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What is Classical Liberalism?

There are several broad characteristics that define liberalism, that distinguish it from other doctrines and political systems. In the words of John Gray,

Common to all variants of the liberal tradition is a definite conception, distinctively modern in character, of man and society ... It is *individualist*, in that it asserts the moral primacy of the person against the claims of any social collectivity; *egalitarian*, inasmuch as it confers on all men the same moral status and denies the relevance to legal or political order of differences in moral worth among human beings; *universalist*, affirming the moral unity of the human species and according a secondary importance to specific historic associations and cultural forms; and *meliorist* in its affirmation of the corrigibility and improvability of all social institutions and political arrangements. It is this conception of man and society which gives liberalism a definite identity which transcends its vast internal variety and complexity.¹

Liberal societies confer rights on individuals, the most fundamental of which is the right to autonomy, that is, the ability to make choices with regard to speech, association, belief, and ultimately political life. Included within the sphere of autonomy is the right to own property and to undertake economic transactions. Over time, autonomy would also come to include the right to a share of political power through the right to vote.

Needless to say, early liberals had a restricted understanding of who qualified as a rights-bearing human being. This circle was initially limited, in the United States and other “liberal” regimes, to white men who owned property, and only later was broadened to other social groups. Nonetheless, these restrictions on rights ran contrary to the assertions of human equality contained both in the doctrinal writings of liberal theorists like Thomas Hobbes and John Locke, and in foundational documents like the US Declaration of Independence or the French Revolution’s Declaration of the Rights of Man and of the Citizen. The tension between theory and practice drove, as well as the grass-roots

mobilization of excluded groups, the evolution of liberal regimes towards a broader and more inclusive recognition of human equality. In this manner, liberalism differed sharply a manner that differed sharply from nationalist or religiously based doctrines that explicitly limited rights to certain races, ethnicities, genders, confessions, castes, or status groups.

Liberal societies embed rights in formal law, and as a result tend to be highly procedural. Law is simply a system of explicit rules that define how conflicts are to be resolved and collective decisions made, embodied in a set of legal institutions that function semi-autonomously from the rest of the political system so that it cannot be abused by politicians for short-term advantage. These rules have become progressively more complex over time in most advanced liberal societies.

Liberalism is often subsumed under the term “democracy,” though strictly speaking liberalism and democracy are based on distinct principles and institutions. Democracy refers to rule by the people, which today is institutionalized in periodic free and fair multiparty elections under universal adult suffrage. Liberalism in the sense I am using it refers to the rule of law, a system of formal rules that restrict the powers of the executive, even if that executive is democratically legitimated through an election. Thus we should properly refer to “liberal democracy” when we talk about the type of regime that has prevailed in North America, Europe, parts of East and South Asia, and elsewhere in the world since the end of the Second World War. The United States, Germany, France, Japan, and India were all established as liberal democracies by the second half of the twentieth century, although some, like the United States and India, have been backsliding in the last few years.

It is liberalism rather than democracy that has come under the sharpest attack in recent years. Few people argue today that governments should not reflect the interests of “the people,” and even overtly autocratic regimes like those in China or North Korea claim to be acting on their behalf. Vladimir Putin still feels compelled to hold regular “elections” and seems to care about popular support, as do many other de facto authoritarian leaders around the world. On the other hand, Putin has said that liberalism is an “obsolete doctrine,”² and has been working hard to silence critics, jail, kill, or harass opponents, and eliminate any independent civic space. China’s Xi Jinping has attacked the idea that there should be any constraints on the power of the Communist Party,

and has tightened its grip on every aspect of Chinese society. Hungary's Viktor Orbán has explicitly said that he is seeking to build an “illiberal democracy” in the heart of the European Union.³

When liberal democracy regresses, it is the liberal institutions that act as the canaries in the coal mine for the broader authoritarian assault to come. Liberal institutions protect the democratic process by limiting executive power; once they are eroded, democracy itself comes under attack. Electoral outcomes can then be manipulated through gerrymandering, voter qualification rules, or false charges of electoral fraud. The enemies of democracy guarantee that they will remain in power, regardless of the will of the people. Of Donald Trump's many assaults on American institutions, the most serious by far was his unwillingness to concede his loss of the 2020 presidential election and to peacefully transfer power to his successor.

