Chapter 2
Liberalism

1. Origins and development
2. The primacy of the individual – central themes
3. Liberalism, government and democracy
4. Classical liberalism
5. Modern liberalism
6. Liberalism in the twenty-first century

Origins and development

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 increasingly associated with 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 in relation to a distinctive set of political ideas. However, it was taken up more slowly in the UK: although the Whigs started to call themselves Liberals during the 1830s, the first distinctly Liberal government was not formed until Gladstone took office in 1868.

As a systematic political creed, liberalism may not have existed before the nineteenth century, but it was based upon ideas and theories that had developed during the previous three hundred years. Liberal ideas resulted from 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 and French Revolutions of the late eighteenth century 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 upon 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 which businesses would be allowed to pursue profit and nations 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 was well established by the early nineteenth century. It 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 has exerted a powerful appeal for developing countries 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 or nationalism rather than western liberalism. Where capitalism has been successfully established, as in Japan, it has tended to assume a corporate rather than an individualistic character. Japanese industry, for example, is motivated more by traditional ideas of group loyalty and duty than by the pursuit of individual self-interest.

Western political systems have also been shaped by liberal ideas and values, so much so that they are commonly classified as liberal democracies. These systems are constitutional in that they seek to limit government power and safeguard civil liberties, and are representative in the sense that political office is gained through competitive elections. Developing first in western Europe and North America, liberal democracy was took root in parts of the developing world and, after the revolutions of 1989–91, in eastern Europe too. In some cases western-style liberal regimes were bequeathed to African or Asian countries upon achieving independence, but with varying degrees of success. India remains the world's largest ‘liberal’ democracy. Elsewhere, however, liberal democratic systems have sometimes collapsed in the absence of industrial capitalism or because of the nature of the indigenous political culture. In contrast the political cultures of most western countries are built upon a bedrock of liberal-capitalist values. Ideas such as freedom of speech, freedom of religious worship and the right to own property, all drawn from liberalism, are so deeply ingrained in western societies that they are seldom challenged openly or even questioned.

In effect liberalism has come to be the dominant ideology of the industrialized West. Some political thinkers have even argued that there is a necessary and inevitable link between liberalism and capitalism. This has been suggested by liberalism's critics as well as its supporters. Marxists, for instance, have suggested that liberal ideas simply reflect the economic interests of a ‘ruling class’ of property owners within capitalist society; they portray liberalism as the classic example of ‘bourgeois ideology’. On the other hand, thinkers such as Friedrich Hayek (see p. 95) have argued that economic freedom – the right to own, use and dispose of private property – is an essential guarantee of political liberty. Hayek therefore claimed that a liberal democratic political system and respect for civil liberties can only develop in the context of a capitalist economic order.

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 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 liberals had wanted government to interfere as little as possible in the lives of its citizens, modern liberals came to believe that government should be responsible for delivering welfare services such as health, housing, pensions and education, as well as for managing, or at least regulating, the economy. This led to the development of two traditions of thought within liberalism, commonly called classical liberalism and modern liberalism. As a result, some commentators have argued that liberalism is an incoherent ideology, embracing contradictory beliefs, notably about the desirable role of the state. Since the late twentieth century liberalism has also confronted the challenge of growing moral and cultural diversity in its western homeland, and of the rise of religious fundamentalism and other political creeds that take issue with core liberal principles. As a result, liberals have sometimes recast their ideas and values and, in extreme cases, they have come to question whether liberalism is applicable to all peoples and all societies.

The primacy of the individual – central themes

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 century, 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 is 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 upon 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 the following:

- The individual
- Freedom
- Reason
- Justice
- Toleration and diversity.

The individual

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 may always have lived and worked on the same piece of land, became a 'free man' and acquired some ability to choose who to work for, or maybe 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. These suggested that individuals were invested with a set of God-given, natural rights, defined by John Locke (see p. 39) as 'life, liberty and property'. The German philosopher Immanuel Kant (1724–1804) 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 primarily defined by inner qualities and attributes specific to themselves. Second, they nevertheless 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.

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 called atomistic, in that it conceives of individuals as 'isolated atoms' within society; indeed it can lead to the belief that 'society' itself does not exist, but is merely a collection of self-sufficient individuals. Such extreme individualism is based upon the assumption that the individual is egotistical, essentially self-seeking and largely self-reliant. C. B. Macpherson (1973) characterized early liberalism as 'possessive individualism' because, he argued, 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 individuals possess a social responsibility for one

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 to 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.

another, especially for those who are unable to look after themselves. Whether human nature is conceived of as being egoistical or altruistic, 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 choice: the choice of where to live, who to work for, what to buy and so forth. 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, p. 73) John Stuart Mill (see p. 31) 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. 91) in that it accepts only the most minimal restrictions on individual freedom, and then in order to prevent ‘harm to others’. He distinguished clearly between actions that are ‘self-regarding’, over which individuals should exercise

John Stuart Mill (1806–73)

UK philosopher, economist and politician. Mill was subjected to an intense and austere regime of education by his father, the utilitarian theorist James Mill, resulting in a mental collapse at the age of 20. He went on to found and edit the London Review and was MP for Westminster from 1865 to 1881.

Mill's varied and complex work was crucial to the development of liberalism because in many ways it straddled the divide between classical and modern theories. 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, later, workers' cooperatives, looked forward to

twentieth-century developments. Mill's major writings include On Liberty (1859), Considerations on Representative Government (1861) and The Subjection of Women (1869).

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 motor cyclists 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 the modern liberal John Rawls (see p. 62) in the principle that everyone is entitled to the widest possible liberty consistent with a like liberty for all.

Although 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), the UK historian of ideas Isaiah Berlin (1909–97) distinguished between a 'negative' theory of liberty and a 'positive' one. Early or classical liberals have believed that freedom consists in each person being left alone, free from interference and able to act in whatever way they may choose. This conception of liberty is 'negative' in that it is based upon the absence of external restrictions or constraints upon the individual. Modern liberals, on the other hand, have been attracted to a more 'positive' conception of liberty, defined by Berlin as the 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. For J. S. Mill, for example, liberty meant much more than simply being free from outside constraints: it involved 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 led liberals to hold very different views about the desirable relationship between the individual and the state.

