, industrial societies. As far as J. S. Mill was concerned, for instance, political wisdom is unequally distributed and is largely related to education. The uneducated are more likely to act according to narrow class interests, whereas the educated are able to use their wisdom and experience for the good of others. He therefore insisted that elected politicians should speak for themselves rather than reflect the views of their electors, and he proposed a system of plural voting that would disenfranchise the illiterate and allocate one, two, three or four votes to people depending on their level of education or social position. Ortega y Gasset (1883–1955), the Spanish social thinker, expressed such fears more dramatically in *The Revolt of the Masses* ([1930] 1972). Gasset warned that the arrival of mass democracy had led to the overthrow of civilized society and the moral order, paving the way for authoritarian rulers to come to power by appealing to the basest instincts of the masses.

### MAJORITARIANISM

A belief in majority rule; majoritarianism implies either that the majority dominates the minority, or that the minority should defer to the judgement of the majority.



## PERSPECTIVES ON... DEMOCRACY

**LIBERALS** understand democracy in individualist terms as consent expressed through the ballot box, democracy being equated with regular and competitive elections. While democracy constrains abuses of power, it must always be conducted within a constitutional framework to prevent majoritarian tyranny.

**CONSERVATIVES** endorse liberal-democratic rule but with qualifications about the need to protect property and traditional institutions from the untutored will of 'the many'. The New Right, however, has linked electoral democracy to the problems of over-government and economic stagnation.

**SOCIALISTS** traditionally endorsed a form of radical democracy based on popular participation and the desire to bring economic life under public control, dismissing liberal democracy as simply capitalist democracy. Nevertheless, modern social democrats are now firmly committed to liberal-democratic structures.

**ANARCHISTS** endorse direct democracy and call for continuous popular participation and radical decentralization. Electoral or representative democracy is merely a façade that attempts to conceal elite domination and reconcile the masses to their oppression.

**FASCISTS** embrace the ideas of totalitarian democracy, holding that a genuine democracy is an absolute dictatorship, as the leader monopolizes ideological wisdom and is alone able to articulate the 'true' interests of the people. Party and electoral competition are thus corrupt and degenerate.

**GREENS** have often supported radical or participatory democracy. 'Dark' greens have developed a particular critique of electoral democracy that portrays it as a means of imposing the interests of the present generation of humans on (unenfranchised) later generations, other species and nature as a whole.

By the twentieth century, however, a large proportion of liberals had come to see democracy as a virtue, though this was based on a number of arguments and doctrines. The earliest liberal justification for democracy was founded on **consent**, and the idea that citizens must have a means of protecting themselves from the encroachment of government. In the seventeenth century, John Locke developed a limited theory of *protective* democracy by arguing that voting rights should be extended to the propertied, who could then defend their natural rights against government. If government, through taxation, possesses the power to expropriate property, citizens are entitled to protect themselves by controlling the composition of the tax-making body – the legislature. During the American Revolution, this idea was taken up in the slogan: 'No taxation without

### CONSENT

Assent or permission; in politics, usually an agreement to be governed or ruled.

representation.’ Utilitarian theorists such as Jeremy Bentham (see p. 52) and James Mill (1773–1836) developed the notion of democracy as a form of protection for the individual into a case for universal suffrage. Utilitarianism (see p. 46) implies that individuals will vote to advance or defend their interests as they define them. Bentham came to believe that universal suffrage (conceived in his day as manhood suffrage) is the only way of promoting ‘the greatest happiness for the greatest number.’

A more radical endorsement of democracy is linked to the virtues of political participation. This has been associated with the ideas of J.-J. Rousseau, but received a liberal interpretation in the writings of J. S. Mill. In a sense, Mill encapsulates the ambivalence of the liberal attitude towards democracy. In its unrestrained form, democracy leads to tyranny, but, in the absence of democracy, ignorance and brutality will prevail. For Mill, the central virtue of democracy is that it promotes the ‘highest and most harmonious’ development of human capacities. By participating in political life, citizens enhance their understanding, strengthen their sensibilities and achieve a higher level of personal development. This form of *developmental* democracy holds democracy to be, primarily, an educational experience. As a result, while he rejected political equality, Mill believed that the franchise should be extended to all but those who are illiterate and, in the process, suggested (radically for his time) that suffrage should also be extended to women.

However, since the mid-twentieth century, liberal theories about democracy have tended to focus less on consent and participation and more on the need for **consensus** in society. This can be seen in the writings of pluralist theorists, who have argued that organized groups, not individuals, have become the primary political actors, and portrayed modern industrial societies as increasingly complex, characterized by competition between and among rival interests. From this point of view, the attraction of democracy is that it is the only system of rule capable of maintaining balance or equilibrium within complex and fluid modern societies. As *equilibrium* democracy gives competing groups a political voice, it binds them to the political system and so maintains political stability.

#### CONSENSUS

A broad agreement on fundamental principles that allows for disagreement on matters of emphasis or detail.

## Classical liberalism

Classical liberalism was the earliest liberal tradition. Classical liberal ideas developed during the transition from feudalism to capitalism, and reached their high point during the early industrialization of the nineteenth century. As a result, classical liberalism has sometimes been called ‘nineteenth-century liberalism.’ The cradle of classical liberalism was the UK, where the capitalist and industrial revolutions were the most advanced. Its ideas have always been more deeply rooted in Anglo-Saxon countries, particularly the UK and the USA, than in other parts of the world. However, classical liberalism is not merely a nineteenth-century form of liberalism, whose ideas are now only of historical interest. Its principles and theo-

ries, in fact, have had growing appeal from the second half of the twentieth century onwards. Though what is called neoclassical liberalism, or neoliberalism (see p. 83), initially had the greatest impact in the UK and the USA, its influence has spread much more broadly, in large part fuelled by the advance of globalization (see p. 20), as discussed in the final section of this chapter.