Normatively, I believe that both liberalism and democracy are morally justified and necessary as a matter of practical politics. They constitute two of the three pillars of proper government, and both are critical as constraints on the third pillar, the modern state—a point I elaborated at some length in my *Political Order* series.⁴ However, the present-day crisis of liberal democracy revolves in the first instances less around democracy strictly understood than around liberal institutions. Further, it is liberalism much more than democracy that is associated with economic growth and the prosperity of the modern world. As we will see in chapters 2 and 3, economic growth detached from considerations of equality and justice can be very problematic, but growth remains a necessary precondition for most of the other good things that societies seek.

There have been three essential justifications for liberal societies put forward over the centuries. The first is a pragmatic rationale: liberalism is a way of regulating violence and allowing diverse populations to live peacefully with one another. The second is moral: liberalism protects basic human dignity, and in particular human autonomy—the ability of each individual to make choices. The final justification is economic: liberalism promotes economic growth and all the good things that come from growth, by protecting property rights and the freedom to transact.

Liberalism has a strong association with certain forms of cognition, particularly the scientific method, which is seen as the best means of

understanding and manipulating the external world. Individuals are assumed to be the best judges of their own interests, and are able to take in and test empirical information about the outside world in the making of those judgments. While judgments will necessarily vary, there is a liberal belief that in a free marketplace of ideas, good ideas will in the end drive out bad ones through deliberation and evidence.

The pragmatic argument for liberalism needs to be understood in the historical context in which liberal ideas first arose. The doctrine appeared in the middle of the seventeenth century towards the conclusion of Europe's wars of religion, a 150-year period of almost continuous violence that was triggered by the Protestant Reformation. It is estimated that as much as one-third of central Europe's population died in the course of the Thirty Years' War, if not from direct violence then from the famine and disease that followed upon military conflict. Europe's religious wars were driven by economic and social factors, such as the greed of monarchs eager to seize Church property. But they derived their ferocity from the fact that the warring parties represented different Christian sects that wanted to impose their particular interpretation of religious dogma on their populations. Martin Luther struggled with the emperor Charles V; the Catholic League fought the Huguenots in France; Henry VIII sought to separate the Church of England from Rome; and there were conflicts within the Protestant and Catholic camps between high and low church Anglicans, Zwinglians and Lutherans, and many others. This was a period in which heretics were regularly burned at the stake or drawn and quartered for professing belief in things like "transubstantiation," a level of cruelty that is hardly understandable as an outgrowth of economic motives alone.

Liberalism sought to lower the aspirations of politics, not as a means of seeking the good life as defined by religion, but rather as a way of ensuring life itself, that is, peace and security. Thomas Hobbes, writing in the middle of the English Civil War, was a monarchist, but he saw a strong state primarily as a guarantee that mankind would not return to the war of "every man against every man." The fear of violent death was, according to him, the most powerful passion, one that was universally shared by human beings in a way that religious beliefs were not. Therefore the first duty of the state was to protect the right to life. This was the distant origin of the phrase "*life*, liberty, and the pursuit of

happiness” in the US Declaration of Independence. Building on this foundation, John Locke observed that life could also be threatened by a tyrannical state, and that the state itself needed to be constrained by the “consent of the governed.”

Classical liberalism can therefore be understood as an institutional solution to the problem of governing over diversity, or, to put it in slightly different terms, of peacefully managing diversity in pluralistic societies. The most fundamental principle enshrined in liberalism is one of tolerance: you do not have to agree with your fellow citizens about the most important things, but only that each individual should get to decide what they are without interference from you or from the state. Liberalism lowers the temperature of politics by taking questions of final ends off the table: you can believe what you want, but you must do so in private life and not seek to impose your views on your fellow citizens.