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-fulfillment achieved through either free creative labor 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.

Ecologists, 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.

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

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 Enlightened thinkers included Jean-Jacques Rousseau (see p. 165), Immanuel Kant, Adam Smith (see p. 52) and Jeremy Bentham (see p. 51). Enlightenment rationalism influenced liberalism in a number of ways. In the first place, it strengthened its faith in both the individual and in liberty. To the extent that human beings are rational, 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 (see p. 87). 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 strongly inclined to believe in 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. Rationalism thus emancipates humankind from the grip of the past and from the weight of custom and tradition. Each generation is able to advance beyond the last as the stock of human

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 behavior, as opposed to reliance on custom or tradition, or non-rational drives and impulses. knowledge and understanding progressively increases. This also explains the characteristic liberal emphasis upon 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 thus a good in itself. It is a vital means of promoting personal self-development and, if extended widely, of achieving historical and 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, nations struggle for security or strategic advantage, and so forth. 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 upon 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 deplore the use of force and aggression; for example, war is invariably seen as an option of the very last resort. Not only does violence mark the failure of reason, but all too often it also unleashes irrational blood lusts and the desire for power for its own sake. Liberals may believe that the use of force is justified either on the grounds of self-defense or as a means of countering oppression, but always and only after reason and argument have failed.

Justice

Justice denotes a particular kind of moral judgment, 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, and welfare benefits and so on. The liberal theory of justice is based upon 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. Second, foundational equality implies a belief in formal equality, the idea that individuals should enjoy the same formal status in 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 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. 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 values', and underpins the liberal commitment to democracy.

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 an even playing field. This is not to say that there should be equality of outcome or reward, 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 essential to do so if people are to have an incentive to realize their potential and develop the talents they were born with. 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' – literally, rule by the talented or able. A meritocratic society is one in which inequalities of wealth and social position solely reflect the unequal distribution of merit or skills amongst human beings, or are based upon factors beyond human control, for example luck or chance. 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 on what Martin Luther King called 'the content of their character'. By extension, social equality is unjust because it treats unequal individuals equally.

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. Wide social inequality provides both the rich and the poor with a powerful incentive to work: the rich have the prospect of gaining greater wealth and the poor have an acute desire to escape from poverty. Morally, justice is seen to demand respect for individual rights. So long as individuals acquire or transfer their wealth justly, the resulting distribution of wealth, however unequal, must be just. Those with more ability or who have worked hard, have 'earned' their wealth and deserve to be more prosperous than the lazy or feckless. Such a theory of justice was developed by John Locke in the seventeenth century and has been advanced since the late twentieth century by neoliberals, often influenced by the ideas of Robert Nozick (see p. 97).

Modern liberals, on the other hand, have taken social justice to imply a belief in some measure of social equality. In A Theory of Justice (1970), John Rawls (see p. 62), for example, argued that economic inequality is only justifiable if it works to the benefit of the poorest in society. Consequently, social liberals such as Rawls have concluded that a just society is one in which wealth is redistributed through some form of welfare system for the benefit of the less well-off. Such different views of social justice reflect an underlying disagreement within liberalism about the conditions that can best achieve a just society. Classical liberals believe that the replacement of feudalism by a market or capitalist society created the social conditions in which each individual could prosper according to his or her merits. Modern liberals, in contrast, believe that unrestrained capitalism has led to new forms of social injustice that privileged some and disadvantage others.

Toleration and diversity

The liberal social ethic is very much characterized by a willingness to accept and, in some cases, celebrate moral, cultural and political diversity. Indeed, pluralism or diversity 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 more commonly been associated with toleration. Toleration means forbearance, a willingness to allow people to think, speak and act in ways of which we disapprove. This was expressed by the French writer Voltaire (1694–1778) in his 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 to defend religious freedom. In A Letter Concerning Toleration ([1689] 1963), 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'. This highlights what for liberals is the vital distinction between 'public' and 'private' spheres of life. 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. Toleration is thus a guarantee of negative freedom.

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 amongst these competing interests. For example, the interests of workers and employers differ: workers want better pay, shorter hours and improved working conditions; 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. This principle of balance

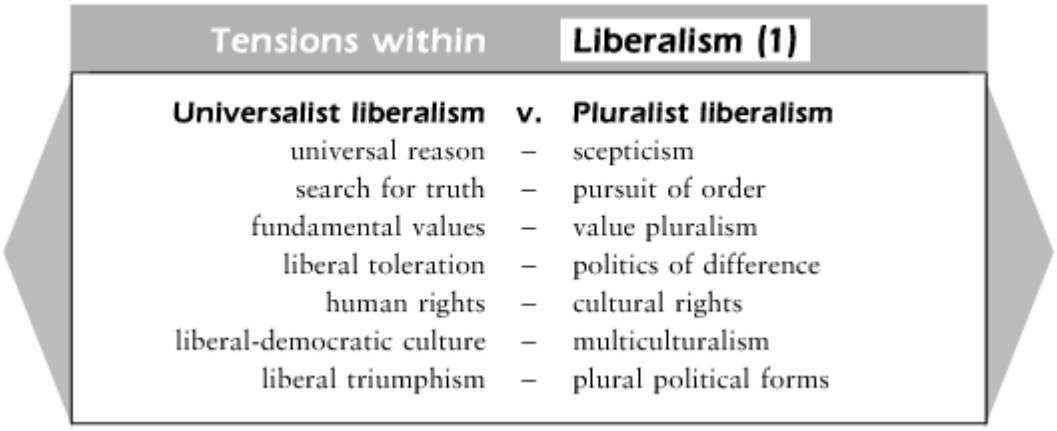
Pluralism

Pluralism, in its broadest sense, is a belief in or commitment to diversity or multiplicity, the existence of many things. As a descriptive term, pluralism may denote the existence of party competition (political pluralism), a multiplicity of ethical values (moral or value pluralism), a variety of cultural beliefs (cultural pluralism) and so on. As a normative term it suggests that diversity is healthy and desirable, usually because it safeguards individual liberty and promotes debate, argument and understanding. More narrowly, pluralism is a theory of the distribution of political power. As such it holds that power is widely and evenly dispersed in society, not concentrated in the hands of an elite or ruling class. In this form pluralism is usually seen as a theory of 'group politics', implying that group access to government ensures broad democratic responsiveness.

sets liberalism clearly apart from traditional socialism, which advances a conflict model of society, and from conservatism, which associates moral, social and cultural diversity with disorder and instability.