Classical liberal ideas have taken a variety of forms, but they have a number of common characteristics. Classical liberals:

- subscribe to egoistical individualism. They view human beings as rationally self-interested creatures, with a pronounced capacity for self-reliance. Society is therefore seen as atomistic, composed of a collection of largely self-sufficient individuals, meaning that the characteristics of society can be traced back to the more fundamental features of human nature.
- believe in negative freedom. The individual is free in so far as he or she is left alone, not interfered with or coerced by others. As stated earlier, freedom in this sense is the absence of external constraints on the individual.
- regard the state as, in Thomas Paine's words, a 'necessary evil'. It is necessary in that, at the very least, it lays down the conditions for orderly existence; and it is evil in that it imposes a collective will on society, thereby limiting the freedom and responsibilities of the individual. Classical liberals thus believe in a minimal state, which acts, using Locke's metaphor, as a 'nightwatchman'. In this view, the state's proper role is restricted to the maintenance of domestic order, the enforcement of contracts, and the protection of society against external attack.
- have a broadly positive view of civil society. Civil society is not only deemed to be a 'realm of freedom' – in comparison to the state, which is a 'realm of coercion' – but it is also seen to reflect the principle of balance or equilibrium. This is expressed most clearly in the classical liberal belief in a self-regulating market economy.

Classical liberalism nevertheless draws on a variety of doctrines and theories. The most important of these are:

- natural rights
- utilitarianism
- economic liberalism
- social Darwinism.

#### NATURAL RIGHTS

God-given rights that are fundamental to human beings and are therefore inalienable (they cannot be taken away).

### Natural rights

The **natural rights** theorists of the seventeenth and eighteenth centuries, such as John Locke in England and Thomas Jefferson in America, had a considerable

influence on the development of liberal ideology. Modern political debate is littered with references to ‘rights’ and claims to possess ‘rights’. A right, most simply, is an entitlement to act or be treated in a particular way. Such entitlements may be either moral or legal in character. For Locke and Jefferson, rights are ‘natural’ in that they are invested in human beings by nature or God. Natural rights are now more commonly called human rights. They are, in Jefferson’s words, ‘inalienable’ because human beings are entitled to them by virtue of being human: they cannot, in that sense, be taken away. Natural rights are thus thought to establish the essential conditions for leading a truly human existence. For Locke, there were three such rights: ‘life, liberty and property’. Jefferson did not accept that property was a natural or God-given right, but rather one that had developed for human convenience. In the American Declaration of Independence he therefore described inalienable rights as those of ‘life, liberty and the pursuit of happiness’.

The idea of natural or human rights has affected liberal thought in a number of ways. For example, the weight given to such rights distinguishes authoritarian thinkers such as Thomas Hobbes from early liberals such as John Locke. As explained earlier, both Hobbes and Locke believed that government was formed through a ‘social contract’. However, Hobbes ([1651] 1968) argued that only a strong government, preferably a monarchy, would be able to establish order and security in society. He was prepared to invest the king with sovereign or absolute power, rather than risk a descent into a ‘state of nature.’ The citizen should therefore accept *any* form of government because even repressive government is better than no government at all. Locke, on the other hand, argued against arbitrary or unlimited government. Government is established in order to protect natural rights. When these are protected by the state, citizens should respect government and obey the law. However, if government violates the rights of its citizens, they in turn have the right of rebellion. Locke thus approved of the English Revolution of the seventeenth century, and applauded the establishment of a constitutional monarchy in 1688.

For Locke, moreover, the contract between state and citizen is a specific and limited one: its purpose is to protect a set of defined natural rights. As a result, Locke believed in limited government. The legitimate role of government is limited to the protection of ‘life, liberty and property’. Therefore, the realm of government should not extend beyond its three ‘minimal’ functions:

- maintaining public order and protecting property
- providing defence against external attack
- ensuring that contracts are enforced.

Other issues and responsibilities are properly the concern of private individuals. Thomas Jefferson expressed a similar sentiment a century later when he declared: ‘That government is best which governs least.’

## Utilitarianism

Natural rights theories were not the only basis of early liberalism. An alternative and highly influential theory of human nature was put forward in the early nineteenth century by the utilitarians, notably Jeremy Bentham and James Mill. Bentham regarded the idea of rights as ‘nonsense’ and called natural rights ‘nonsense on stilts’. In their place, he proposed what he believed to be the more scientific and objective idea that individuals are motivated by self-interest, and that these interests can be defined as the desire for pleasure, or happiness, and the wish to avoid pain, both calculated in terms of **utility**. The principle of utility is, furthermore, a moral principle in that it suggests that the ‘rightness’ of an action, policy or institution can be established by its tendency to promote happiness. Just as each individual can calculate what is morally good by the quantity of pleasure an action will produce, so the principle of ‘the greatest happiness for the greatest number’ can be used to establish which policies or institutions will benefit society at large.

Utilitarian ideas have had a considerable impact on classical liberalism. In particular, they have provided a moral philosophy that explains how and why individuals act as they do. The utilitarian conception of human beings as rationally self-interested creatures was adopted by later generations of liberal thinkers. Moreover, each individual is thought to be able to perceive his or her own best interests. This cannot be done on their behalf by some paternal authority, such as the state. Bentham argued that individuals act so as to gain pleasure or happiness in whatever way they choose. No one else can judge the quality or degree of their happiness. If each individual is the sole judge of what will give him or her pleasure, then the individual alone can determine what is morally right. On the other hand, utilitarian ideas can also have illiberal implications. Bentham held that the principle of utility could be applied to society at large and not merely to individual human behaviour. Institutions and legislation can

### UTILITY

Use-value; in economics, utility describes the satisfaction that is gained from the consumption of material goods and services.

be judged by the yardstick of ‘the greatest happiness’. However, this formula has majoritarian implications, because it uses the happiness of ‘the greatest number’ as a standard of what is morally correct, and therefore allows that the interests of the majority outweigh those of the minority or the rights of the individual.