The kinds of diversity that liberal societies can successfully manage are not unlimited. If a significant part of a society does not accept liberal principles themselves and seeks to restrict the fundamental rights of other people, or when citizens resort to violence to get their way, then liberalism is not sufficient to maintain political order. That was the situation in the United States prior to 1861 when the country was riven by the issue of slavery, and why it subsequently fell into civil war. During the Cold War, liberal societies in Western Europe faced similar threats from Eurocommunist parties in France and Italy, and in the contemporary Middle East the prospects for liberal democracy have suffered due to the strong suspicion that Islamist parties like the Muslim Brotherhood in Egypt do not accept the liberal rules of the game.

Diversity can take many forms: in seventeenth-century Europe it was religious, but it can also be based on nationality, ethnicity, race, or other types of belief. Byzantine society was riven by a sharp polarization between the Blues and Greens, racing teams in the Hippodrome that corresponded to Christian sects professing belief in Monophysite and Monothelite doctrines respectively. Poland today is one of the most ethnically and religiously homogeneous societies in Europe, and yet it is sharply polarized between social groups based in its cosmopolitan cities and a more conservative one in the countryside. Human beings are very good at dividing themselves into teams that go to war with one another

metaphorically or literally; diversity thus is a prevalent characteristic of many human societies.⁵

Liberalism's most important selling point remains the pragmatic one that existed in the seventeenth century: if diverse societies like India or the United States move away from liberal principles and try to base national identity on race, ethnicity, religion, or some other substantive vision of the good life, they are inviting a return to potentially violent conflict. The United States suffered such conflict during its Civil War, and Modi's India is inviting communal violence by shifting its national identity to one based on Hinduism.

The second justification for a liberal society is a moral one: a liberal society protects human dignity by granting citizens an equal right to autonomy. The ability to make fundamental life choices is a critical human characteristic. Every individual wants to determine their life's goals: what they will do for a living, whom they will marry, where they will live, with whom they will associate and transact, what and how they should speak, and what they will believe. It is this freedom that gives human beings dignity, and unlike intelligence, physical appearance, skin color, or other secondary characteristics, it is universally shared by all human beings. At a minimum, the law protects autonomy by granting and enforcing citizens' rights to speak, associate, and believe. But over time autonomy has come to encompass the right to have a share in political power and to participate in self-government through the right to vote. Liberalism has thus become tied to democracy, which can be seen as an expression of collective autonomy.

The view of liberalism as a means of protecting basic human dignity that emerged in Europe by the time of the French Revolution has now been written into countless constitutions of liberal democracies around the world in the form of the "right to dignity," and appears in the basic laws of countries as diverse as Germany, South Africa, and Japan. Most contemporary politicians would be hard-pressed to explain precisely which human qualities give people equal dignity, but they would have a vague sense that it implies something about the capacity for choice, and the ability to make decisions about one's own life course without undue interference from governments or broader society.

Liberal theory asserted that these rights applied to all human beings universally, as in the Declaration of Independence's opening phrase "We

hold these truths to be self-evident, that all men are created equal.” But, in practice, liberal regimes made invidious distinctions between individuals, and did not regard all of the people under their jurisdiction as full human beings. The United States did not grant citizenship and the franchise to African Americans until passage of the Fourteenth, Fifteenth, and Sixteenth amendments in the wake of the Civil War, and after Reconstruction shamefully took them back in a period that stretched up to the Civil Rights era in the 1960s. And the country did not grant women the right to vote until passage of the Nineteenth Amendment in 1919. Similarly, European democracies opened up the franchise to all adults only gradually, removing restrictions based on property ownership, gender, and race in a slow process that stretched into the middle of the twentieth century.⁶

The third major justification for liberalism had to do with its connection to economic growth and modernization. For many nineteenth-century liberals, the most important form of autonomy was the ability to buy, sell, and invest freely in a market economy. Property rights were central to the liberal agenda, along with contract enforcement through institutions that lowered the risk of trade and investment with strangers. The theoretical justification for this is clear: no entrepreneur will risk money in a business if he or she thinks that it will be expropriated the following year either by a government, business competitors, or a criminal organization. Property rights needed to be supported by a large legal apparatus that included a system of independent courts, lawyers, a bar, and a state that could use its police powers to enforce judgments against private parties.

