

**Liberalism has become the dominant ideology at the start of the third millennium. Like conservatism it cannot be easily identified with one particular political party. We trace the origins of liberalism back to the late seventeenth century and the political turmoil in England that followed the civil wars of the middle of the century. After this, liberalism's 'golden age' during the nineteenth century is studied and the main themes of 'classical' and 'New' liberalism are outlined and discussed. The limitations of British liberalism began to become evident just before the First World War and it was almost eclipsed during the inter-war period. We discuss the apparent renaissance of liberalism that followed the collapse of Soviet communism during the late 1980s and the apparent triumph of liberal capitalist democracy on a global scale. Some of the inadequacies of contemporary liberalism are discussed and an estimate is made of the future that lies in store for liberalism.**

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## POINTS TO CONSIDER

- Is liberalism culturally specific to Westernisation or is it of universal value?
- To what extent is the liberal focus on the individual based on a misunderstanding of human nature?
- At what point does liberalism end and socialism begin?
- Why were nineteenth-century liberals so uncomfortable with democracy and why don't modern liberals appear to share the doubts?
- In the twenty-first century is the state still the main threat to the individual?
- How far is it true to say that the triumph of liberal ideology has been at the price of the eclipse of liberal political parties?

A rich man told me recently that a liberal is a man who tells other people what to do with their money. (Le Roi Jones, *Home*, 1966)

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. (John Stuart Mill, *On Liberty*, 1859)

Liberalism . . . it is well to record this today – is the supreme form of generosity; it is the right by which the majority concedes to minorities and hence it is the noblest cry that has ever resounded on this planet. (José Ortega y Gasset, *The Revolt of the Masses*, 1930)

In many ways liberalism is the dominant ideology of Western society. It could be claimed that it is not just *an* ideology but is *the* ideology for all mankind, a fundamental truth that is not culturally specific to the West but is of global value. Indeed, with the collapse of the Soviet Union in 1991 and the adoption of elements of liberal capitalism in most countries, some liberals were moved to declare that liberalism and liberal values were now the only future for mankind's development.

However, although liberalism has in many ways been the defining political ideology of the Western world for nearly three centuries, this very ubiquity makes it difficult to separate out from Western culture a distinctive 'liberal' identity. Many values once regarded as characteristically 'liberal', such as freedom of speech and religious toleration, have become so much part of the mainstream of Western life that only the most extreme dare challenge them. While there is no universally agreed corpus of writings that is specific to the liberal creed, several key writers appear in all lists of the liberal canon.

Nor can liberalism be simply identified with a particular political party, such as the Liberal/Liberal Democrat Party. In the 1980s and 1990s one could plausibly argue that the Conservative Party was in some respects closer to the tenets of classical liberalism than were the Liberal or Liberal Democratic parties. Moreover, the term 'liberal' has non-political connotations, such as generous, or broadly or humanistically educated, or, in religious terms, opposed to a rigid orthodoxy. In contrast to such a positive perspective, for many on the political right in the USA today 'liberal' is a term of abuse, with accusations of naive or semi-socialist values that supposedly threaten 'natural' conservative American ones.

## The origins of liberalism

Forewarned by these caveats, we may reasonably locate the origins of liberalism in the seventeenth and eighteenth centuries. It arose with the early

development of capitalism and became particularly strong with the development of an industrial middle class from the 1750s onwards. Locke, Voltaire, Montesquieu and Adam Smith were all regarded by nineteenth-century liberals seeking intellectual ancestors as being early liberals, although they themselves would never have used such a term. Before, during and to a degree after the English Civil Wars there was turmoil in political speculation and debate from which a number of theories emerged that entered into liberalism. Among these was the idea, eloquently articulated by John Locke in *Two Treatises on Government* (1690), that society was based on a 'social contract'. Authority was conferred on government by the consent of the governed 'to maintain order and justice and to uphold essential rights' such as those of property. It followed that citizens have a right to rebel if the state abuses the rights of the citizen as included in the social contract. Another liberal value put forward by Locke, in his *Letter Concerning Toleration* (1689), was that of religious toleration. Indeed, many seventeenth-century writers and thinkers, such as the Englishmen Thomas Hobbes and John Milton, and Baruch Spinoza in Holland, all called for a debate on religious principles and the granting of a degree of toleration concomitant with social order and loyalty to the state.

In so far as these ideas found practical expression, they did so through the Whig Party that emerged as the dominant political force in the eighteenth century. For the Whigs, 'rights' were applicable to all freeborn Englishmen. These rights were embodied in the Act of Settlement (1688) and the Bill of Rights (1689) that established a monarchy constrained by the rights and privileges of Parliament. This was the outcome of the 'Glorious Revolution' (1688), an outcome that the Whigs regarded as a definite conclusion to the political struggles of the seventeenth century. Dominated by a few wealthy aristocratic families, the Whigs were actually less than radical.