## Economic liberalism

The late eighteenth and early nineteenth centuries witnessed the development of classical economic theory in the work of political economists such as Adam Smith and David Ricardo (1770–1823). Smith’s *The Wealth of Nations* ([1776] 1976) was in many respects the first economics textbook. His ideas drew heavily on liberal and rationalist assumptions about human nature and made a powerful contribution to the debate about the desirable role of government within civil society. Smith

## Key concept

# Utilitarianism

Utilitarianism is a moral philosophy that was developed by Jeremy Bentham and James Mill. It equates 'good' with pleasure or happiness, and 'evil' with pain or unhappiness. Individuals are therefore assumed to act so as to maximize pleasure and minimize pain, these being calculated

in terms of utility or use-value, usually seen as satisfaction derived from material consumption. The 'greatest happiness' principle can be used to evaluate laws, institutions and even political systems. *Act* utilitarianism judges an act to be right if it produces at least as much pleasure-over-pain as any other act. *Rule* utilitarianism judges an act to be right if it conforms to a rule which, if generally followed, produces good consequences.

wrote at a time of wide-ranging government restrictions on economic activity. **Mercantilism**, the dominant economic idea of the sixteenth and seventeenth centuries, had encouraged governments to intervene in economic life in an attempt to encourage the export of goods and restrict imports. Smith's economic writings were designed to attack mercantilism, arguing instead for the principle that the economy works best when it is left alone by government.

Smith thought of the economy as a **market**, indeed as a series of interrelated markets. He believed that the market operates according to the wishes and decisions of free individuals. Freedom within the market means freedom of choice: the ability of the businesses to choose what goods to make, the ability of workers to choose an employer, and the ability of consumers to choose what goods or services to buy. Relationships within such a market – between employers and employees, and between buyers and sellers – are therefore voluntary and contractual, made by self-interested individuals for whom pleasure is equated with the acquisition and consumption of wealth. Economic theory therefore drew on utilitarianism, in constructing the idea of 'economic man', the notion that human beings are essentially egoistical and bent on material acquisition.

The attraction of classical economics was that, while each individual is materially self-interested, the economy itself is thought to operate according to a set of impersonal pressures – market forces – that tend naturally to promote economic

### MERCANTILISM

A school of economic thought that emphasizes the state's role in managing international trade and delivering prosperity.

### MARKET

A system of commercial exchange between buyers and sellers, controlled by impersonal economic forces: 'market forces'.

prosperity and well-being. For instance, no single producer can set the price of a commodity – prices are set by the market, by the number of goods offered for sale and the number of consumers who are willing to buy. These are the forces of supply and demand. The market is a self-regulating mechanism; it needs no guidance from outside. The market should be 'free' from government interference because it is managed by what Smith referred to as an 'invisible hand'. This idea of a self-regulating market reflects the liberal belief in a naturally existing harmony among the conflicting

interests within society. Smith ([1776] 1976) expressed the economic version of this idea as:

It is not from the benevolence of the butcher, the brewer or the baker that we expect our dinner, but from their regard to their own interests.

**Free-market** ideas became economic orthodoxy in the UK and the USA during the nineteenth century. The high point of free-market beliefs was reached with the doctrine of *laissez-faire*. This suggests that the state should have no economic role, but should simply leave the economy alone and allow businesspeople to act however they please. *Laissez-faire* ideas opposed all forms of factory legislation, including restrictions on the employment of children, limits to the number of hours worked, and any regulation of working conditions. Such economic individualism is usually based on a belief that the unrestrained pursuit of profit will ultimately lead to general benefit. *Laissez-faire* theories remained strong in the UK throughout much of the nineteenth century, and in the USA they were not seriously challenged until the 1930s.

However, since the late twentieth century, faith in the free market has been revived through the rise of neoliberalism. Neoliberalism was counter-revolutionary: it aimed to halt, and if possible reverse, the trend towards ‘big’ government that had dominated most western countries, especially since 1945. Although it had its greatest initial impact in the two countries in which free-market economic principles had been most firmly established in the nineteenth century, the USA and the UK, from the 1980s onwards neoliberalism exerted a wider influence. At the heart of neoliberalism’s assault on the ‘dead hand’ of government lies a belief in **market fundamentalism**. In that light, neoliberalism can be seen to go beyond classical economic theory. For instance, while Adam Smith is rightfully viewed as the father of market economics, he also recognized the limitations of the market and certainly did not subscribe to a crude utility-maximizing model of human nature. Thus, although some treat neoliberalism as a form of revived classical liberalism, others see it is a form of economic libertarianism (see p. 78), which perhaps has more in common with the anarchist tradition, and in particular anarcho-capitalism (discussed in Chapter 5), than it does with the liberal tradition. The matter is further complicated by the fact that in the case of both ‘Reaganism’ in the USA and ‘Thatcherism’ in the UK, neoliberalism formed part of a larger, New Right ideological project that sought to foster *laissez-faire* economics with an essentially conservative social philosophy. This project is examined in more detail in Chapter 3.

**FREE MARKET**

The principle or policy of unfettered market competition, free from government interference.

**LAISSEZ-FAIRE**

Literally, ‘leave to do’; the doctrine that economic activity should be entirely free from government interference.

**MARKET**

**FUNDAMENTALISM** An absolute faith in the market, reflecting the belief that the market mechanism offers solutions to all economic and social problems.

## Social Darwinism

One of the distinctive features of classical liberalism is its attitude to poverty and social equality. An individualistic political creed will tend to explain social circumstances in terms of the talents and hard work of each individual human being. Individuals make what they want, and what they can, of their own lives. Those with ability and a willingness to work will prosper, while the incompetent or the lazy will not. This idea was memorably expressed in the title of Samuel Smiles' book *Self-Help* ([1859] 1986) which begins by reiterating the well-tryed maxim that 'Heaven helps those who help themselves'. Such ideas of individual responsibility were widely employed by supporters of *laissez-faire* in the nineteenth century. For instance, Richard Cobden (1804–65), the UK economist and politician, advocated an improvement of the conditions of the working classes, but argued that it should come about through 'their own efforts and self-reliance, rather than from law'. He advised them to 'look not to Parliament, look only to yourselves'.