Liberal theory did not only endorse the freedom to buy and sell within national borders; early on it argued in favor of an international system of free trade. Adam Smith’s 1776 *Wealth of Nations* demonstrated the ways in which mercantilist restrictions on trade (for example, the Spanish Empire’s requirement that Spanish goods be carried only in Spanish ships to Spanish ports) were highly inefficient. David Ricardo laid the basis for modern trade theory with his theory of comparative advantage. Liberal regimes did not necessarily follow these theoretical dictates: both Britain and the United States, for example, protected their early industries with tariffs, until the point where they grew to a scale that allowed them to compete without government assistance. Nonetheless, there has been a

strong historical association between liberalism and freedom of commerce.

Property rights were among the initial rights to be guaranteed by rising liberal regimes, well before the right to associate or vote. The first two European countries to establish strong property rights were England and the Netherlands, both of which developed an entrepreneurial commercial class and saw explosive economic growth. In North America, English common law protected property rights prior to the time when the colonies gained their political independence. The German *Rechtsstaat*, building on civil codes like Prussia's 1792 *Allgemeines Landrecht*, protected private property long before the German lands saw a hint of democracy. Like America, autocratic but liberal Germany industrialized rapidly in the late nineteenth century and had become an economic great power by the early twentieth century.

The connection between classical liberalism and economic growth is not a trivial one. Between 1800 and the present, output per person in the liberal world grew nearly 3,000 percent.⁷ These gains were felt up and down the economic ladder, with ordinary workers enjoying levels of health, longevity, and consumption unavailable to the most privileged elites in earlier ages.

The central place of property rights in liberal theory meant that the strongest advocates of liberalism tended to be the new middle classes that were the by-product of economic modernization—what Karl Marx would call the bourgeoisie. The original backers of the French Revolution who took the Tennis Court Oath in 1789 were mostly middle-class lawyers who wanted to protect their property rights against the monarchy, and had little interest in extending the vote to the sans-culottes. The same was true of the American Founding Fathers, who almost universally came from a prosperous class of merchants and planters. James Madison argued in his “Address at the Virginia Convention” that “the rights of persons, and the rights of property, are the objects, for the protection of which Government was instituted.” In his essay “Federalist 10”, he noted that social classes and inequality would inevitably result from the necessary protection of property: “From the protection of different and unequal faculties of acquiring property, the possession of different degrees and kinds of property immediately results; and from the influence of these on the sentiments and views of the respective

proprieters ensues a division of the society into different interests and parties.”⁸

Liberalism’s current travails are not new; the ideology has gone in and out of fashion over the centuries but has always returned because of its underlying strengths. It was born out of religious conflict in Europe; the principle that states should not seek to impose their sectarian views on others served to stabilize the Continent in the period after the Peace of Westphalia in 1648. Liberalism was one of the early driving forces of the French Revolution, and was initially an ally of democratic forces that wanted to expand political participation beyond the narrow circle of upper- and middle-class elites. The partisans of equality, however, broke with the partisans of liberty, and created a revolutionary dictatorship that ultimately gave way to the new empire under Napoleon. The latter, nonetheless, played a critical role in spreading liberalism in the form of law—the Code Napoléon—to the far corners of Europe. This then became the anchor for a liberal rule of law on the Continent.