However, liberal toleration does not imply support for unrestricted pluralism and diversity. For example, Locke was not prepared to extend the principle of toleration to Roman Catholics, who, in his view, were a threat to national sovereignty as they gave allegiance to a foreign pope. More commonly, toleration may be qualified in relation to views that are in themselves intolerant. Liberals may, for instance, be prepared to support laws forbidding the expression of, for instance, racist opinions or laws that ban undemocratic political parties, on the grounds that the spread of such opinions or the success of such parties is likely to spell the demise of liberal toleration. Nevertheless, liberals have believed that, in most cases, intolerance does not have to be suppressed. As J. S. Mill argued, the value of open debate and discussion is that 'bad' ideas are exposed as bad, meaning that 'good' ideas prevail. Faith in toleration is therefore linked to the Universalist belief that liberal theories and values are ultimately destined to triumph over their illiberal alternatives.

Since the late twentieth century, however, many liberals have gone beyond toleration and endorsed the idea of moral neutrality. This reflects a shift from universalism to pluralism within liberalism, in that liberals have often abandoned the search for a set of fundamental value in favour of the desire to create conditions in which people with different moral and material priorities can live together peacefully and profitably. Such a view is based upon the belief, expressed most forcibly in the writings of Isaiah Berlin ([1958] 1969), that conflicts of values are intrinsic to human life. People, in short, are bound to disagree about the ultimate ends of life. This may deprive liberal values of their privileged status, but it underlines the importance of tolerance-preserving liberal institutions as the best, and perhaps the only, means of preserving order and stability in a context of moral pluralism. However, once liberalism accepts moral pluralism, it is difficult to contain it within a liberal framework. For John Gray (1995b), for instance, pluralism implies a 'post-liberal' position in which liberal values, institutions and regimes no longer enjoy a monopoly of legitimacy.



Liberalism, government and democracy

The liberal state

Liberals do not believe that a balanced and tolerant society will 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 their contracts when it 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 upon 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'.

John Locke (1632–1704)

English philosopher and politician. Born in Somerset, Locke studied medicine at Oxford before becoming secretary to Anthony Ashley Cooper, first Earl of Shaftesbury. His political views were developed against the background of and were shaped by the English Revolution.

A consistent opponent of absolutism and often portrayed as the philosopher of the 'Glorious Revolution' of 1688, which established a constitutional monarchy, Locke is usually seen as a key thinker of early liberalism. Although he accepted that by nature humans are free and equal, the priority he accorded property rights prevented him from endorsing political equality or democracy in the modern sense. Locke's most important political works are A Letter Concerning Toleration (1689) and Two Treatises of Government (1690).

This argument is the basis of the social contract theories, developed by seventeenth-century writers such as Thomas Hobbes (see p. 76) 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 several important liberal attitudes towards the state in particular and political authority in general. In the first place, it suggests that in a sense political authority comes ‘from below’. The state is created by individuals and for individuals; it exists in order to serve their needs and interests. 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 upon 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. This principle was developed by Locke in Two Treatises of Government ([1690] 1962) and was used to justify the Glorious Revolution of 1688, which deposed James II and established a constitutional monarchy in Britain under William and Mary. It was also clearly expressed by Thomas Jefferson (see p. 49) in the American Declaration of Independence (1776), which declares that when government becomes an absolute despotism ‘it is the right of the people to alter or abolish it’.

Second, social contract theory portrays the state as an umpire or neutral referee in society. The state is not created by a privileged elite, wishing to exploit the masses, but out of an agreement amongst all the people. The state therefore embodies the interests of all its citizens and acts as a neutral arbiter when individuals or groups come into conflict with one another. For example 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, each party had entered into the contract voluntarily and in full knowledge. The essential characteristic of any such umpire is that its actions are, and are seen to be, impartial. Liberals thus regard the state as a neutral arbiter amongst the competing individuals and groups within society.

Constitutional government

Although 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. One the one hand, this is based upon 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'. 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 seek to allocate duties, powers and functions amongst the various institutions of government. It therefore

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 or decentralization. Constitutionalism is thus a species of political liberalism.

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 authoritative document. A written constitutions thus constitutes 'higher' law. The first such document was the US Constitution, written in 1787, but during the 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 first ten amendments of the US Constitution, for example, list individual rights and are collectively called the 'Bill of Rights'. A similar 'Declaration of the Rights of Man' (1789) was adopted during the French Revolution. 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 most clearly expressed 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'. 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 holds that the legislative, executive and judicial powers of government should be exercised by three independent institutions, thus preventing any individual or small group from gaining dictatorial power. The US presidential system of

government, for example, is based upon a strict separation of powers between Congress, the presidency and the Supreme Court. The principle of judicial independence is respected in all liberal democracies. 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 politically 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 checks the power of each legislative chamber) and territorial divisions such as federalism, devolution and local government (which check the power of central government).