Many of the more radical elements of the struggle emigrated, physically and intellectually, to the American colonies. Further fortified by the influx of ideas from the European Enlightenment and by further waves of the disgruntled from Britain, they provided the intellectual bases for the American Revolution and its subsequent constitution (1787). The *Declaration of Independence* (1776) is a classic statement of the liberal contract theory of government.

We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain inalienable Rights, that among these are Life, Liberty and the pursuit of Happiness. That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed. That whenever any Form of Government becomes destructive of these ends, it is the Right of the People to alter or to abolish it, and to institute new Government, laying its foundation on such principles and organising its powers in such form, as to them shall seem most likely to effect their safety and Happiness.

Fundamental was a belief in the right to representation (though not necessarily on a 'one-man, one-vote' basis) and a national government that incorporated the notion of 'balance' between the various branches of government (legislature, executive and judiciary). This fitted well with the concept, derived from the physics of Isaac Newton, that identified a natural equilibrium of forces in the universe. Liberalism similarly identified a number of political laws of nature: a 'balanced' society, the universalism of political laws and the consistency and predictability of human nature. Social harmony and social cohesion could, liberals averred, be achieved if individuals established their fundamentally common interest in holding society together.

The French Revolution (1789) was to have an impact on the development of liberalism by injecting into its mainstream a sharper, more radical element. Thomas Paine, in *The Rights of Man* (1791–92) and *The Age of Reason* (1794), proclaimed a radical liberal programme. Paine, having taken part in the American Revolution, took up the cause of the French Revolution. His passionate belief in human reason, his optimistic view of human nature and his robust atheism were much influenced by, and in turn influenced, continental liberalism. He also attacked monarchical and hereditary government, and insisted on popular sovereignty, republicanism and human rights. He offended virtually everyone, including the British Government, the French Revolutionaries and American Radicals, but provided the basis for many liberal and socialist ideas of the nineteenth century.

## The nineteenth century and 'classical liberalism'

The nineteenth century was the heyday of what can be termed 'classical liberalism'. Indeed, Britain can be seen as the society which took liberalism most to its heart in shaping its development during that century, as the USA was to do in the twentieth. By the 1840s a recognisable set of ideas generally described as 'liberalism' had emerged but it wasn't until 1868, and William E. Gladstone's first ministry, that a distinct 'Liberal' government rather than a simply relabelled Whig Party came to power in Britain.

'Utilitarianism' provided a further moral basis for liberalism in the early nineteenth century. As advanced by Jeremy Bentham and James Mill, Utilitarianism argued that reason could be used to discover human rights and organise human institutions. Utilitarianism measured the rightness of any act by the degree to which it contributed to happiness. People sought to maximise pleasure and minimise pain in the rational pursuit of their own interests. Only individuals could know what was considered best for them, not the state. Utilitarians declared that democracy was the best means of securing 'the greatest happiness for the greatest number' in society. This doctrine substantially influenced liberal thought and practical measures, although it was open to the

criticism that it subordinated individual human rights to the perceived good of society.

Although Adam Smith lived in the eighteenth century his ideas triumphed in the nineteenth with the progress of the industrial revolution. In *The Wealth of Nations* (1776) Smith laid the theoretical foundation in economics for what became known as 'classical' liberalism. He argued that free markets, and trade unhampered by government interference, were fundamental to successful economic development. Free markets were efficient, in that they led to the most productive use of resources and everyone got what economic rewards they deserved. They were 'free' in that economic decisions, agreements and commitments were freely made by individuals and ultimately beneficial to the whole society as **market** economies provided the social dynamic that ensured ever-greater prosperity for all.

**market**

A system of exchange between buyers and sellers in which prices are established by the interplay of 'supply' and 'demand', in other words by 'market forces'.

John Stuart Mill's particular contribution was to systematise nineteenth-century political liberalism. In his numerous writings, chiefly *On Liberty* (1859) and *Considerations on Representative Government* (1861), Mill argued for democracy, tempered by a 'balanced' constitution with enshrined rights; firstly, rights to freedom of thought and belief, and freedom of expression, because of his conviction that individual opinion and belief were the highest good in society; and secondly, a franchise weighted to strengthen the voting power of the better-educated, so as to prevent the smothering of informed opinion by the uneducated majority. He feared that demagogues might mislead the masses and thus destroy the very foundations of a free society in the name of equality. They might stifle the unorthodox by making public opinion the touchstone of 'right', as the French liberal writer Alexis de Tocqueville had previously suggested in his influential *Democracy in America* (1835–40).