Ideas of individual self-reliance reached their boldest expression in Herbert Spencer's *The Man versus the State* ([1884] 1940). Spencer (1820–1904), the UK philosopher and social theorist, developed a vigorous defence of the doctrine of *laissez-faire*, drawing on ideas that the UK scientist Charles Darwin (1809–82) had developed in *The Origin of Species* ([1859] 1972). Darwin developed a theory of evolution that set out to explain the diversity of species found on Earth. He proposed that each species undergoes a series of random physical and mental changes, or mutations. Some of these changes enable a species to survive and prosper: they are pro-survival. Other mutations are less favourable and make survival more difficult or even impossible. A process of 'natural selection' therefore decides which species are fitted by nature to survive, and which are not. By the end of the nineteenth century, these ideas had extended beyond biology and were increasingly affecting social and political theory.

Spencer, for example, used the theory of natural selection to develop the social principle of 'the survival of the fittest'. People who are best suited by nature to survive, rise to the top, while the less fit fall to the bottom. Inequalities of wealth, social position and political power are therefore natural and inevitable, and no attempt should be made by government to interfere with them. Spencer's US disciple William Sumner (1840–1910) stated this principle boldly in 1884, when he asserted that 'the drunkard in the gutter is just where he ought to be'.

## Modern liberalism

Modern liberalism is sometimes described as 'twentieth-century liberalism'. Just as the development of classical liberalism was closely linked to the emergence of industrial capitalism in the nineteenth century, so modern liberal ideas were related to the further development of industrialization. Industrialization had brought about a massive expansion of wealth for some, but was also accompanied

by the spread of slums, poverty, ignorance and disease. Moreover, social inequality became more difficult to ignore as a growing industrial working class was seen to be disadvantaged by low pay, unemployment and degrading living and working conditions. These developments had an impact on UK liberalism from the late nineteenth century onwards, but in other countries they did not take effect until much later; for example, US liberalism was not affected until the depression of the 1930s. In these changing historical circumstances, liberals found it progressively more difficult to maintain the belief that the arrival of industrial capitalism had brought with it general prosperity and liberty for all. Consequently, many came to revise the early liberal expectation that the unrestrained pursuit of self-interest produced a socially just society. As the idea of economic individualism came increasingly under attack, liberals rethought their attitude towards the state. The minimal state of classical theory was quite incapable of rectifying the injustices and inequalities of civil society. Modern liberals were therefore prepared to advocate the development of an interventionist or enabling state.

However, modern liberalism has been viewed in two, quite different, ways:

- Classical liberals have argued that modern liberalism effectively broke with the principles and doctrines that had previously defined liberalism, in particular that it had abandoned individualism and embraced collectivism (see p. 99).
- Modern liberals, however, have been at pains to point out that they built on, rather than betrayed, classical liberalism. In this view, whereas classical liberalism is characterized by clear theoretical consistency, modern liberalism represents a marriage between new and old liberalism, and thus embodies ideological and theoretical tensions, notably over the proper role of the state.

The distinctive ideas of modern liberalism include:

- individuality
- positive freedom
- social liberalism
- economic management.

## Individuality

John Stuart Mill's ideas have been described as the 'heart of liberalism'. This is because he provided a 'bridge' between classical and modern liberalism: his ideas look both back to the early nineteenth century and forward to the twentieth century and beyond. Mill's interests ranged from political economy to the campaign for female suffrage, but it was the ideas developed in *On Liberty* ([1859] 1972) that show Mill most clearly as a contributor to modern liberal

thought. This work contains some of the boldest liberal statements in favour of individual freedom. Mill suggested that, ‘Over himself, over his own body and mind, the individual is sovereign’, a conception of liberty that is essentially negative as it portrays freedom in terms of the absence of restrictions on an individual’s ‘self-regarding’ actions. Mill believed this to be a necessary condition for liberty, but not in itself a sufficient one. He thought that liberty was a positive and constructive force. It gave individuals the ability to take control of their own lives, to gain autonomy or achieve self-realization.

Mill was influenced strongly by European romanticism and found the notion of human beings as utility maximizers both shallow and unconvincing. He believed passionately in **individuality**. The value of liberty is that it enables individuals to develop, to gain talents, skills and knowledge and to refine their sensibilities. Mill disagreed with Bentham’s utilitarianism in so far as Bentham believed that actions could only be distinguished by the quantity of pleasure or pain they generated. For Mill, there were ‘higher’ and ‘lower’ pleasures. Mill was concerned to promote those pleasures that develop an individual’s intellectual, moral or aesthetic

sensibilities. He was clearly not concerned with simple pleasure-seeking, but with personal self-development, declaring that he would rather be ‘Socrates dissatisfied than a fool satisfied’. As such, he laid the foundations for a developmental model of individualism that placed emphasis on human flourishing rather than the crude satisfaction of interests.

#### INDIVIDUALITY

Self-fulfilment achieved through the realization of an individual’s distinctive or unique identity or qualities; what distinguishes one person from all others.

## Positive freedom

The clearest break with early liberal thought came in the late nineteenth century with the work of T. H. Green (see p. 53), whose writing influenced a generation of so-called ‘new liberals’ such as L. T. Hobhouse (1864–1929) and J. A. Hobson (1854–1940). Green believed that the unrestrained pursuit of profit, as advocated by classical liberalism, had given rise to new forms of poverty and injustice. The economic liberty of the few had blighted the life chances of the many. Following J. S. Mill, he rejected the early liberal conception of human beings as essentially self-seeking utility maximizers, and suggested a more optimistic view of human nature. Individuals, according to Green, have sympathy for one another; their egoism is therefore constrained by some degree of **altruism**. The individual possesses social responsibilities and not merely individual responsibilities, and is therefore linked to other individuals by ties of caring and empathy. Such a conception of

human nature was clearly influenced by socialist ideas that emphasized the sociable and cooperative nature of humankind. As a result, Green’s ideas have been described as ‘socialist liberalism’.