Democracy

The origins of the term 'democracy' can be traced back to Ancient Greece. Like other words ending in 'cracy' – autocracy, aristocracy, bureaucracy and so on – democracy is derived from the Greek word kratos, meaning power or rule. Democracy thus stands for 'rule by the demos', demos meaning 'the people', though it was originally taken to imply 'the poor' or 'the many'. A more modern version of the democratic principle is found in Abraham Lincoln's Gettysburg address of 1863, which extolled the virtues of 'government of the people, by the people and for the people'. However, democracy is a contested concept: there is no agreed or settled definition of the term, only a number of rival definitions. There is therefore no single model of democratic rule, only a number of competing versions. Historically, the most successful of these has been liberal democracy; by the end of the twentieth century, liberal democracy appeared to have vanquished its major rivals. Nevertheless, liberal-democratic political systems have a hybrid character: they embody two distinct features, one liberal, the other democratic. The liberal element reflects a belief in limited government; the democratic element reflects a commitment to popular rule. As a model of democracy, liberal democracy has three central features:

- Liberal democracy is an indirect and representative form of democracy. Political office is gained through success in regular elections, conducted on the basis of formal political equality – 'one person, one vote; one vote, one value'.
- It is based upon competition and electoral choice. This is ensured by political pluralism, a tolerance of a wide range of contending beliefs, conflicting social philosophies and rival political movements and parties.
- It is characterized by a clear distinction between the state and civil society. This is maintained both by internal and external checks on government power and the existence of autonomous groups and interests, and by the market or capitalist organization of economic life.

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

groups, possessing different opinions and opposing interests. The ‘democratic solution’ to conflict is recourse to numbers and the application of majority rule, the principle that the will of the majority or 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 US Constitutional Convention in Philadelphia in 1787. Madison argued that the best defence against majoritarian tyranny is a network of checks and balances that would make government responsive to competing minorities and also 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 liable 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 upon their level of education or social position.

James Madison (1751–1836)

US statesman and political theorist. Madison was a Virginian who was a keen advocate of American nationalism at the Continental Congress, 1774 and 1775. He helped to set up the Constitutional Convention in 1778, and played a major role in writing the Constitution. Madison served as Jefferson's Secretary of State, 1801–9, and was the fourth President of the United States, 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 upon checks and balances as the principal means of resisting tyranny. Nevertheless, when in office, Madison was prepared to strengthen the powers of national government. His best-known political writings are his contributions to The Federalist (1787–8), which campaigned for Constitutional ratification.

Ortega y Gasset (1883–1955), the Spanish social thinker, expressed such fears more dramatically in The Revolt of the Masses (1930). 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.

By the twentieth century, however, a large proportion of liberals had come to see democracy as a virtue, although this was based upon a number of arguments and doctrines. The earliest liberal justification for democracy was based on consent, and the idea that citizens must have a means of protecting themselves from the encroachments 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 representation'. Utilitarian theorists such as Jeremy Bentham 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. 50) is based on the belief that individuals seek pleasure and wish to avoid pain, in which case they will vote so as 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'. However, to justify democracy on protective grounds is to provide only a qualified endorsement of democratic rule. Ultimately, protective democracy aims to give citizens the greatest scope to live their lives as they choose, and thus tends to be associated with minimum government intervention.

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, J. S. 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, although he rejected political equality, Mill believed that the franchise should be extended to all but those who are Perspectives on …

Democracy

Liberals understand democracy in individualist terms as consent expressed through the ballot box, democracy being equated with regular and competitive elections. Whilst democracy constrains abuses of power, it must always be conducted within a constitutional framework in order 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 facade 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 monopolises ideological wisdom and is alone able to articulate the true interests of the people. Party and electoral competition are thus corrupt and degenerate.

Ecologists 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.

illiterate and, in the process, suggested (radically for his time) that suffrage should also be extended to women.

However, since the 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 increasing complex, characterized by competition between rival interests. From this point of view, the attraction of democracy is that it is the only system of rule capable of maintaining equilibrium within complex and fluid modern societies. As democracy gives competing groups a political voice it binds them to the political system and so maintains political stability. This, nevertheless, lead to more modest theories of democracy. The US political scientists Robert Dahl (b. 1915) and Charles Lindblom termed modern democratic systems 'polyarchies', meaning rule by the many as distinct from all citizens. A polyarchy is characterized by the extension of citizenship to a relatively high proportion of adults and the right of those citizens to oppose government officials by voting them out of office. Whilst this may fall a long way short of the classical ideal of popular self-government, it has the crucial advantage of maintaining a consistent level of accountability and popular responsiveness.

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 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 theories in fact have had growing appeal from the second half of the twentieth century onwards. Although what is called neoclassical liberalism, or neoliberalism, initially had greatest impact in the UK and the USA, its influence has spread much wider, in part fuelled by the advance of globalization.

Classical liberal ideas have taken a variety of forms but they have a number of common characteristics. First, classical liberals subscribe to egoistical individualism. They view human beings as rationally self-interested creatures, who have a pronounced capacity for self-reliance. Society is therefore seen to be 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. Second, classical liberals believe in negative freedom. The individual is free insofar 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 upon the individual. Third, the state is regarded at best 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 upon 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. Finally, classical liberals have a broadly positive view of civil society. Civil society is not only deemed to be a 'realm of freedom' – by 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 most clearly expressed in the classical liberal belief in a self-regulating market economy. Classical liberalism nevertheless draws upon a variety of doctrines and theories. The most important of these are the following:

- Natural rights theory
- Utilitarianism
- Economic liberalism
- Social Darwinism
- Neoliberalism

Natural rights theory

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

Thomas Jefferson (1743–1826)

US political philosopher and statesman. Jefferson was a wealthy Virginian planter who was a delegate to the Second Continental Congress, 1775, and Governor of Virginia, 1779–81. He served as the first Secretary of State, 1789–94, and was the third President of the United States, 1801–9. Jefferson was the principal author of the Declaration of Independence and wrote a vast number of addresses and letters.

Jefferson developed 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. He also exhibited sympathy for social reform, favouring the extension of public education, the abolition of slavery (despite being a slave-owner) and greater economic equality. In the United States, Jeffersonianism stands for resistance to strong central government and a stress upon individual freedom and responsibility, and states' rights.

([1651] 1968), written at the time of the English Civil War, Hobbes 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. Hobbes therefore placed the need for order above the desire for liberty. Locke, on the other hand, argued against arbitrary or unlimited government. Government is established in order to protect the three basic rights of 'life, liberty and property'. 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. In later centuries liberals have often used the idea of individual rights to justify popular revolt against government tyranny.

