

liberalism

A P R I M E R

BY JULIO C. TEEHANKEE, Ph.D.

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Liberalism
A Primer

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Foreword

Being “liberal” has been misunderstood as merely being permissive, timidly tolerant, as one who believes in “live and let live.”

As a result of this misunderstanding, not a few people regard “liberalism” as a kind of flabby, backbone-less, and wishy-washy standpoint towards the world.

This primer on liberalism offers an introduction to a philosophy, ideology and body of political thought and practice that has been one of the foundations of many modern and progressive societies throughout the world. It presents the liberal viewpoint as activist, principled, and committed. The liberal ideal that drives liberalism makes the liberal a determined fighter against dictatorship, superstition, prejudice, discrimination, fundamentalism, vested interests, corruption and bad government among other evils that damage the comity and livability of our communities. It shows the known standpoint of liberalism as relevant to issues of governance and development, as essential to the formation of our nation and the unfolding of our democracy, as crucial to our people’s search for a body of beliefs that recognizes the validity of our diverse views yet enables us to find collective solutions to our common problems.

We would like the reader to regard this primer, which was authored by political scientist and the National Institute for Policy Studies (NIPS) board member Dr. July Teehankee, as a beginning to one’s authoritative initiation to liberalism rather than the end to one’s education on the matter. We hope this primer can launch the reader’s interest in further exploring liberal thought and practice.

This primer is part of the series of publications the National Institute for Policy Studies is in the process of producing to inform the public about the basic principles and practical applications of liberal democracy in our country.

Mario M. Taguiwalo
President, National Institute for Policy Studies

Note of Support

The promotion of liberalism stands at the very center of all the programs sponsored by the Friedrich Naumann Foundation, also known to many simply as the Foundation for Liberal Politics.

In spite of the controversies surrounding the concept of liberalism, despite the enmity – yes, even hostility – toward it from political foes and ideological opponents, liberalism, together with socialism and conservatism, remains one of the three main political mainstreams of modern times. Yet there are still uncertainties, and even professed supporters of liberalism are at times insecure as to what exactly their political credo is all about.

Ideological discussions have always been an integral part of liberal aspirations. And because liberalism is contrary to dogmatism, it does not offer simple answers to complex challenges. It is not unusual that after discussing a political problem three liberals may turn up with three different answers. I hasten to add that this openness to discussion, the opposition to dogmatism of all shapes, sizes, and colors, should not be misconstrued with ideological fuzziness or lack of principles. Liberals have clearly defined principles, and as the following pages will make clear, some of these are not negotiable: Freedom of the individual and responsibility, human rights and the rule of law, equality of opportunities and belief in the effectiveness of the market economy to advance development and alleviate poverty.

In the years working for the Friedrich Naumann Foundation in the Philippines, I have come to appreciate that a majority of Filipinos treasure these liberal values. In my eyes, the popularity of the liberal paradigm is the most important condition for the ongoing growth of the Liberal Party of this country. The National Institute for Policy Studies (NIPS) was set up many years ago to promote the liberal agenda in that party and beyond. In this educative effort, the Friedrich Naumann Foundation has assisted the Philippine think tank from the very beginning and is committed to do so in the years ahead.

The booklet you are holding in your hands is a product of many discussions and debates among senior intellectual exponents of Philippine liberalism. The result of those lively oral exercises have been skillfully put to paper by Dr. July Teehankee in a publication that – so I hope and wish – may help the expanding liberal movement in its effort to identify and formulate truly liberal answers to the myriad challenges facing the Philippine people today and in the future.

Dr. Ronald Meinardus
Resident Representative of the Friedrich Naumann Foundation

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Contents

THE LIBERAL PHILOSOPHY	2
What is liberalism?	2
What is the origin of the liberal movement?	2
What is the liberal view of the individual and society?	2
What is the fundamental liberal principle?	3
What are the core liberal values?	3
What is an ideology?	4
How is liberalism different from other ideologies?	4
What are the major ideological formations in the Philippines?	8
THE POLITICAL DIMENSIONS OF LIBERALISM	12
What is the liberal attitude towards democracy?	12
What is liberal democracy?	12
What are the core features of a liberal democratic regime?	12
What is illiberal democracy?	13
What is the meaning and importance of the rule of law?	13
What is the difference between “law and order” and “rule of law?”	14
What is good governance?	14
Why do liberals give utmost importance to human rights?	15
What is the liberal view on decentralization?	15
THE ECONOMIC DIMENSIONS OF LIBERALISM	16
What is the liberal view of property and market?	16
What is the relationship between economic liberties and the free market?	16
Why is the market the best gauge of economic activity?	16

How does a free market benefit the consumers?	17
Why is liberty the best remedy against poverty?	18
What is the relationship between private property rights and individual liberty?	18

THE SOCIAL DIMENSIONS OF LIBERALISM **20**

What is the social dimension of liberalism?	20
What is the social function of markets?	20
What is civil liberty?	21
What is social liberty?	21
Is liberalism compatible with Asian values?	21

REFERENCES **23**

liberalism

A PRIMER

BY JULIO C. TEEHANKEE, Ph.D.