Following the French Revolution, liberals were shunted aside by other doctrines on the right and on the left. The Revolution spawned the next major competitor to liberalism, which was nationalism. Nationalists argued that political jurisdictions should correspond to cultural units, defined largely by language and ethnicity. They rejected liberalism’s universalism, and sought to confer rights primarily on their favored group. As the nineteenth century progressed, Europe reorganized itself from a dynastic basis to a national one, with the unification of Italy and Germany and growing nationalist agitation within the multiethnic Ottoman and Austro-Hungarian empires. In 1914 this exploded into the Great War, which killed millions of people and paved the way for a second global conflagration in 1939.

The defeat of Germany, Italy, and Japan in 1945 laid the basis for a restoration of liberalism as the democratic world’s governing ideology. Europeans saw the folly of organizing politics around an exclusive and aggressive understanding of nation, and created the European Community and later the European Union to deliberately subordinate the old nation-states to a cooperative transnational structure.

Liberty for individuals necessarily implied liberty for the colonial peoples conquered by the European powers, leading to rapid collapse of their overseas empires. In some cases, colonies were granted

independence voluntarily; in others, the metropolitan power resisted national liberation by force. This process was completed only with the collapse of Portugal's overseas empire in the early 1970s. For its part, the United States played a powerful role in creating a new set of international institutions, including the United Nations (and affiliated Bretton Woods organizations like the World Bank and the International Monetary Fund), the General Agreement on Trade and Tariffs, its successor the World Trade Organization, and cooperative regional ventures like the North American Free Trade Agreement. American military power and commitments to the North Atlantic Treaty Organization and a series of bilateral alliance treaties with countries like Japan and South Korea undergirded a global security system that stabilized both Europe and East Asia during the Cold War.

The other major competitor to liberalism was communism. Liberalism is allied to democracy through its protection of individual autonomy, which implies juridical equality and a broad right to political choice and the franchise. But, as Madison observed, liberalism does not lead to an equality of outcomes, and from the French Revolution onwards there were strong tensions between liberals committed to the protection of property rights, and a left that sought redistribution of wealth and income through a strong state. In democratic countries this took the form of socialist or social democratic parties based on a rising labor movement like the Labour Party in Britain or the German Social Democrats. But the more radical proponents of democratic equality organized under the banner of Marxism–Leninism, and were willing to abandon liberal rule of law altogether and vest power in a dictatorial state.

The largest threat to the liberal international order that took shape after 1945 came from the former Soviet Union, and its allied communist parties in Eastern Europe and East Asia. Aggressive nationalism may have been defeated in Europe, but it became a powerful source of mobilization in the developing world, and received backing from the USSR, China, Cuba, and other communist states. But the former Soviet Union collapsed between 1989 and 1991, and along with it the perceived legitimacy of Marxism–Leninism. China under Deng Xiaoping took a turn towards a market economy and sought to integrate itself into the burgeoning liberal international order, as did many former communist

countries that joined existing international institutions like the European Union and NATO.

The late twentieth century thus saw a broad and largely happy coexistence of liberalism and democracy throughout the developed world. The liberal commitment to property rights and the rule of law laid the basis for the strong post-Second World War economic growth. Liberalism's pairing with democracy tempered the inequalities created by market competition, and general prosperity enabled democratically elected legislatures to create redistributive welfare states. Inequality was kept under control and made tolerable because most people could see their material conditions improving. The progressive immiseration of the proletariat foreseen by Marxism never occurred; rather, working-class people saw their incomes rise and turned from being opponents to supporters of the system. The period from 1950 to the 1970s—what the French call *les trente glorieuses*—was thus the heyday of liberal democracy in the developed world.

This was not just a period of economic growth, but one of increasing social equality. A whole series of social movements sprang up in the 1960s, beginning with the civil rights and feminist revolutions that pressured societies to live up to their liberal principles of universal human dignity. Communist societies pretended that they had solved problems related to race and gender, but in Western liberal democracies the social transformation was driven by grass-roots mobilization rather than top-down decree and hence proved more thoroughgoing. The circle of rights-bearing individuals in liberal societies continued to expand, in a process that is incomplete and that continues up to the present day.