Green also challenged the classical liberal notion of freedom. Negative freedom merely removes external

#### ALTRUISM

Concern for the interests and welfare of others, based either on enlightened self-interest or a belief in a common humanity.

constraints on the individual, giving the individual freedom of choice. In the case of the businesses that wish to maximize profits, negative freedom justifies their ability to hire the cheapest labour possible; for example, to employ children rather than adults, or women rather than men. Economic freedom can therefore lead to exploitation, even becoming the ‘freedom to starve’. Freedom of choice in the marketplace is therefore an inadequate conception of individual freedom.

In the place of a simple belief in negative freedom, Green proposed that freedom should also be understood in positive terms. In this light, freedom is the ability of the individual to develop and attain individuality; it involves people’s ability to realize their individual potential, attain skills and knowledge, and achieve fulfilment. Thus, whereas negative freedom acknowledges only legal and physical constraints on liberty, positive freedom recognizes that liberty may also be threatened by social disadvantage and inequality. This, in turn, implied a revised view of the state. By protecting individuals from the social evils that cripple their lives, the state can expand freedom, and not merely diminish it. In place of the minimal state of old, modern liberals therefore endorsed an enabling state, exercising an increasingly wide range of social and economic responsibilities.

While such ideas undoubtedly involved a revision of classical liberal theories, they did not amount to the abandonment of core liberal beliefs. Modern liberalism drew closer to socialism, but it did not place society before the individual. For T. H. Green, for example, freedom ultimately consisted in individuals acting morally. The state could not force people to be good; it could only provide the conditions in which they were able to make more responsible moral decisions. The balance between the state and the individual had altered, but the underlying commitment to the needs and interests of the individual remained. Modern liberals share the classical liberal preference for self-reliant individuals who take responsibility for their own lives; the essential difference is the recognition that this can only occur if social conditions allow it to happen. The central thrust of modern liberalism is therefore the desire to help individuals to help themselves.

## Social liberalism

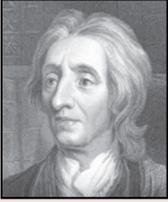
The twentieth century witnessed the growth of state intervention in most western states and in many developing ones. Much of this intervention took the form of social welfare: attempts by government to provide welfare support for its citizens by overcoming poverty, disease and ignorance. If the minimal state was typical of the nineteenth century, during the twentieth century modern states became **welfare states**. This occurred as a consequence of a variety of historical and ideological factors. Governments, for example, sought to achieve national efficiency, healthier work forces and stronger armies. They also came under electoral pressure for social reform from newly enfranchised

### WELFARE STATE

A state that takes primary responsibility for the social welfare of its citizens, discharged through a range of social-security, health, education and other services.

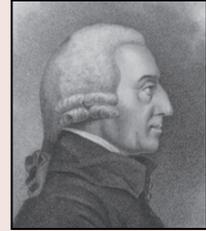


## KEY FIGURES IN... LIBERALISM



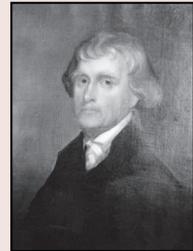
**John Locke (1632–1704)** An English philosopher and politician, Locke was a consistent opponent of absolutism and is often portrayed as the philosopher of the 1688 ‘Glorious Revolution’ (which established a constitutional monarchy in England). Using social contract theory and accepting that, by nature, humans are free and equal, Locke upheld constitutionalism, limited government and the right of revolution, but the stress he placed on property rights prevented him from endorsing political equality or democracy in the modern sense. Locke’s foremost political work is *Two Treatises of Government* (1690).

**Adam Smith (1723–90)** A Scottish economist and philosopher, Smith is usually seen as the founder of the ‘dismal science’. In *The Theory of Moral Sentiments* (1759), he developed a theory of motivation that tried to reconcile human self-interestedness with unregulated social order. Smith’s most famous work, *The Wealth of Nations* (1776), was the first systematic attempt to explain the workings of the economy in market terms. Although he is sometimes portrayed as a free-market theorist, Smith was nevertheless aware of the limitations of *laissez-faire*.



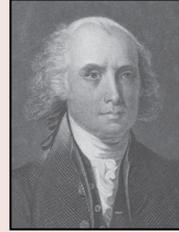
**Immanuel Kant (1724–1804)** A German philosopher, Kant’s ‘critical’ philosophy holds that knowledge is not merely an aggregate of sense impressions; it depends on the conceptual apparatus of human understanding. Kant’s political thought was shaped by the central importance of morality. He believed that the law of reason dictates categorical imperatives, the most important of which is the obligation to treat others as ‘ends’, and never only as ‘means’. Kant’s most important works include *Critique of Pure Reason* (1781) and *Metaphysics of Morals* (1785).

**Thomas Jefferson (1743–1826)** A US political philosopher and statesman, Jefferson was the principal author of the Declaration of Independence (1776) and later served as the third president of the USA (1801–09). Jefferson advocated a democratic form of agrarianism that sought to blend a belief in rule by a natural aristocracy with a commitment to limited government and *laissez-faire*, though he also exhibited sympathy for social reform. In the USA, ‘Jeffersonianism’ stands for resistance to strong central government and a stress on individual freedom and responsibility, and states’ rights.



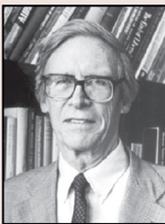
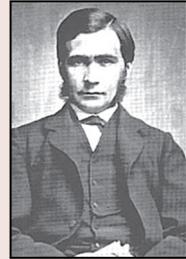
**Jeremy Bentham (1748–1832)** A British philosopher, legal reformer and founder of utilitarianism, Bentham developed a moral and philosophical system based on the belief that human beings are rationally self-interested creatures, or utility maximizers. Using the principle of general utility – ‘the greatest happiness for the greatest number’ – he advanced a justification for *laissez-faire* economics, constitutional reform and, in later life, political democracy. Bentham’s key works include *A Fragment on Government* (1776) and *An Introduction to the Principles of Morals and Legislation* (1789).