1

The Liberal Philosophy

1.1 What is liberalism?

Liberalism is an ideology committed to the individual and a society in which individuals can pursue and realize their interests. The word “liberal” is derived from the same Latin word as liberty – *liber*, meaning “free.” The word was used before the 19th century to mean “generous or tolerant.” Presently, the word “liberal” refers to a political position or point of view.

1.2 What is the origin of the liberal movement?

Liberalism emerged from the struggles of the new commercial class that challenged the old feudal order in Europe. Liberalism believes that to pursue individual interests freely and rationally would lead to the best of all social systems. The first liberal advocates were a faction of the Spanish legislature who adopted the name *Liberales* in the early 1800s. The movement spread to France, Great Britain and the rest of Europe. In Great Britain, the party known as the Whigs evolved by the 1840s into the Liberal Party. The early liberals shared a desire for a more open and tolerant society where people can pursue their ideas and interests with minimum interference as possible.

1.3 What is the liberal view of the individual and society?

Liberalism asserts that every person is a rational and responsible individual who is at the best position to choose what is in his or her self-interest. A person’s full potential can be realized if he or she is not limited by a social order dominated by tradition and hierarchy or a government that restricts individual freedom. It is in contrast with the conservative and fascist view that individuals in society are linked together in an organic whole and anchored on social order. It also

disputes the socialist argument that individual interest should be subordinated to the good of the society as a whole. Liberalism asserts that no principle can ever justify the curtailment of individual freedom in the political and economic spheres. It emphasizes equal opportunities where individuals who are talented and hard working are personally and materially rewarded, as against equality of ends in which individuals are simply recipients of economic benefits brought about by state redistribution. Generally, liberals are optimistic about progress. Liberals do not believe that a system must be kept just because it has been around for a while.

1.4 What is the fundamental liberal principle?

The fundamental liberal principle grants primacy to liberty as a political value. It asserts that freedom is basic to all. Any restrictions on liberty must be justified. The burden of justification is always on those who would limit freedom. Hence, political authority and law must be justified since they tend to limit the liberty of citizens.

Freedom refers to self-determination such that a free individual is one who determines his or her own actions. ***Liberty*** is freedom in a social context and individual liberty is the freedom of individuals in relation to their social and political environment. The concept of individual liberty is the core of the liberal ideology.

1.5 What are the core liberal values?

We believe that human beings are essentially individuals endowed with reason and should be afforded the maximum possible freedom consistent with freedom for all. However, equality and equal opportunities should be accompanied with responsibility and hard work. These principles are articulated in the core values of liberalism that include the following:

- ***Individualism*** – the belief in the importance of the individual over any social group or collective body

- **Rationalism** – the belief that the world has a rational structure, and that this can be disclosed through the exercise of human reason and critical inquiry
- **Freedom** – the ability to think or act as one wishes in accordance with self-determination
- **Responsibility** – being responsible for oneself and one's own economic and social circumstance
- **Justice** - morally justifiable distribution of rewards and punishment
- **Tolerance** - forbearance, a willingness to accept views or actions that one disagrees or of which one disapproves

1.6 What is an ideology?

An ideology is a comprehensive set of beliefs and attitudes about social and economic institutions and processes. It offers a critique of an existing system and a view of the ideal system. All ideologies deal extensively with political questions. Ideologies provide an outline of how political change can and should be brought about. It also refers to a systematic set of political ideas that determine and/or justify the structures of regimes or policies of government.

1.7 How is liberalism different from other ideologies?

Liberalism distinguishes itself from other ideologies in the political spectrum given its fundamental belief that every individual is capable of reason and rational action, who is often placed in difficult situations in the real world. Each person enjoys natural rights to life, liberty and property. Liberalism assumes that each individual is responsible and is the best judge of what is in his or her self-interest. Since individuals in society each have the capacity to live satisfactory and productive lives when given the opportunity, the state must ensure that everyone has the opportunity to live the best possible life and to fulfill his or her individual potentials. Individuals in society should be assured of freedom and political equality. The role of the state is to guarantee equal opportunities for all members of society. Thus, liberalism

emphasizes moderation and reform oriented approaches to societal and political changes, primarily through democratic elections.

To the right of liberalism is conservatism.