If one needed proof of liberalism's positive impact as an ideology, one should look no further than the success of a series of states in Asia that went from being impoverished developing countries to developed ones in a matter of decades. Japan, South Korea, Taiwan, Hong Kong, and Singapore were not democracies during their high-growth periods, but they adopted key liberal institutions like protection of private property rights and openness to international trade in ways that allowed them to take advantage of the global capitalist system. The reforms instituted by Deng Xiaoping in China after 1978, such as the Household Responsibility law or the township and village enterprise system, replaced central planning with limited property rights and incentives for

peasants and entrepreneurs to take risks because they were allowed to enjoy the fruits of their own labor. There is a large literature explaining how the countries of East Asia never adopted anything like the full-blown form of market capitalism that existed in the United States—indeed, European capitalism looked very different as well.⁹ In East Asia and in Europe, the state remained a much more important actor in encouraging economic growth than in the United States. But such “developmental states” still relied on liberal institutions like private property and incentives to trigger their remarkable records of economic growth.

Nonetheless, liberalism also had a number of shortcomings, some of which were precipitated by external circumstances, and others of which were intrinsic to the doctrine. Most doctrines or ideologies begin with a core insight that is true or even revelatory, but they go wrong when that insight is carried to extremes—when the doctrine becomes, so to speak, doctrinaire.

Liberalism has seen its core principles pushed to extremes by advocates on both its right and left wings, to the point where those principles themselves were undermined. One of liberalism’s core ideas is its valorization and protection of individual autonomy. But this basic value can be carried too far. On the right, autonomy meant primarily the right to buy and sell freely, without interference from the state. Pushing this notion to extremes, economic liberalism turned into “neoliberalism” in the late twentieth century and led to grotesque inequalities, which is the subject of the following two chapters. On the left, autonomy meant personal autonomy with regard to lifestyle choices and values, and resistance to the social norms imposed by the surrounding society. Pushed down this road, liberalism began to erode its own premise of tolerance as it evolved into modern identity politics. These extreme versions of liberalism then generated a backlash, which is the source of the right-wing populist and left-wing progressive movements that threaten liberalism today.

Notes

- ^{1.} John Gray, *Liberalism* (Milton Keynes, UK: Open University Press, 1986), p. x.
- ^{2.} See “Vladimir Putin Says Liberalism Has ‘Become Obsolete’” in the *Financial Times* (June 27, 2019), www.ft.com/content/670039ec-98f3-11e9-9573-ee5cbb98ed36

3. See Csaba Tóth, “Full Text of Viktor Orbán’s Speech at Báile Tuşnad (Tusnádfürdő) of 26 July 2014,” *The Budapest Beacon* (July 29, 2014).
4. Francis Fukuyama, *The Origins of Political Order: From Prehuman Times to the French Revolution* (New York: Farrar, Straus and Giroux, 2011); *Political Order and Political Decay: From the Industrial Revolution to the Globalization of Democracy* (New York: Farrar, Straus and Giroux, 2014).
5. See the examples given in Dominic J. Packer and Jay Van Bavel, *The Power of Us: Harnessing Our Shared Identities to Improve Performance, Increase Cooperation, and Promote Social Harmony* (New York and Boston: Little, Brown Spark, 2021).
6. For an account of this process, see Fukuyama (*Political Order and Political Decay*, 2014), chapter 28.
7. McCloskey (2019), p. x.
8. James Madison, Federalist No. 10 “The Same Subject Continued: The Union as Safeguard Against Domestic Faction and Insurrection,” *Federalist Papers* (Dublin, OH: Coventry House Publishing, 2015).
9. For a summary, see Stephan Haggard, *Developmental States* (Cambridge, MA, and New York: Cambridge University Press, 2018); and Suzanne Berger and Ronald Dore, *National Diversity and Global Capitalism* (Ithaca, NY: Cornell University Press, 1996).