**James Madison (1751–1836)** A US statesman and political theorist, Madison played a major role in writing the US Constitution and served as the fourth president of the USA (1809–17). Madison was a leading proponent of pluralism and divided government, urging the adoption of federalism, bicameralism and the separation of powers as the basis of US government. Madisonianism thus implies a strong emphasis on checks and balances as the principal means of resisting tyranny. His best-known political writings are his contributions to *The Federalist* (1787–8).



**John Stuart Mill (1806–73)** A British philosopher, economist and politician, Mill's varied and complex work straddles the divide between classical and modern forms of liberalism. His opposition to collectivist tendencies and traditions was firmly rooted in nineteenth-century principles, but his emphasis on the quality of individual life, reflected in a commitment to individuality, as well as his sympathy for causes such as female suffrage and workers' cooperatives, looked forward to later developments. Mill's major writings include *On Liberty* (1859), *Utilitarianism* (1861) and *Considerations on Representative Government* (1861).

**T. H. (Thomas Hill) Green (1836–82)** A British philosopher and social theorist, Green highlighted the limitations of early liberal doctrines and in particular *laissez-faire*. Influenced by Aristotle and Hegel, Green argued that humans are by nature social creatures, a position that helped liberalism to reach an accommodation with welfarism and social justice. His idea of 'positive' freedom had a major influence on the emergence of so-called 'new liberalism' in the UK. His chief works include *Lectures on the Principles of Political Obligation* (1879–80) and *Prolegomena to Ethics* (1883).



**John Rawls (1921–2002)** A US political philosopher, Rawls used a form of social contract theory to reconcile liberal individualism with the principles of redistribution and social justice. In his major work, *A Theory of Justice* (1970), he developed the notion of 'justice as fairness', based on the belief that behind a 'veil of ignorance' most people would accept that the liberty of each should be compatible with a like liberty for all, and that social inequality is only justified if it works to the benefit of the poorest in society.

See also **Isaiah Berlin** (p. 292) and **Robert Nozick** (p. 85).

industrial workers and, in some cases, the peasantry. However, the political argument for welfarism has never been the prerogative of any single ideology. It has been put, in different ways, by socialists, liberals, conservatives, feminists and even at times by fascists. Within liberalism, the case for social welfare has been made by modern liberals, in marked contrast to classical liberals, who extol the virtues of self-help and individual responsibility.

Modern liberals defend welfarism on the basis of equality of opportunity. If particular individuals or groups are disadvantaged by their social circumstances, then the state possesses a social responsibility to reduce or remove these disadvantages to create equal, or at least more equal, life chances. Citizens have thus acquired a range of welfare or social rights, such as the right to work, the right to education and the right to decent housing. Welfare rights are positive rights because they can only be satisfied by the positive actions of government, through the provision of state pensions, benefits and, perhaps, publicly funded health and education services. During the twentieth century, liberal parties and liberal governments were therefore converted to the cause of social welfare. For example, the expanded welfare state in the UK was based on the Beveridge Report (1942), which set out to attack the so-called ‘five giants’ – want, disease, ignorance, squalor and idleness. It memorably promised to protect citizens ‘from the cradle to the grave’. In the USA, liberal welfarism developed in the 1930s during the administration of F. D. Roosevelt, but reached its height in the 1960s with the ‘New Frontier’ policies of John F. Kennedy, and Lyndon Johnson’s ‘Great Society’ programme.

Social liberalism was further developed in the second half of the twentieth century with the emergence of so-called social-democratic liberalism, especially in the writings of John Rawls (see p. 53). Social-democratic liberalism is distinguished by its support for relative social equality, usually seen as the defining value of socialism. In *A Theory of Justice* (1970), Rawls developed a defence of redistribution and welfare based on the idea of ‘equality as fairness’. He argued that, if people were unaware of their social position and circumstances, they would view an egalitarian society as ‘fairer’ than an inegalitarian one, on the grounds that the desire to avoid poverty is greater than the attraction of riches. He therefore proposed the ‘difference principle’: that social and economic inequalities should be arranged so as to benefit the least well-off, recognizing the need for some measure of inequality to provide an incentive to work. Nevertheless, such a theory of justice remains liberal rather than socialist, as it is rooted in assumptions about egoism and self-interest, rather than a belief in social solidarity.

## Economic management

In addition to providing social welfare, twentieth-century western governments also sought to deliver prosperity by ‘managing’ their economies. This once again involved rejecting classical liberal thinking, in particular its belief in a self-regulating free market and the doctrine of *laissez-faire*. The abandonment of *laissez-faire* came about because of the increasing complexity of industrial capitalist economies and

## Key concept

# Keynesianism

Keynesianism refers, narrowly, to the economic theories of J. M. Keynes (1883–1946) and, more broadly, to a range of economic policies that have been influenced by these theories. Keynesianism provides an alternative to neoclassical economics and, in particular, advances a critique of the ‘economic anarchy’ of *laissez-faire* capitalism. Keynes argued that growth and employment levels are largely determined by the level of

‘aggregate demand’ in the economy, and that government can regulate demand, primarily through adjustments to fiscal policy, so as to deliver full employment. Keynesianism came to be associated with a narrow obsession with ‘tax and spend’ policies, but this ignores the complexity and sophistication of Keynes’ economic writings. Influenced by economic globalization, a form of *neo-Keynesianism* has emerged that rejects ‘top-down’ economic management but still acknowledges that markets are hampered by uncertainty, inequality and differential levels of knowledge.

their apparent inability to guarantee general prosperity if left to their own devices. The Great Depression of the 1930s, sparked off by the Wall Street Crash of 1929, led to high levels of unemployment throughout the industrialized world and in much of the developing world. This was the most dramatic demonstration of the failure of the free market. After World War II, virtually all western states adopted policies of economic intervention in an attempt to prevent a return to the pre-war levels of unemployment. To a large extent these interventionist policies were guided by the work of the UK economist John Maynard Keynes (1883–1946).