For Locke, moreover, the contract between state and citizens 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 functions of governments should not extend beyond the 'minimal' functions of preserving public order and protecting property, providing defence against external attack and ensuring that contracts are enforced. Other issues and responsibilities are properly the concern of private individuals. Thomas Jefferson expressed the same sentiment a century later when he argued, '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 will benefit society at large.

Utilitarian ideas have had a considerable impact upon 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. Furthermore 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

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 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.

Jeremy Bentham (1748–1832)

UK philosopher, legal reformer and founder of utilitarianism. Bentham's ideas formed the basis of philosophical radicalism, which was responsible for many of the reforms in social administration, law, government and economics in Victorian Britain.

Bentham developed a supposedly scientific alternative to natural rights theory, in the form of a moral and philosophical system based upon 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 developed a justification for laissez-faire economics, constitutional reform and, in later life, political democracy. Bentham's utilitarian creed was

developed in Fragments on Government (1776) and more fully in Principles of Morals and Legislation (1789).

large and not merely to individual human behaviour. Institutions and legislation can 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 outweighs those of the minority. Liberals, in contrast, believe that each and every individual should be entitled to pursue his or her own interests, not just those who happen to be in the majority. The strict application of Benthamite principles can therefore, liberals fear, result in majoritarian tyranny. Nevertheless, this concern with 'the greatest number' also explains why in the late nineteenth and early twentieth centuries socialist thinkers were also drawn to utilitarianism.

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 (see p. 52) and David Ricardo (1770–1823). Smith's The Wealth of Nations ([1776] 1976) was in many respects the first economics text book. His ideas drew heavily upon 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 wrote at a time of wide-ranging government restrictions upon 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 Adam Smith (1723–90)

Scottish economist and philosopher, usually seen as the founder of the 'dismal science'. After holding the chair of logic and then moral philosophy at Glasgow University, Smith became tutor to the Duke of Buccleuch, which enabled him to visit France and Geneva and develop his economic theories.

In The Theory of Moral Sentiments (1759) Smith developed a theory of motivation that tried to reconcile human self-interestedness with unregulated social order. His most famous work, The Wealth of Nations (1776), was the first systematic attempt to explain the workings of the economy in market terms, emphasizing the importance of a division of labour. Though often seen as a free-market theorist, Smith was nevertheless aware of the limitations of laissez-faire.

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, 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 upon material acquisition.

The attraction of classical economics was that, although 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 prosperity and well-being. For example, 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 consumers 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 Adam Smith referred to as an 'invisible hand'. This idea of a self-regulating market reflects the liberal belief in a naturally existing harmony amongst the conflicting interests within society. Smith ([1776] 1976) expressed the economic version of this idea as follows:

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.

The 'invisible hand' has been used by later economists to explain how economic problems such as unemployment, inflation or balance of payments' deficits can be removed by the mechanisms of the market. For instance, unemployment occurs when there are more people prepared to work than there are jobs available: in other words, the supply of labour exceeds the demand for it. As a result, market forces push down the 'price' of labour, that is, wages. As wages fall, employers are able to recruit more workers and unemployment drops. Market forces can therefore eradicate unemployment without the need for government interference, provided that wage levels, like other prices, remain flexible.

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, meaning 'let [them] act'. This is the idea 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 oppose all forms of factory legislation, including restrictions upon the employment of children, limits to the number of hours worked and any regulation of working conditions. Such economic individualism is usually based upon 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. Since the late twentieth century, faith in the free market has been revived through the rise of neoliberalism and its assault on the 'dead hand' of government, examined later in this section. The other manifestation of economic liberalism, a commitment to free trade, is discussed in Chapter 6 in relation to liberal internationalism.

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-tried 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 example, 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 upon ideas that the British scientist Charles Darwin (1809–82) had developed in The Origin of Species ([1859] 1972). Darwin presented a theory of evolution that explained 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 wide range of living species has therefore developed on Earth, while many other species have become extinct. A process of 'natural selection' decides which species are fitted to survive by nature, and which are not.

Although Darwin himself applied these ideas only to the natural world, they were soon employed in constructing social and political theories as well. Spencer, for example, argued that a process of natural selection also exists within human society, which is characterized by the principle of 'the survival of the fittest'. Society was therefore portrayed as a struggle for survival amongst individuals. Those 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. Indeed any attempt to support or help the poor, unemployed or disadvantaged, is an affront to nature itself. Spencer's American 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'.

Neoliberalism

Neoliberalism, sometimes called neoclassical liberalism, refers to a revival of economic liberalism which has taken place since the 1970s. Neoliberalism is counter-revolutionary: its aim is to halt, and if possible reverse, the trend towards 'big' government and state intervention that had characterized much of the twentieth century. Neoliberalism had its greatest initial impact in the two states in which free-market economic principles had been most firmly established in the nineteenth century, the UK and the USA. However, in the case of both 'Thatcherism' in the UK and 'Reaganism' in the USA, neoliberalism formed part of a larger, new right ideological project that sought to fuse laissez-faire economics with an essentially conservative social philosophy. This project is examined in Chapter 3. Neoliberalism, nevertheless, is not merely an arm of the new right. It has been shaped by wider forces, notably those of economic globalization, and it

has had an effect upon liberal and socialist parties as well as conservative ones, and it has been influential well beyond its Anglo-American homeland.