Conservatism is more of a political attitude that is defined by the desire to conserve and is characterized by resistance to, or at least, suspicion of change. Conservatism attempts to prevent or delay transition from a society based on traditional values and social hierarchy. The conservative believes, first and foremost, in conserving what exists. The conservative view of human nature is negative and is non-egalitarian. Conservatives believe that some people contribute more than others to society and should therefore be more honored by society. The honor includes the right to positions of political authority. In the Philippines, conservatism is manifested through "elite democracy" characterized by the traditional politics of guns, goons and gold. Conservatives believe that society should be treated as an "organic" whole, implying that institutions and values have arisen through natural necessity and should be preserved to safeguard the fragile "fabric of society." Authority is the basis of social order. The role of the state is simply to maintain order and ensure the maintenance of traditional values. The major difference between conservatism and liberalism is the view each takes on human nature. Where the conservative view of the individual is pessimistic and non-egalitarian, the liberal takes a more optimistic and egalitarian view emphasizing belief in the rational individual.

JOHN LOCKE (1632-1704)

*Locke was an English philosopher and politician who was a key thinker of early liberalism. He argued in his **Two Treatises on Civil Government** (1690) that all human beings have the right to life, liberty and property and that government exists to protect these basic rights.*

His ideas animated the industrial revolution in Britain, became the rationale for the Declaration of Independence in the United States, and were affirmed by the Declaration of the Rights of Man and of the Citizen by the French National Assembly in 1789. In 1948, his ideas were enshrined in the Universal Declaration of Human Rights which was adopted by the United Nations.

Table 1: Key Characteristics of Major Ideologies

	Communism	Socialism	Liberalism	Conservatism	Fascism
Individual	Social		Rational and Responsible	Organic	
Individual and Society	Individual interest should be subordinated to the good of the society as a whole		Freedom and Political Equality	Freedom and Order	Order
Equality	Equality of Ends		Equality of Opportunities	Inherently Unequal	Superior Race or Nation
State	Economic Redistribution		Protect Individual Liberty	Ensure traditional values	National Glory
Political Spectrum	Extreme Left	Left	Center	Right	Far Right
Mode of Change	Revolution	Democratic Elections			Coup d' etat

Further to the right of conservatism is fascism. **Fascism** believes that what matters most is the nation itself. It argues that citizens can only prosper if the nation prospers. Thus, fascism is an extreme form of nationalism. In fascism, the individual is nothing; individual identity must be entirely absorbed into the race or nation. For fascists, freedom means complete submission and obedience to a supreme leader, and democracy is replaced by a military dictatorship. Hence, fascists often resort to a *putsch* or *coup d' etat* to assume power.

To the left of liberalism is socialism. For **socialism**, the most important goal is to provide high quality, relatively equal conditions of life for everyone, with an active state assisting in the achievement of this goal. The socialists believe that the most important characteristic of human nature is each individual's natural sociability. In addition, socialists believe that, given a chance, individuals would naturally engage in cooperative social activity. Socialists give primary importance to society as a whole. Hence, the individual's interest is subordinated to, or at least coordinated with the over-all needs of

every member of society. The state, in this regard, must take an expansive role in society. Historically, there are significantly different variations of the socialist ideology. The two major variations are democratic socialism and communism.

Communism or the Marxist-Leninist variant of socialism gives primacy to class struggle. It is anchored on the objective of overthrowing capitalism through a violent revolution and the introduction of a transitional socialist stage of development characterized by the “revolutionary dictatorship of the proletariat” under the leadership of a “vanguard party.” This stage would eventually lead to full communism or a classless society. In the last 50 years, more than 60 countries around the world have adopted some form of communist regime. However, the majority have long abandoned it since the collapse of the Soviet Union and communist states in Eastern Europe during the late 1980s and early 1990s.

Democratic socialism treats equality as its primary goal but pursues political and social changes through democratic means, not by violence and repression. The approach to change is gradual, placing continued importance on the protection of individual rights and freedoms, even as it transforms the socio-economic order. The ideology has been partially implemented in the form of a “welfare state” or “social market systems” in such countries as Denmark, Germany, Great Britain, and Sweden.

The major difference between socialism and liberalism is that the former tends to favor an order that assures an equality of results, while the latter insists that equality should be limited to equality of opportunities. The liberal critique of socialism is drawn from its concern for liberty and freedom. The liberals assert that the powers of the state should not be multiplied beyond what is necessary since individual citizens, have to pay for the protection of the state, not only in the form of taxes but even in the form of abuses by corrupt officials.

1.8 What are the major ideological formations in the Philippines?

While there is a wide variety of social movements and political parties in the Philippines, only a handful of organizations espouse a clear-cut ideological position. The major ideologies advocated by these organizations in the Philippines are national democracy, social democracy, liberal democracy, and Christian democracy.