In *The General Theory of Employment, Interest and Money* ([1936] 1963), Keynes challenged classical economic thinking and rejected its belief in a self-regulating market. Classical economists had argued that there was a ‘market solution’ to the problem of unemployment and, indeed, all other economic problems. Keynes argued, however, that the level of economic activity, and therefore of employment, is determined by the total amount of demand – aggregate demand – in the economy. He suggested that governments could ‘manage’ their economies by influencing the level of aggregate demand. Government spending is, in this sense, an ‘injection’ of demand into the economy. Taxation, on the other hand, is a ‘withdrawal’ from the economy: it reduces aggregate demand and dampens down economic activity. At times of high unemployment, Keynes recommended that governments should ‘reflate’ their economies by either increasing public spending or cutting taxes. Unemployment could therefore be solved, not by the invisible hand of capitalism, but by government intervention, in this case by running a budget deficit, meaning that the government literally ‘overspends’.

Keynesian demand management thus promised to give governments the ability to manipulate employment and growth levels, and hence to secure general prosperity. As with the provision of social welfare, modern liberals have seen economic management as being constructive in promoting prosperity and harmony in civil society. Keynes was not opposed to capitalism; indeed, in many ways, he was its saviour. He simply argued that unrestrained private enterprise is unworkable within

complex industrial societies. The first, if limited, attempt to apply Keynes' ideas was undertaken in the USA during Roosevelt's 'New Deal'. By the end of World War II, Keynesianism was widely established as an economic orthodoxy in the West, displacing the older belief in *laissez-faire*. Keynesian policies were credited with being the key to the 'long boom', the historically unprecedented economic growth of the 1950s and 1960s, which witnessed the achievement of widespread affluence, at least in western countries. However, the re-emergence of economic difficulties in the 1970s generated renewed sympathy for the theories of classical political economy, and led to a shift away from Keynesian priorities. Nevertheless, the failure of the free-market revolution of the 1980s and 1990s to ensure sustained economic growth resulted in the emergence of the 'new' political economy, or neo-Keynesianism. Although this recognized the limitations of the 'crude' Keynesianism of the 1950s–1970s period, it nevertheless marked a renewed awareness of the link between unregulated capitalism and low investment, short-termism and social fragmentation.

## Liberalism in a global age

How has liberalism been affected by the forces of globalization? Has western liberalism been transformed into global liberalism? So-called 'accelerated' globalization from the 1980s onwards, together with associated developments, can be seen to have supported the worldwide ascendancy of liberalism in a number of ways. However, 'hegemonic liberalism' wears not one face but many, reflecting not only the multifarious nature of liberalism but also, at times, its internal tensions. The first 'face' of global liberalism is neoliberalism, which is so closely linked to economic globalization that many commentators treat neoliberalism and globalization as if they are part of the same phenomenon: 'neoliberal globalization'. The link occurs for a variety of reasons. In particular, intensified international competition encourages governments to deregulate their economies and reduce tax levels in the hope of attracting inward investment and preventing **transnational corporations** (TNCs) from relocating elsewhere. Strong downward pressure is also exerted on public spending, and especially on welfare budgets, by the fact that, in the context of heightened global competition, the control of inflation has displaced the maintenance of full employment as the principal goal of economic policy. Such pressures, together with the revived growth and productivity rates of the US economy during the 1990s and the relatively sluggish performance of other models of national capitalism, in Japan and Germany in particular, meant that neoliberalism appeared to stand unchallenged

### TRANSNATIONAL CORPORATION

A company that controls economic activity in two or more countries, developing corporate strategies and processes that transcend national borders.

as the dominant ideology of the 'new' world economy. Only a few states, such as China, were able to deal with neoliberal globalization on their own terms, limiting their exposure to competition by, for example, holding down their exchange rate.

One of the commonly alleged implications of neo-liberal globalization has been a tendency towards peace

 <b>TENSIONS WITHIN... LIBERALISM</b>		
Classical liberalism	VS	Modern liberalism
economic liberalism	↔	social liberalism
egoistical individualism	↔	developmental individualism
maximize utility	↔	personal growth
negative freedom	↔	positive freedom
minimal state	↔	enabling state
free-market economy	↔	managed economy
rights-based justice	↔	justice as fairness
strict meritocracy	↔	concern for the poor
individual responsibility	↔	social responsibility
safety-net welfare	↔	cradle-to-grave welfare

and international law and order, brought about by growing economic interdependence. Such thinking can be traced back to the birth of **commercial liberalism** in the nineteenth century, based on the classical economics of David Ricardo and the ideas of the so-called ‘Manchester liberals’, Richard Cobden (1804–65) and John Bright (1811–89). The key theme within commercial liberalism is a belief in the virtues of **free trade**. Free trade has economic benefits, as it allows each country to specialize in the production of goods and services that it is best suited to produce, the ones in which they have ‘comparative advantage’. However, free trade is no less important in drawing states into a web of interdependence which means that the material costs of international conflict are so great that warfare becomes virtually unthinkable. Cobden and Bright argued that free trade would draw people of different

#### COMMERCIAL LIBERALISM

A form of liberalism that emphasizes the economic and international benefits of free trade, leading to mutual benefit and general prosperity, as well as peace among states.

#### FREE TRADE

A system of trade between states not restricted by tariffs or other forms of protectionism.

different races, creeds and languages together into what Cobden described as ‘the bonds of eternal peace’. Evidence to support such thinking can be found in the decline in the post-World War II period of traditional inter-state wars, modern wars being much more frequently civil wars fought either between non-state actors (armies of insurgents, terrorist groups, ethnic or religious movements and the like) or between states and non-state actors.