Neoliberalism amounts to a form of market fundamentalism. The market is seen to be morally and practically superior to government and any form of political control. In that sense, neoliberalism goes beyond classical economic theory. For example, although 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. From the neoliberal perspective, the defects of government are many and various. Free-market economists, such as Friedrich Hayek (see p. 95) and the US economist Milton Friedman (1962), attacked the economic role of government. Hayek (1944) advanced a damning economic and political critique of central planning in particular and economic intervention in general. He argued that planning in any form is bound to be economically inefficient because state bureaucrats, however competent they might be, are confronted by a range and complexity of information that is simply beyond their capacity to handle. In his view, economic intervention is the single most serious threat to individual liberty because any attempt to control economic life inevitably draws the state into other areas of existence, ultimately leading to totalitarianism (see p. 227). Friedman criticized Keynesianism (see p. 63) on the grounds that 'tax and spend' policies fuel inflation by encouraging governments to increase borrowing without, in the process, affecting the 'natural rate' of unemployment. Public-choice theorists, influenced by utilitarianism, have questioned the legitimacy of government by challenging its relationship to the public interest. As human beings are rationally self-interested creatures, government officials will inevitably use their position to further their own ends rather than those of the general public. This suggests that the growth of 'big' government was not so much a response to democratic pressure, nor an attempt to correct the imbalances of capitalism, but was rather a consequence of the pursuit of career self-interest by public-sector workers generally.

In contrast, the market has near-miraculous qualities. First and foremost, because they tend towards long-term equilibrium, markets are self-regulating. Re-stating Smith's idea of the 'invisible hand, Hayek likened the market to a vast nervous system which is capable of regulating the economy because it can convey an almost infinite number of messages simultaneously via the price mechanism. Second, markets are naturally efficient and productive. Market economies are efficient at a macro-economic level because resources are drawn inexorably to their most profitable use, and because rich and poor alike have an incentive to work. At a micro-economic level, private businesses are inherently more efficient then public bodies because they are disciplined by the profit motive, forcing them to keep costs low, while the taxpayer will always pick up the bill for public losses. Third, markets are responsive, even democratic, mechanisms. Competition guarantees that producers produce only what consumers are willing to buy, and at a price they can afford; the consumer, in short, is king. Finally, markets deliver fairness and economic justice. The market gives all people the opportunity to rise or fall on the basis of talent and hard work. Material inequality thus simply reflects a natural inequality amongst humankind.

The major driving force behind the advance of neoliberal ideas and structures has been economic globalization. Globalization has witnessed the incorporation of national economies into an interlocking global economy in which production is internationalized and capital flows freely, and often instantly, between countries. Philip Bobbitt (2002) has argued that this has contributed

to the replacement of the nation-state by the 'market state', whose role extends little beyond the attempt to maximize the choices available to individuals. The conditions for the spread of globalization were established by the collapse, in the early 1970s, of the Bretton Woods agreement, a system of fixed exchange rates that had given stability to the international economy since 1945. The institutions of global economic governance, the International Monetary Fund, the World Bank and, since 1995, the World Trade Organization (formally GATT) were, as a result, converted to the idea of a neoliberal economic order based upon free-market and free-trade principles. Globalization has therefore gone hand in hand with neoliberalism, a process that reached its peak in the 1990s with a massive market-based restructuring of economies, particularly in the postcommunist states of eastern Europe, in Latin America and in much of the developing world. Neoliberalism's unreserved endorsement of market-orientated global capitalism shows how far it draws from a narrow economic liberalism that is uninterested in other matters. Neoliberals, for instance, are not taxed by the implications for democracy of the growing power of transnational corporations, the difficulty of reconciling unbridled consumerism and competitive individualism with any meaningful notion of human flourishing, or the threat posed to economic and cultural diversity by the emergence of global goods and the trend towards merger and monopoly. This, indeed, may merely reflect the selective moral sensibilities that liberalism sometimes demonstrates, in being more willing to expose the flaws of socialist and authoritarian societies than to address those of capitalist societies.

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 British liberalism from the late nineteenth century onwards, but in other countries they did not take effect until much later; for example, American 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 in particular have argued that it effectively broke with the principles and doctrines that had previously defined liberalism, notably that it abandoned individualism and embraced collectivism (see p. 149). 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 theoretically consistency, modern liberalism represents a marriage

between new and old liberalism, and thus embodies ideological and theoretical tensions. The distinctive ideas of modern liberalism include the following:

- 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 backwards to the early nineteenth century and forward to the twentieth century. 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 most clearly show Mill 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' (1972, p. 73), a conception of liberty that is essentially negative for it portrays freedom as the absence of restrictions upon 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 strongly influenced by European romanticism and found the notion of human beings as utility maximisers both shallow and unconvincing. He believed passionately in individuality, the distinctiveness, even uniqueness, of each individual human being. 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 insofar 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 upon human flourishing rather than the crude satisfaction of interests. Nevertheless, Mill did not draw the conclusion that the state should step in and guide individuals towards personal growth and 'higher' pleasures because, like Tocqueville, he feared the spread of conformism in society. For example, although he encouraged the spread of education as perhaps the best way by which individuals could gain fulfilment, he feared that state education would simply mean that everyone shared the same views and beliefs.

Positive freedom

The clearest break with early liberal thought came in the late nineteenth century with the work of the UK philosopher T. H. Green (1836–82), whose writing influenced a generation of so-called 'new liberal' thinkers 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; they are capable 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 liberty. Negative liberty merely removes external constraints upon the individual, giving the individual freedom of choice. In the case of the businesses which 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. Green argued that contracts of work are not made by free or equal individuals. Workers are sometimes coerced into accepting employment because poverty and starvation are the only alternatives, while employers usually have the luxury of choosing from amongst a number of workers. Freedom of choice in the market place is therefore an inadequate conception of individual freedom.

In the place of negative freedom, Green proposed the idea of positive freedom. Freedom is the ability of the individual to develop and attain individuality; it involves the ability of the individual to realize his or her potential, attain skills and knowledge and achieve fulfilment. Unrestrained capitalism does not give each individual the same opportunities for self-realization. The working class, for example, is held back by the disadvantages of poverty, sickness, unemployment and ignorance. In removing external constraints from the individual, negative freedom might amount to no more than the freedom to starve, while positive freedom aims to empower the individual and safeguard people from the social evils that threaten to cripple their lives. Such a view was, for instance, expressed in the UK in the Beveridge Report (1942), which outlined a blueprint for an extended welfare state, in its attack on the so-called 'five giants': want, disease, ignorance, squalor and idleness.