However, in other writings, such as his *Principles of Political Economy* (1848), Mill was more sympathetic towards some degree of state intervention in society to deal with social evils, such as poverty, than were most mid-nineteenth-century liberals. He also supported trade unions and even ideas later seen as socialist, such as worker co-operatives. The improvement of social conditions would enable the working class to get better educated, become 'rational human beings' and so be intellectually equipped to take part in democracy.

By the late nineteenth century, however, reality had begun to present a serious challenge to classical liberalism and the *laissez-faire* policies of government associated with it. Poverty, disease and ignorance remained brutal facts of

existence for most people. The scale of the catastrophe of the Irish Famine (1845–48) was partly due to these economic doctrines and the belief that the state should not intervene to alleviate social problems. Practical politicians and liberal philosophers began to revise their views of the role of the state although they faced opposition from the ‘Social Darwinian’ wing of liberalism.

Although ‘Social Darwinists’, such as Herbert Spencer and Samuel Smiles, are sometimes described as ‘liberal’, on the grounds that they emphasised rigorous ***laissez-faire*** policies, the harshness of their conclusions was usually too far removed from the humanitarian impulses of liberalism to be acceptable to most liberals. Spencer, in *The Man Versus the State* (1884), claimed to have based his theories on Charles Darwin’s ideas of evolution and the idea that a species evolves and ‘ascends’ by conflict between members of that species for survival. Social Darwinists proposed applying these principles to human society. Society was seen as a struggle for survival among individuals, the weakest being trampled underfoot by the strongest. Smiles, in *Self-Help* (1859), proclaimed vigorous self-reliance as the means by which the individual and society might be improved. This became something of a gospel for *laissez-faire* liberalism during the second half of the nineteenth century. It was claimed that this was not only how things *are* but also how things *should* be. State intervention on behalf of the weakest was thus counter-productive and should be rejected.

#### ***laissez-faire***

‘let it be’ or ‘leave it alone’. A term used to describe the political and ideological belief dominant in Britain during the nineteenth century that the state has no active role in running the economy or solving social problems.

## Late nineteenth-century and early twentieth-century ‘New Liberalism’

Most liberals, however, were moving in the direction of *more* rather than less state intervention. It was not only a matter of principle. It was a recognition of the need for liberalism to respond to the rise of organised labour if it was to survive as a political force, attracting the vote of the newly enfranchised working classes. T. H. Green was the leading exponent of what came to be known as ‘New Liberalism’.

Green, in his *Lectures on the Principles of Political Obligation* (1879–80), emphasised a more tender understanding of human nature. Man was not simply an asocial individual leading a life of rationally calculating self-interest, but was from the start immersed in society, from which his rights derived. The market economy and the policy of *laissez-faire* capitalism thwarted the values which liberals expounded so well. Classical liberalism had advocated a ‘negative freedom’ in which the external restraints to freedom, such as law, were reduced. Green argued that in reality the impoverished masses were

effectively denied such freedom by factors of social inequality such as ill health, poverty and ignorance. Only collective, rather than individual, action could remove these obstacles, empower the poor, and create a genuinely free society:

Only through the possession of rights can the power of the individual freely to make a common good of his own have reality given to it . . . The idea of true freedom is the maximum of power for all members of human society to make the best of themselves.<sup>1</sup>

These rights were similar to the ones associated with classical liberalism; but New Liberalism offered working-class people the chance to acquire 'positive' freedoms, to achieve property rights and levels of health, liberty and happiness similar to those enjoyed by the better-off in society.

Other New Liberals, such as L. T. Hobhouse, *Liberalism* (1911), and John Hobson, in *Crisis of Liberalism* (1909), went even further. They did not believe that the free market alone could solve social problems and create social justice. They emphasised co-operation rather than competition. Hobson even argued that capitalism was not the best mechanism for producing and distributing goods but tended, in fact, to concentrate wealth in the hands of the few at the expense of the many. Extensive state ownership, welfare provision and redistributive taxation should counter this undesirable social trend. Wealth was the product of social conditions, not just of individual effort. However, most New Liberals were against extensive state ownership of industries.

So radical a departure was this from classical liberalism that some doubted if it could be still called 'liberalism' at all. Defenders of the New Liberalism (or 'social liberalism' as it is sometimes called) argued that the ends of a liberal society remained unchanged. Such a liberal society would be based on individual liberty, but classical liberalism had been found to be inadequate for the task; it had become the ideology of the powerful, the only individuals who were fully able to take advantage of individual liberty.

