

Liberalism in a Nutshell

By Siegfried Herzog

Friedrich Naumann Stiftung



www.LibertyStatePark.com



Values: Freedom First

- Liberalism puts the freedom of the individual at the center: life, liberty and the pursuit of happiness.
- People need freedom to develop their own human potential fully.
- Equality means that all people are entitled to freedom – hence the freedom of one may not impede the freedom of another.
- If people are free to decide their course in life, they also bear responsibility for their actions.

The Liberal View of Society

- Society is based on a voluntary association of people through a social contract – an agreement to live together under a jointly agreed law.
- Government authority is delegated from the people.
- The state is NOT based on religion, ethnicity, language, culture...
- The path of development is indeterminate. There is no utopian end to the process, and no eternal certainty.

Herding Cats: How do You Coordinate Free Individuals?

- Arrow's impossibility theorem: there's no single good decision-making rule satisfying basic logical demands – hence no objectively measurable common good.
- The way we organize society is therefore always a product of trial and error and constant negotiation.
- This explains the wide variety of systems even among liberal democracies.

The Constitution as Social Contract

- A constitution embodies the idea of the social contract. It lays down the ground rules to which all members of society agree.
- A liberal constitution should concentrate on rules of interaction that maximize freedom, not fix outcomes. These should be left to the political process.
- Since constitutions embody the social contract, they should not be an object of tinkering.
- Liberalism as a political force started as a fight for constitutions in Europe. Its first victory was the American constitution.

The Building Blocks of a Liberal Order

- Human rights: creating a protected zone for the individual
- Democracy with diffused powers: legitimizing and limiting the exercise of power
- Market Economy: freedom of exchange and transaction allocates resources efficiently
- Rule of Law: fairness in conflict resolution, protecting rights of the weak, giving structure to the other building blocks

Human Rights

- Rights to life, liberty, property, pursuit of happiness, freedom of speech, association, religion, freedom from arbitrary arrest, equality before the law, due process of law
- They define a space of individual liberty and restrict the power of the state.
- They embody the liberal view of the individual.
- Their roots can be traced to the Judaeo-Christian-tradition and the legal system of the Roman empire, the Magna Carta, the reformation, and the enlightenment.

Democracy with Separation of Powers

- Democracy, rule by the people, embodies the principle of government established by the explicit consent of the governed.
- It realizes political freedom in that it enables each citizen to participate in the political decision-making process.
- Democracy as rule by the majority can mean a tyranny of the majority. It does not guarantee freedom.
- Liberal democracy advocates limits to power by separation of powers – horizontally (executive, legislative, judicial) and vertically (decentralization) – and by placing limits on political decision-making.
- Liberal democracy also calls for democratic decision-making in the realm of voluntary associations, including political parties.

Democracy Continued

- Democracy has its roots in Greek city states and the Roman republic, can be found in many tribal societies, medieval city states and parliaments
Modern democracy evolved in Britain and the US, followed by the French Revolution.
- Democracy only really became dominant after World War II and especially after 1989.

Now for the Scary Part...



Comparative Ideologies

- Communism: You have two cows. The government takes both and gives you spoiled milk.
- Socialism: You have two cows. The government takes one and gives it to someone else.
- Bureaucratic Socialism: You have two cows. The government takes them and puts them in a barn with everyone else's cows. They are cared for by ex-chicken farmers. The government gives you as much milk and eggs as the regulations say you should need.
- Social Democracy: You have two cows. Your neighbours decide who gets the milk.
- Classical Liberalism: You have two cows. You sell one and buy a bull.

The Market Economy: Constitutive Principles

- Market price mechanism
- Monetary stability – no distortions, low risk
- Open markets to sustain competition
- Private property
- Freedom of contract
- Liability principle
- Steadiness of economic policy – lower risk

Market Economy and the Individual

- Based on the human *propensity to truck, barter, and exchange one thing for another* (Adam Smith).
- This is a fundamental freedom that needs no justification (Amartya Sen).
- Competitive markets coordinate individual interests and preferences efficiently by integrating all relevant information by each individual.
- Competitive markets reward effort and spur innovation.

The Struggle for the Market Economy

- The struggle for the market economy often mirrored the struggle for democracy.
- It meant a fight against medieval guild restrictions, feudalism, slavery, confiscatory taxation, protectionism, and oppressive regulation.
- Prominent thinkers: Adam Smith, John St. Mill, David Ricardo
- Major breakthroughs in 19th century: Abolition of feudalism, abolition of British Corn Laws, free trade, gold standard
- Crisis after WWI, renewed success after WWII

Rule of Law – Social Interaction

- Governmental authority is legitimately exercised only in accordance with written, publicly disclosed laws adopted and enforced in accordance with established procedure.
- It regulates conflicts in society by laying down a mechanism of speedy but fair adjudication and redressal.
- It should be designed to maximize liberty by restricting itself to regulate only those matters where rights of others are infringed.

Rule of Law as Protector of Liberty

- Protects people from arbitrariness of the rulers
- Protects individual liberty by realizing equality of each individual before the law – rules are applied to all in the same way
- Protects the rights of the weak against the strong
- Places limits on executive power
- Embodies nation's sense of justice

Rule of Law as a Unifying Concept

- The rule of law gives shape to the protection of human rights, the democratic system and the system of the market economy.
- It resolves conflicts arising in the other decision-making systems.
- Without its stabilizing corset, the other decision-making systems are threatened by breakdown or capture by powerful groups.

Historical Development

- Roots: Roman republic
- Evolving separation of church and state in Christianity
- Struggles between kings, nobles, cities, and peasants
- Reformation and wars of religion
- Competing states in Europe – competing rules of law

Liberalism and Social Policy

- Liberals differ widely in their attitude to social policy.
- For many, the right to life implies a system of basic protection against hunger and disease, and the right to liberty implies a system of education.
- Basic divide between concepts of justice: justice as rules (Nozick) or justice as fairness (Rawls)

Some Tentative Principles of Liberal Social Policy

- It belongs in the political process, not in the constitution.
- It should empower people, not create dependency.
- It should follow the principle of subsidiarity.
- Government can subsidize access and regulate implementation, but need not necessarily build implementing bureaucracies.
- Government bureaucracies dispensing largesse are prime targets for political misuse.
- Help should be targetted to the needy; by contrast, most social spending in the world goes to the middle and upper classes.

Liberalism as a Political Movement

- Parties calling themselves liberal arose in the 19th century in Europe and Latin America.
- Liberals become a major political force vs. Conservatives in many countries.
- Towards the end of the 19th century, socialist parties erode part of the liberal mass base.
- After WWII, the development of Christian Democracy makes inroads into middle class support.
- The failure of Communism and the rise of globalization vindicate liberal ideas.

All points on my list have been carefully dealt with and are properly ticked off. Everything has been brought to an orderly conclusion!