If market society does not provide individuals with equal opportunities to grow and develop, modern liberals have argued that this can only be achieved through collective action, undertaken by government. Influenced by the German philosopher Hegel (1770–1831), who portrayed the state, is an ethical idea that embodies the collective aspirations of society, Green believed that the state is invested with social responsibility for its citizens. It is seen not merely as a threat to individual liberty, but, in a sense, as its guarantor. Unlike early liberals, modern liberals have been prepared to view the state positively as an enabling state, exercising an increasingly wide range of social and economic responsibilities.

Although this undoubtedly involved a revision of classical liberal theories, it did not amount to the abandonment of core liberal ideas. Modern liberalism has drawn closer to socialism, but it has not placed society before the individual. For T. H. Green, for example, freedom ultimately consisted in individuals acting morally. The state cannot force people to be good, it can only

provide conditions in which they can make more responsible moral decisions. The balance between the state and the individual has been altered, but the underlying commitment to the needs and interests of the individual remains. 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 are conducive to it. The central thrust of modern liberalism is therefore 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 the modern state became a welfare state. This occurred as a consequence of a variety of historical and ideological factors. Governments, for example, sought to achieve national efficiency, more healthy work forces and stronger armies. They also came under electoral pressure for social reform from newly enfranchised industrial workers and, in some cases, the peasantry. The political argument for welfarism has not 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 is 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. However, modern liberals believe that such an expansion of the responsibilities of government has not diminished individual rights, but rather broadened them. Citizens have acquired a range of welfare or social rights, such as the right to work, the right to education and the right to decent housing. Classical liberals, in contrast, believe that the only rights to which the citizen is entitled are negative rights, those that depend upon the restraint of government power. This applies to most of the traditional civil liberties respected by liberals, such as freedom of speech, religious worship and assembly. These rights constitute a ‘private sphere’, which should be untouched by government. Welfare rights, on the other hand, 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 usually championed the cause of social welfare. The foundations of the welfare state in the UK were laid before the First World War by the Asquith Liberal government, which introduced old age pensions and a limited system of health and unemployment insurance. When the UK welfare state was expanded after the Second World War by the Attlee Labour government, it was according to the 1942 Beveridge Report, written by the modern liberal William Beveridge (1879–1963). This promised to create a comprehensive system of social security that would cover all citizens ‘from the cradle to the grave’. In the USA, liberal welfarism developed in the 1930s during the administration of F. D. Roosevelt. Ideas of economic individualism and self-help remained dominant well into the

twentieth century, but under Roosevelt's 'New Deal' public relief was introduced for the unemployed, the old, children, widows and the blind. New Deal liberalism survived the death of Roosevelt in 1945, and reached its height in the 1960s with the 'New Frontier' policies of John Kennedy and Lyndon Johnson's 'Great Society' programme. The latter concentrated on improving the civil rights of US blacks and countering poverty and squalor in US cities.

In some respects, modern liberalism straddles the divide between liberalism and socialism. The 'new' liberals of the late nineteenth century were, John Rawls (1921–2002)

US academic and political philosopher. Rawls' major work, A Theory of Justice (1970), is regarded as the most important work of political philosophy written in English since the Second World War, and it has had a crucial influence on both modern liberal and social democratic thought.

Rawls used a form of social contract theory to reconcile liberal individualism with the principles of redistribution and social justice. His notion of 'justice as fairness' is based upon the belief that behind a 'veil of ignorance' (that is, not knowing our own social position and circumstances) most people would favour two basic principles: (a) that the liberty of each person should be compatible with a like liberty for all, and (b) that social inequality should only exist if it works to the benefit of the poorest in society. The universalist presumptions of his early work were somewhat modified in Political Liberalism (1993).

for instance, influenced by the ideas of Fabian socialism. This overlap nevertheless became most pronounced in the second half of the twentieth century with the emergence of so-called social-democratic liberalism, especially in the writings of John Rawls. 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 upon 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 in egalitarian 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 inequality should be arranged so as to be 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 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 the Second World War 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. According to them, unemployment will fall if wages are allowed to drop; it will only persist if, usually because of trade union pressure, wage levels are inflexible. Workers, according to this view, literally 'price themselves out of jobs'. 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 if wage levels are cut, purchasing power within the economy will fall and with it aggregate demand. If people have less money in their pockets to spend, firms will produce fewer goods, with the result that unemployment will continue to rise. A free market might consequently spiral downwards into depression and be incapable of reviving itself, which is what Keynes believed had occurred in the 1930s. Unlike previous trade cycles, the Great Depression did not end with a 'natural' upturn in economic fortunes.

Keynes suggested that governments can 'manage' their economies by influencing the level of aggregate demand. Government spending is, in effect, an 'injection' of demand into the economy. By building a school the

Keynesianism

Keynesianism refers, narrowly, to the economic theories of J. M. Keynes 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.

government creates employment for construction workers and demand for building materials, the effects of which will ripple throughout the economy, as construction workers, for example, have the money to buy more goods. This is what Keynes called the 'multiplier effect'. 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 the government should 'reflate' the economy by either increasing public spending or cutting taxes. Unemployment can 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 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'. However Roosevelt's commitment to a balanced budget and his consequent refusal to allow increased government spending on public works projects to exceed taxation revenues resulted in only a very gradual decline in unemployment. The Great Depression was in fact brought to an end by a widespread and substantial expansion of military spending in preparation for war, rather than a deliberate attempt to cure unemployment. This was most evident in Germany where unemployment was halved within eighteen months of Hitler's appointment as Chancellor in 1933. The unemployment of the inter-war period was therefore cured by inadvertent Keynesianism.

Tensions within Liberalism (2)

Classical liberalism	v.	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

By the end of the Second World War, Keynesianism was widely established as an economic orthodoxy in the West, displacing the older belief in laissez-faire. Virtually all countries practiced economic management in carrying out post-war economic reconstruction and planning for future growth. Keynesianism was 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. This led to a shift away from Keynesian priorities, particularly full employment, to neoliberal one, linked to low or zero inflation. Nevertheless, the failure of the free-market revolution of the 1980s and 1990s to ensure sustained economic growth has lead to emergence of the 'new' political economy, or neo-Keynesianism. Although this recognizes that the 'crude' Keynesianism of the 1950s and 1960s had been rendered redundant as a result of globalization, it also marks a renewed awareness of the fact that unregulated capitalism tends to bring low investment, short-termism and social fragmentation or breakdown.