New Liberalism had a powerful influence on the Liberal Party in Britain throughout the twentieth century. In Lloyd George's 'People's Budget' (1909) a National Insurance scheme was introduced to cover sickness, unemployment and pensions. Moreover, it was very largely absorbed into the other main parties so that, although the Liberal Party's political fortunes languished, New Liberal ideals lived on. It is no accident that the basis of the post-1945 social-democratic consensus originated with two New Liberals: William Beveridge, the architect of the welfare state (1942 White Paper), and John Maynard Keynes, the apostle of state management of demand in the economy to ensure full employment (1944 White Paper). These and other elements of the welfare state have been accepted by the Labour and Conservative parties, both in and out of government, until the present day.

We have touched upon some of the key ideas associated with liberalism. It is time to take stock of these in greater detail.

## Liberal themes

To liberals, society is underpinned by a morality of self-interest and mutual support and respect. While the driving force of the liberal society is enlightened self-interest, this becomes a balance of interests, institutions and, ultimately, political power in society. Thus both chaos *and* tyranny are avoided. Liberalism has a number of key themes:

- the individual and his/her rights;
- an optimistic view of human nature;
- a belief in progress;
- a commitment to freedom;
- limited government;
- the economy and liberalism;
- a commitment to internationalism.

### The individual and his/her rights

At the heart of liberalism is the individual. Each human being is unique. Every individual is endowed with innate rights of equal value. Each person is capable of understanding what is best for him or her. This is the rationale for the liberal idea of equality as the basis of justice for everyone. For some this takes the form of claiming that, as a matter of fact, individuals act rationally and choose what they need to be happy in their own interests. For classical liberals this has the effect of benefiting society as a whole. In a famous passage Mill made the case for the defence of individual rights:

The only purpose for which power can be rightly exercised over any member of a civilised community, against his will, is to prevent harm to others. His own good, either physical or moral, is not a sufficient warrant. He cannot rightfully be compelled to do or forbear because it will be better for him to do so, because it will make him happier, because, in the opinion of others, to do so would be wise, or even right. These are good reasons for remonstrating with him, or reasoning with him, or persuading him, or entreating him, but not for compelling him, or visiting him with any evil in case he do otherwise. Over himself, over his own body and mind, the individual is sovereign.<sup>2</sup>

Others approach the individual from a more ethical direction: that the individual's welfare is the highest good and that this principle should be the basis of society. Along with positive attitudes to the individual comes the value placed on tolerance for individuals and **pluralism** for society as a whole.

Eighteenth- and nineteenth-century British liberals vigorously defended religious freedom and opposed the accordance of privileged status to particular



creeds such as the church of England. Liberals championed the rights of slaves in the nineteenth century. In the twentieth century liberals have promoted homosexual rights, gender and racial equality, rights for the disabled and civil rights in general. Some have even sought to extend some form of rights to animals, especially the higher primates (such as gorillas and chimpanzees).

To liberals, rights are innate, inherited as a consequence of being born human. The state exists to support these rights, to defend them. Human rights, which liberals regard as inalienable (i.e. they cannot be transferred to someone else), are derived from God (or Nature) and it should therefore be the first duty of government to defend them. The state cannot take away these rights. It may abuse them, it may claim that they do not exist, but they are not the state's property to dispose of. In practice, liberals have historically promoted the inclusion of such rights in constitutions such as the American in the eighteenth century and, recently, the British in the form of the Human Rights Act (2000).

Towards groups, liberals favour toleration. Pluralism in which different beliefs, values and interests freely compete is regarded as good, indeed essential. Liberals have a tendency to be anti-censorship and strongly in favour of the maximum degree of freedom of speech (although most would place limits on this in line with laws of slander, libel and incitement to racial hatred). This is in contrast to conservatives, who are uneasy with pluralism, which they regard as potentially socially divisive. Tolerance was apparent in liberal attitudes to the emancipation of Catholics, Jews and nonconformists in the early nineteenth century and acceptance (or even welcoming) of a multicultural society in the late twentieth. Religion was a matter for individual consciences and not for the state.

It is, of course, easy to tolerate views we agree with. The real test of a liberal is allowing the right of people to hold and propagate views one disagrees with – even views that are fundamentally intolerant: fascism, racism, religious bigotry, sexism. People have a right to hold and express such views, but they can expect – should expect – such views to be vigorously challenged. All liberals have a duty to defend liberal values and challenge illiberal ones. Tolerance does not mean that one should be unquestioningly open-minded. Nor should all views be seen as morally of the same value.

Linked with this theme of tolerance is a general disposition to 'humane' approaches to such issues as the treatment of prisoners and animal welfare. Tolerance, however, has difficulties for those liberals who regard some groups as illiberal (such as the Catholic church on abortion or some Islamic views on

### pluralism

A belief in the diversity of opinion, freedom of choice and the value of a society made up of many competing and co-operating groups. In a pluralist society the state exists to act as a referee between these competing groups and individuals.

women's rights). This dilemma was thrown into sharp relief by the Salman Rushdie affair, when his book *The Satanic Verses* (1988) enraged Muslims because of its alleged blasphemy. Iranian clerics issued a **fatwa**, condemning Rushdie to death. Most liberals sprang to Rushdie's defence on the grounds of freedom of speech. Some, however, were uneasy that this book used freedom to affront a religious group.