The second ‘face’ of global liberalism is liberal democracy, which has now developed beyond its western heartland and become a worldwide force. In

## Key concept

# Human rights

Human rights are rights to which people are entitled by virtue of being human; they are a modern and secular version of ‘natural’ rights. Human rights are *universal* (in the sense that they belong to human beings everywhere, regardless of race, religion,

gender and other differences), *fundamental* (in that a human being’s entitlement to them cannot be removed), *indivisible* (in that civic and political rights, and economic, social and cultural rights are interrelated and co-equal in importance) and *absolute* (in that, as the basic grounds for living a genuinely human life, they cannot be qualified). ‘International’ human rights are set out in a collection of UN and other treaties and conventions.

many ways, the high point of liberal optimism came in the aftermath of the collapse of communism, when ‘end of history’ theorists, such as Francis Fukuyama (see p. 329), proclaimed that western liberal democracy had established itself as the final form of human government. This was demonstrated, moreover, by the process of ‘democratization’ that was under way in Africa, Asia and Latin America, which involved the spread of competitive party systems and a growing enthusiasm for market reforms. By 2000, about two-thirds of the states in the world had political systems that exhibited significant liberal-democratic features, with democratic movements seemingly springing up in more and more parts of the world. For liberals, this provided further optimism about the prospects for international peace. In a tradition of **republican liberalism** that can be traced back to Woodrow Wilson (see p. 184), if not to Kant, liberals have argued that autocratic or authoritarian states are inherently militaristic and aggressive, while democratic states are naturally peaceful, especially in their dealings with other democratic states. In this view, not only do democratic pressures restrain a state’s tendency towards conflict and war (because it is the public themselves who will be doing the killing and dying), but cultural bonds also develop among democratic states that incline them to find non-violent ways of resolving disputes or disagreements. Liberal optimism about advancing peace has nevertheless been dented since the early 2000s by indications of the reversal of democratization, not least associated with the failure of the Arab Spring.

The third ‘face’ of global liberalism arises from the fact that the advance of globalization has had an important ethical dimension. This reflects the fact that widening global interconnectedness, especially as facilitated by the ‘new’ media and the information and communications revolution, has strengthened that idea

### REPUBLICAN LIBERALISM

A form of liberalism that highlights the benefits of republican government and, in particular, emphasizes the link between democracy and peace.

that justice now extends ‘beyond borders’. As people know more about events that occur and circumstances that exist in other parts of the world, it becomes more difficult to confine their moral sensibilities merely to members of their own state; potentially, these extend to the whole of humanity. Such ‘cosmopolitan’ (see p. 191) thinking, often linked to the idea of global

## Key concept

### Postmodernism

Postmodernism is a controversial and confusing term that was first used to describe experimental movements in western arts, architecture and cultural development in general. As a tool of social and political analysis, postmodernism highlights the shift away from societies

structured by industrialization and class solidarity to increasingly fragmented and pluralistic 'information societies', in which individuals are transformed from producers to consumers, and individualism replaces class, and religious and ethnic loyalties. Postmodernists argue that there is no such thing as certainty; the idea of absolute and universal truth must be discarded as an arrogant pretence. Emphasis is placed instead on discourse, debate and democracy.

justice, has typically drawn on liberal principles and assumptions, the most important being the doctrine of human rights. This is the idea that certain rights and freedoms are so fundamental to human existence that all people, regardless of nationality, race, religion, gender and so on, should be entitled to them. Indeed, it is sometimes argued that the norm of state sovereignty in world affairs has been replaced by the rival norm of human rights. Although this process began in 1948 with adoption of the UN Universal Declaration of Human Rights, it was boosted significantly by the end of the Cold War, which led some to argue that the doctrine of human rights had transcended rivalry between capitalism and communism. Evidence of this came in the 1990s with the rise of **humanitarian intervention** in northern Iraq, Haiti, Kosovo and elsewhere. Human rights and humanitarianism generally have also had an impact on strategies for promoting development and tackling global poverty. For example, Amartya Sen's (1999) highly influential notion of 'development as freedom' draws explicitly on modern liberal thinking about positive freedom and empowerment, and is expressed in the emphasis that the UN and other bodies place on measuring social progress in terms of '**human development**'.

#### HUMANITARIAN INTERVENTION

Military intervention in the affairs of another state that is carried out in pursuit of humanitarian rather than strategic objectives.

#### HUMAN DEVELOPMENT

A standard of human well-being that reflects people's ability to lead fulfilled and creative lives, taking into account factors such as life expectancy, education, ecological sustainability and gender equality.

However, liberal triumphalism needs to be tempered by the recognition of new challenges and threats to liberalism. One of these comes from the nature of capitalism and the implications of a global capitalist system. While the socialist challenge appears to have been defeated, is this defeat, or the defeat of other forms of anti-capitalism (see p. 161), permanent? The tendency within capitalism towards inequality, an inevitable feature of private enterprise and market economics, suggests that oppositional forces to liberal capitalism might always arise. A second challenge to liberalism comes from a recognition of the growing importance of difference or diversity. The earliest such

attack on liberalism was launched by communitarian thinkers, who rejected individualism as facile, on the grounds that it suggests that the self is 'unencumbered'. Such a view has also been taken up by multiculturalists, who advance a collective notion of identity based on culture, ethnicity, language or religion. At best, such ideas may only be accommodated within a 'post-liberal' framework (Gray, 1995b), and many believe that liberalism and multiculturalism are opposing forces (discussed in Chapter 11). A further attack on liberalism has been mounted by post-modern thinkers, who have proclaimed the effective collapse of the Enlightenment project, on which liberalism and other rationalist ideologies are based.

Challenges to liberalism also come from beyond its western homeland. There is as much evidence that the end of the Cold War has unleashed non-liberal, even anti-liberal, political forces, as there is evidence of the 'triumph' of liberal democracy. In eastern Europe and parts of the developing world, resurgent nationalism, whose popular appeal is based on strength, certainty and security, has often proved more potent than equivocal liberalism. Moreover, this nationalism is associated more commonly with ethnic purity and authoritarianism than with liberal ideals such as self-determination and civic pride. Various forms of fundamentalism (see p. 305), quite at odds with liberal culture, have also arisen in the Middle East and parts of Africa and Asia (as discussed in Chapter 10). Furthermore, where successful market economies have been established they have not always been founded on the basis of liberal values and institutions. For instance, the political regimes of East Asia may owe more to Confucianism's ability to maintain social stability than to the influence of liberal ideas such as competition and self-striving. Far from moving towards a unified, liberal world, political development in the twenty-first century may thus be characterized by growing ideological diversity. Islamism, Confucianism and even authoritarian nationalism may yet prove to be enduring rivals to western liberalism.