Liberalism in the twenty-first century

The twentieth century appeared to culminate in the worldwide triumph of liberalism, as the liberal model of representative government combined with market-based economics that had dominated political and social development in the West since the nineteenth century spread remorselessly throughout the globe. This view was most memorably articulated by the US social theorist Francis Fukuyama (1989), who proclaimed that 'we are witnessing the end of history as such: that is, the end point of mankind's ideological evolution and the universalization of Western liberal democracy as the final form of human government'. Evidence to support this thesis is easy to find. After the collapse of fascism in 1945, the principal alternative to western liberalism was Soviet-style communism. However, this too collapsed spectacularly in the eastern European revolutions of 1989–91, undermining, in the process, the very ideas of planning and interventionism. In Africa, Asia and Latin America a process of 'democratization' was underway that involved the spread of competitive party systems and a growing enthusiasm for market reforms. Whether this process reflected the manifest superiority of liberalism over its ideological rivals, notably socialism (as 'end of history' theorists suggest), or was a consequence of the emergence of a global capitalist system dominated by multinational corporations (as critics warn), the shape of the future seemed to be predetermined. In twenty-first century, economic and political differences would progressively diminish as all societies, at different rates, converged on an essentially liberal model of development. This can, for instance, be seen in the rise of the 'market state' and in the dominance of issues to do with personal consumption and individual choice (Bobbit, 2002).

However, liberal triumphalism needs to be tempered by the recognition of new challenges that have forced liberals to rethink and sometimes revise their views. Indeed, in some respects, liberal ideology is suffering from a crisis of confidence, evident in the growing reluctance of liberals to present their ideas as universal or fundamental principles. Twenty-first century challenges to liberalism come from various sources, but, with the socialist challenge apparently defeated, their common theme is recognition of the importance of difference or diversity. This highlights the fact that it is increasingly difficult to root values and identity in the abstract notion of the individual, as 'the particular' gains credibility over 'the universal'. Communitarians (see p. 149) provided the basis for one of the earliest such attacks on liberalism. Alisdair MacIntyre (1981) and Michael Sandel (1982), for example, rejected individualism as facile, on the grounds that it suggests that the self is 'unencumbered', drawing its identity entirely from within rather than from its social, historical or cultural context. The liberal society, which preaches that each individual should pursue the good life as he or she defines it, therefore threatens to degenerate into unrestrained egoism and is incapable of promoting cooperation and collective Endeavour.

Feminists have developed their own version of the 'politics of difference'. This attacks liberalism as an inadequate vehicle for advancing the social role of women because it fails to recognize the significance of gender differences, and too often champions a conception of 'personhood' that is dominated by male traits and characteristics. Women, it is argued, should embrace values and an identity that are 'woman-identified', which means casting off the pretensions of liberal universalism. The advent of multicultural societies has also presented liberalism with difficulties. Although liberals have long preached toleration and accepted the benefits of moral and cultural diversity, multiculturalism presents them with at least two problems. The first is that

multiculturalism is associated with a collective notion of identity based on ethnicity, race, language or whatever. The second is that the values that are intrinsic to group identity must be accepted as valid, regardless of whether they are liberal, non-liberal or even anti-liberal.

Multiculturalism

Multiculturalism is used as both a descriptive and a normative term. As a descriptive term it refers to cultural diversity arising from the existence within a society of two or more groups whose beliefs and practices generate a distinctive sense of collective identity. Multiculturalism is invariably reserved for communal diversity that arises from racial, ethnic or language differences. As a normative term, multiculturalism implies a positive endorsement of communal diversity, based upon the right of different cultural groups to recognition and respect. In this sense, it acknowledges the importance of beliefs, values and ways of life in establishing a sense of self-worth for individuals and groups alike.

Challenges to liberalism also come from outside its western homeland. There is as much evidence that the end of the bipolar world order, dominated by the clash between a capitalist West and the communist East, has unleashed new and non-liberal political forces as there is of the advance of liberal democracy. In Eastern Europe and parts of the developing world, resurgent nationalism, whose popular appeal is based upon strength, certainty and security, has often proved more potent than equivocal liberalism. Moreover, this nationalism is more commonly associated with ethnic purity and authoritarianism than with liberal ideals such as self-determination and civic pride. Various forms of fundamentalism (see p. 299), quite at odds with liberal culture, have also arisen in the Middle East and parts of Africa and Asia. Indeed, political Islam may prevail over liberalism in much of the developing world precisely because of its capacity to offer a non-western, even anti-western, stance. 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 be characterized by growing ideological diversity. Political Islam, Confucianism and even authoritarian nationalism may yet prove to be enduring rivals to western liberalism. Western societies, for their part, may respond to such challenges by shifting away from liberalism, as is evident in the curtailment of civil liberties that has accompanied the so-called ‘war of terror’. From the perspective of postmodernism (see p. 323), the crisis of liberalism is a consequence of the effective collapse of the Enlightenment project, of which liberalism has always been a part. This project was based upon the assumption that a set

of universally applicable rational principles can lay down conditions that allow individuals to pursue incommensurable ends. However, postmodern thinkers, such as Richard Rorty (1989), have questioned the idea of objective truth and argued that liberalism, like other ideologies and indeed all belief systems, is merely a ‘vocabulary’ that cannot be viewed as any more ‘accurate’ than other ‘vocabularies’. From this perspective, liberalism as a ‘meta-narrative’, a theory that outlines the direction of historical development, is dead. If this is so, liberalism may have to face

a future in which it is merely one among a number of models of political order. John Gray (1995) therefore argued that the true successor to liberalism is pluralism, the strength of which is that it accepts both liberal and non-liberal values and institutions as equally legitimate.

Further reading

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