**fatwa**

A term used in Islam to denote an authoritative judgement by a religious institution or dignitary.

### An optimistic view of human nature

Liberalism tends to an optimistic view of human nature, which is perceived as 'individual human nature', with apparently little influence from society, history or culture. There is an underlying assumption that liberal principles about human nature are of universal value, applicable to all societies at all levels and types of social and economic development. This inclines liberals to support human rights movements throughout the world. They dislike justifications for the denial of human rights by reference to cultural, economic, developmental or historical circumstances. Thus the extension of liberty contributes towards 'progress', moral, educational and material.

Human beings will act and think rationally, provided they have the freedom to do so. Rationality is the key element in liberal views about human nature. Human beings have the capacity to decide what is best for themselves when considering the advantages and disadvantages of various courses of action. Reason will ensure that individuals and society progress in an essentially beneficial manner. Debate, not violence, is the means by which differences should be resolved.

### A belief in progress

The optimism that liberals evince towards human nature is also apparent in their attitudes towards the past. They are much less inclined than conservatives to perceive the past as a source of wisdom, or regard the antiquity of institutions as any guarantee of their worth. Historically, liberals have been friendly towards science and evolutionary theory in particular (though the misapplication of science in war and environmental destruction in the twentieth century have caused distress to liberals). Generally, liberals look to the future with optimism, believing that social improvement is not only possible and desirable, but is likely to take place over the long term.

### A commitment to freedom

Liberal attitudes to human nature, progress and the individual all come together in the very high value placed on freedom. Mill, as we saw above, talked of the 'sovereignty of the individual'. This freedom includes freedom from restraint on

the (adult and rational) individual and freedom of nations and groups from oppression, freedom of economic activity, and freedom of thought and expression. Freedom, though, it is conceded, cannot be an absolute – there must be some restraint on those who in exercising their own liberty, infringe that of others. Without such restraint freedom becomes licence. Liberals hold to the general assumption that restraint should be mild, but they have little in the way of logical principles to define just how mild.

Restraint should be imposed by a clear set of rules under the law. Indeed, most liberals think of liberty as only being possible within a framework of law to settle potential disputes between individuals. As John Locke stated: ‘where there is no law, there is no Freedom. For Liberty is to be free from restraint and violence from others which cannot be, where there is no law’.<sup>3</sup> Human reason and human energy, stimulated by living in a free society, ensure the self-regulation and progress of society. The moral underpinning of these relationships is natural law and natural rights that ensure that individuals live in a high degree of harmony with one another. Government should, therefore, create the conditions in which moral life is possible and the widest possible degree of freedom can be maintained. A repressive society would be inefficient, immoral and unstable. Thus, to liberals, a free society is a stable society and a stable society is one in which freedom can flourish.

In the eighteenth and nineteenth centuries liberals focused on the state as the most serious threat to freedom and therefore in need of most restraint. Later liberals realised that poverty, and the unjust distribution of private property and the political power that went with that, were the main limitations on the freedom of the common man. This has led to some tension between twentieth-century liberals. Friedrich von Hayek, in *The Road to Serfdom* (1944), *The Constitution of Liberty* (1960) and *Law, Legislation and Liberty* (1973–9), argued for the rule of law, under which individuals exercise choices, as the key principle of justice. John Rawls, in *A Theory of Justice* (1970), argues that inequality is permissible only if it contributes to the advantage of the ‘least favoured’. He believes in civil liberties for all as the basis for a principle of justice. He claims that in practice inequalities in wealth can ultimately benefit even the poorest citizens. However, there is an important role for the welfare state to ensure a degree of equality and fairness.

### Limited government

As a general rule, liberals have been inclined to view the state with suspicion, as a threat to the rights of the individual. It is a necessary ‘servant’ employed to ensure order and efficiency, and the protection of individual rights, but it is a servant that should be kept under close restraint, and one that can be dismissed if it breaks its ‘contract of employment’.

Institutions of government should be so arranged as to minimise this risk – hence the principle of the ‘separation of powers’ in which the legislative, executive and judicial functions of government were kept separate. Montesquieu crystallised this theory in *The Spirit of the Laws* (1748). He believed that, as every man invested with power is apt to abuse it, to prevent such abuse ‘power should be a check to power’. Recognition of this is the foundation of entrenched rights and written constitutions in political systems, structured around the rule of law. This strand in liberal thought has continued into the twenty-first century, with liberals showing enthusiasm for constitutional reform in Britain and Europe.

It might appear that democracy is the natural partner of liberalism, but that is not so. Liberals have been almost as afraid of the mob and its ignorance and envy as they have been of the state and the aristocracy – hence the emphasis on ‘balancing’ the institutions of government in the American Constitution. Even J. S. Mill advocated a system of ‘weighted’ votes to favour the propertied classes as a bulwark of a liberal society against the mob, misled by demagogues. De Tocqueville also feared the ‘tyranny of the majority’. Modern British liberals have been in the forefront of constitutional reform, advocating such restraints on the state as a written constitution, a bill of rights and dispersal of power to devolved authorities. Although no modern liberal would support differential voting patterns, based on property or educational level, all would support democratic systems of government and are inclined to support the devolution of power.

Government must be based on the consent of the governed. Consent is the basis for its legitimacy, its right to rule. Government agents should be accountable to the elected representatives of the people. Thus government must represent the interests of *all* the people, not just of interest groups. Indeed, liberals see the state as a sort of ‘referee’ between the competing groups and individuals. It should not become merely one among other interest groups, which is the danger if the state gets too involved itself in the providing of goods and services. Therefore the state – the ‘minimal state’ – should for classical liberals be confined to three essential roles: the maintenance of defence against external enemies, the ensuring of internal law and order, and the raising of taxes to fund these two roles.

### **The economy and liberalism**

Both in theory and in practice liberals have favoured private property and the market economy as efficient, just and essential to the underpinning of liberal political institutions and a free society. Choice is seen as a positive good, an end in itself and a key element of freedom in a liberal society. Individuals should be rewarded in line with the ‘market value’ of their talents: the market acts as an incentive to individual effort and realisation of human potential.

Free trade and the self-regulating, balanced working of the free market for goods, services and labour are also seen as positive goods in encouraging economic efficiency and well-being. These beliefs were particularly associated with Adam Smith and, later, the nineteenth-century 'Manchester School' of economists, dominated by the Anti-Corn Law activists John Bright and Richard Cobden, and were reiterated in the twentieth century by the 'Chicago School' and the ideas of Milton Friedman, von Hayek and Robert Nozick.

However, the limitations of this approach led to the emergence of New Liberalism at the end of the nineteenth century. New Liberals sought the management of the market economy by the state in a manner advocated later by J. M. Keynes and his followers in the twentieth. For modern liberals there is something of a dilemma over how far to go in regulating a market economy. No obvious answer is forthcoming, but in general liberals have been inclined to support the principles of the welfare state, this being justified as promoting 'positive rights', as opposed to the classical liberal insistence on negative rights, that is rights which depend on the withdrawal of state power. Modern liberals tend to see a major – and proper – role for the state in economic management and the provision of goods and services. In fact, in America, the term 'liberal' can be applied to those who support an extension of state action in the area of welfare and human rights.

The chief British intellectual contributor to the development of liberal economic thought was J. M. Keynes. Classical liberals, like Adam Smith, had regarded a free economy as 'self-regulating' through the operation of a 'hidden hand' (i.e. the personal self-interested choices of producers and consumers). Keynes, in *The General Theory of Employment, Interest and Money* (1936), argued that the capitalist system could work efficiently only if the government managed 'demand'. Put crudely, this meant that when there was high unemployment the government should increase demand in the economy by pumping money into it, cutting taxes and/or increasing public spending on housing, roads and services. When inflation was a problem the state should raise interest rates, cut public spending and increase taxes to reduce demand in the economy.

Highly controversial in the 1930s, these views became established orthodoxy after the Second World War throughout Western liberal capitalist economies. By the 1970s, however, severe and persistent inflation *and* high levels of unemployment led to a formidable challenge to the apparently failing Keynesian 'demand management' by economists known as 'monetarists', such as Milton Friedman. They claimed as their intellectual ancestors classical liberal economists of an earlier era. To some extent, Margaret Thatcher's governments in the 1980s adopted their values, with mixed results, but by the end of the twentieth century Keynesian demand management was back in fashion, up to a point.

### **A commitment to internationalism**

This is an oft-neglected theme of liberalism, but it is important. Its practical application found expression in the liberal emphasis on ‘free trade’ in the mid-nineteenth century as a means of ensuring peace and the universalist nature of morality and human rights that should be defended when threatened by oppressive governments in other countries.

Many liberals were against British imperialism in the nineteenth century on the grounds that it was not necessary for trade and economic development and that it infringed the rights of those over whom Britain ruled. Some Liberals strongly opposed Britain’s involvement in the First World War – even though it was a Liberal Government that declared war on Germany. Still others, Keynes for example, were highly critical of the Versailles Treaty (1919) that ended the war and imposed punitive financial reparations on Germany. Nevertheless, most liberals were highly supportive of the League of Nations, which was established by the Treaty, during the inter-War period. They believed that it, and ‘collective security’ (whereby states would unite to resist an aggressor), offered an alternative to the balance of power in organising international relations, creating a law- and custom-based society in international affairs similar to that which prevailed in domestic society.

The failure of the League and collective security with the outbreak of the Second World War did not destroy liberal support for internationalism. Liberals have been vigorous in their support for the United Nations since its foundation in 1945. They are the most enthusiastic supporters of wholehearted commitment by Britain to the European Union and its project for European integration.

This internationalism springs from the liberal belief in free trade and from the assumption that human nature is everywhere essentially the same and that human beings enjoy rights by virtue of their humanity rather than of the particular society or culture into which they are born. These rights are universal, indivisible and inalienable. The Universal Declaration of Human Rights, attached to the United Nations Charter, is a classic statement of liberal principles on this issue.

Liberal attitudes in this field, however, do not necessarily translate easily into specific political choices. For example, in the 1930s liberals were divided on ‘appeasement’ as the mainspring of British foreign policy, and in recent years they have been divided on Western intervention in the Gulf, the Balkans, Africa and, recently, Afghanistan, and Iraq.

## **Liberalism in the twentieth century**

The twentieth century began with liberalism triumphant, being a major element of the dominant states that ruled the world by means of their empires

and committed themselves to the continuation of the social, economic, political and cultural progress that liberal societies had undergone in the previous century.

However, liberalism suffered a severe shock to its ideas of progress during the horrors of the First World War. After the war, liberalism not only produced the disastrous Versailles Treaty, but the ineffectual League of Nations. Liberalism failed to ensure a prosperous world economy in the inter-War era. It failed to deal with the tide of fascism and communism and slid into war again in 1939. Indeed, fascism and communism appeared as young, vibrant alternatives to what had become the apparently old, tired and worn out ideology of liberalism.

Nevertheless, liberalism prevailed in the twentieth century's ideological wars. On a world scale its greatest enemies, fascism and communism, had been destroyed: fascism by the Second World War and communism by the end of the Cold War. Liberal values, a global free-trade system, moderate welfarism and the onward march of technology seemed to be universally accepted. Western military, economic, technological and cultural domination of the world at the end of the century ensured that essentially liberal economic systems, political institutions and moral values were extensively imposed on Africa, Asia and Latin America and the states of the former Soviet Empire. This has, of course, stimulated resistance to the 'globalisation' of Western liberal values and Western power.

Ideologically, liberalism flourished as never before. As the Soviet Empire collapsed in the early 1990s and Marxism withered on the vine, liberalism was refreshed by a plethora of writers such as Karl Popper, Friedrich von Hayek, Isaiah Berlin, Ronald Dworkin, Milton Friedman, Robert Nozick, John Rawls and Michael Walzer. A number of right-wing 'think-tanks' such as the Adam Smith Institute, the Institute of Directors and the Freedom Association contributed policy ideas to the neo-liberal assault on the social-democratic state. Thinkers such as these, arguing for a much reduced state and a greater role for private initiative and the rigours of the free market, were very attractive to Western conservative politicians seeking a way out of the low growth and 'stagflation' (a term coined to describe simultaneous inflation and zero economic growth) of the 1970s and long-term American and British economic decline.

In the 1980s most Western societies had apparently adopted classical liberal economic theories, usually now known as 'neo-liberalism'. In the USA it was known as 'Reaganomics', after President Reagan, and in Britain as 'Thatcherism', but in different forms it appeared in France, Germany, Spain, Italy and other countries and with governments of both the political left and right. Privatisation of state-owned assets, reductions in income tax, the weakening of organised labour and attempts to reduce the role of the state in welfare

provision were all tried in these countries, with varying degrees of success. The British 'New' Labour Party converted to this and the rest of the liberal credo (devolution, civil rights and communitarianism) in the 1990s. Liberal attitudes to divorce, abortion and homosexuality all seemed to be generally accepted across the political spectrum.

This very achievement created problems for liberal parties, such as the British Liberal/Liberal Democrat Party, as they seemed to have worked their way out of a job. The British Liberals had been perceived by the electorate as a party of the middle ground during the post-war era. By 2001 the Liberal Democrats were beginning to position themselves somewhere to the left of New Labour on taxation, asylum seekers and immigration, public spending, constitutional reform, and many other issues. Serious questions have been raised within the Liberal Democrat party about the strategy, pursued since 1997, of a 'critical alliance' with the Labour Party. Nevertheless, the strategy appeared to work in the 1997 and 2001 elections when it helped establish a strong Liberal Democrat presence in the House of Commons.

Internationally, challenges to liberalism emerged in various guises. In the United States, the election of George W. Bush in 2000 signalled a new attitude to welfare, abortion, crime and internationalism which was clearly a sharp move to the right. More alarming was the upsurge of religious fundamentalism especially in, but not confined to, the Islamic world, the flare-up of intense nationalism in the Balkans and the Middle East, and the rise of racist and fascist movements in Europe. Liberalism, closely associated with globalisation, was clearly subject to challenges to its values and to the globalising process.

There were also more profound intellectual challenges. Reappraisals of human nature from a neo-Darwinist perspective, based on scientific study of animal behaviour, cast doubt on liberalism's optimistic perception of human nature. From another angle environmentalists pointed to the inadequacy of liberal theory to deal with the environmental destruction being perpetrated as much by liberal capitalist regimes as by totalitarian ones. Finally, there was a growing unease that a society based on the absolute primacy of the individual as the source of all moral values was simply unsustainable: it would degenerate into licence and anarchy, to be replaced by dangerous and reactionary fanaticisms, or some form of popular authoritarianism.

In practical terms this has caused problems for liberals over deciding which side of the barricades to stand. Was British intervention in Kosovo in 1998 a 'humanitarian war' (and thus to be supported) or 'imperialism' by another name (and thus to be opposed)? Liberals were often to be found campaigning for non-intervention in crises that involved massive abuse of human rights and loss of life.



After the end of the Cold War it had seemed as though liberalism had conquered the last of the great totalitarian ideologies that had challenged and warped twentieth-century history. There appeared to be no realistic alternative to liberal-capitalist democracy as the most effective form of creating and maintaining freedom, progress and social and intellectual achievement and improving the material standards of living of the majority of mankind. However, this confidence was to be succeeded by some loss of faith.

The stubborn problems of the past, like crime, ignorance and poverty, seemed ineradicable, and new problems, such as illegal drugs and environmental degradation, did not seem remediable by either classical or social liberalism. Indeed, liberal ideas of 'liberty' appeared to be increasingly taken by many people to mean 'licence', a lack of restraint, a lack of moderation and self-respect, as well as lacking the central liberal value of respect for the rights of others.

Liberalism, as a distinct ideological movement, continued to be squeezed by both conservatism and social democracy. Politicians of both the right and the left plundered liberalism for ideas and made them their own, leaving a prominent question mark over what modern liberalism was meant to represent: what did it stand for? Some liberals lapse into an almost conservative dependence on the past in their hope of the survival of liberalism. Others pursue radical policies of state intervention and higher taxation that make it difficult for the observer to distinguish them from socialists.

Nevertheless, such doubts and worries over the nature and future of liberalism are to be expected. Liberalism has always had a capacity for self-analysis and adaptability. One can assume that liberalism will continue to be a major influence on the future development of human society on a global scale: 'In the West, by and large, we are all liberals now. Instead of ignoring or affecting to deplore this, we should be recognising and reaffirming it. Or else, you never know, it might one day no longer be true.'<sup>4</sup>

## Summary

Liberalism now appears to be the universal ideology, its assumptions being almost automatically accepted – certainly in the West. Liberalism had its origins in the seventeenth century, developed in the eighteenth and flowered in the nineteenth, when 'classical liberalism' emerged. By the early twentieth century liberal doctrines were subject to considerable revision and 'new liberalism' emerged. There are several themes of central importance to the individual and his/her rights. The prime duty of government is to defend these rights. Liberals have an optimistic view of human nature, the future and the possibility of progress. Freedom is highly esteemed, while the state is viewed with some suspicion as a potential threat to individual freedom. Institutional arrangements

to restrain the state are therefore necessary; and the rule of the mob is as dangerous a threat as any tyrant. Private property and a market economy are efficient from an economic perspective, although at the same time may undermine other liberties. Furthermore, while national independence is generally 'good', liberals favour an international approach to foreign affairs and reject imperialism. Although liberalism may be said to have vanquished its main opponents, fascism and communism, in the twentieth century, it has not been without its critics. A market economy does not necessarily produce social justice. Liberalism has not so far provided very satisfactory answers to problems such as crime, poverty, terrorism and environmental destruction. Nevertheless, liberalism has, more than any other ideology, a built-in capacity for self-criticism and change that augurs well for its future.

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**SAMPLE QUESTIONS**

- 1 How would you characterise the role of the state in liberalism? Is it always perceived as the enemy of freedom?
- 2 Is liberalism fundamentally mistaken in allocating a central role to the individual in its social and political theory?
- 3 How true is it to say that liberalism is now the 'dominant ideology' in the Western world and globally?
- 4 'The liberal obsession has been the fear of the all-powerful state; but the real threat to freedom is now elsewhere.' Do you agree?
- 5 'Once used to defend individual liberties, liberalism has become the ideology of powerful business interests that most threaten individual freedom in a capitalist society.' Discuss.