National democracy refers to the transitional stage towards the realization of socialism in the Philippines, as advocated by the Communist Party of the Philippines (CPP). This is part of the two-stage revolution advocated by the CPP: a national democratic stage followed by socialism. The objective of the national democratic stage is to break the hold of imperialism and feudalism. The national democratic revolution shall be led by CPP. The socialist stage will only begin upon the victory of the national democratic revolution. The CPP, re-established in 1968, believes that Philippine society is “semi-feudal and semi-colonial.” The Philippine economy is still primarily agricultural, dominated by the persistence of feudal relations of production. Feudalism is the “social base of imperialism.” Imperialism and feudalism have prevented industrialization and the development of capitalism. The two weapons of the revolution are armed struggle and the national united front anchored on an alliance of the peasantry, the working class, the support of the urban petty bourgeoisie, and segments of the national bourgeoisie. The national democratic movement is composed mainly of the underground revolutionary movement led by the CPP, its armed wing – the New People’s Army (NPA) and its united front organization – the National Democratic Front (NDF). Its legal components are involved in open mass struggle – *Bagong Alyansang Makabayan (Bayan)* and electoral struggle – *Bayan Muna*. In recent years, the national democratic movement has shattered into several factions because of leadership and doctrinal disputes.

Social democracy is an ideological position, usually, but not necessarily, associated with democratic socialism. It refers to a revisionist socialist doctrine

that no longer aims to abolish private property and institute full collectivization but rather to reform or “humanize” capitalism. In the name of equality, western social democrats have been amongst the strongest advocates of state intervention in the form of the welfare state and economic management. In the Philippines, the social democratic movement has traditionally been a major rival of the national democrats since the First Quarter Storm of 1970. However, unlike the national democrats, the social democrats have failed to unite into a cohesive organization to challenge the authoritarian Marcos dictatorship. At the height of the anti-Marcos struggle, the social democratic mass and the underground movement were split into two organizations: the *Kapulungan ng mga Sandigang Pilipino* (KASAPI) and the *Partido Demokratiko Sosyalista ng Pilipinas* (PDSP).

Currently, only the PDSP remains active of the two organizations. Established in 1973, the PDSP presents itself as a democratic alternative to the national democratic agenda. It views Philippine society as a “dependent, neo-colonial capitalist system with large remaining areas of feudalism.” Its guiding vision for Philippine society is democratic socialism, while the social model it emulates is social democracy. Despite its left-wing agenda, the leadership of the PDSP has demonstrated conservative and right-wing tendencies throughout its checkered history. This has resulted in several major splits within its ranks that further weakened the social democratic movement in the Philippines.

Akbayan! (Citizen's Action Party) has emerged to challenge the ascendancy of PDSP as the social democratic party in the Philippines. Founded in 1998, *Akbayan* is an amalgamation of former national democrats, social democrats, Christian socialists, and other left-wing tendencies. It is the culmination of the protracted effort to foster unity within the Philippine Left. Primarily a party-list organization, *Akbayan* astutely toned down its leftist rhetoric. It believes that “public welfare has been undermined for too long by members of the elite who join government to further vested economic interests.” *Akbayan* seeks “to engage government for better social policies that would include redistributive reforms, delivery of basic services and appropriate safety nets.”

Table 2: Major Ideological Formations in the Philippines

	National Democracy	Social Democracy		Liberal Democracy	Christian Democracy
Analysis of Philippine society	Philippine society is semi-feudal and semi-colonial, dominated by imperialism, comprador bourgeoisie, the landlords, and bureaucrat capitalists.	Public welfare has been undermined for too long by members of the elite who join government to further vested economic interests.	Dependent, neocolonial capitalist system with large remaining areas of feudalism	Colonial past and authoritarian experience has left the legacy of a society that is elitist, unjust, poverty-stricken, corrupt, strife-ridden and constantly dictated upon by foreign interests.	Philippine society is still built on a pyramid-like relationship between "little people" and "big people."
Vision of Philippine society	National democracy as a transitional stage toward socialism Dictatorship of the proletariat through the Party	Better social policies that would include redistributive reforms, delivery of basic services and appropriate safety nets.	Its guiding vision is democratic socialism. The societal model that guides its actions is social democracy.	A society in which individual men and women are entitled to pursue their aims, develop their talents and fulfill their potential free from arbitrary interference, and are able to exercise real power over the institutions that govern their lives.	People empowerment State-intervention on the side of equality
Mode of struggle	Combination of mass, electoral & armed struggle	Mass & electoral struggle	Mass & electoral struggle	Mass & electoral struggle	Electoral struggle
Organization	<i>Bayan</i> (Mass Struggle) <i>Bayan Muna</i> (Electoral Struggle) CPP-NPA-NDF (Armed Struggle)	<i>Akbayan</i>	PDSP	Liberal Party	Lakas CMD
Political Spectrum	Extreme Left	Left	Left-of-Center	Center	Right

The primary exponent of **liberal democracy** in the Philippines is the Liberal Party (LP). The LP has a long history of electoral participation since the birth of the Philippine Republic in 1947. It is one of the major political parties that struggled against the Marcos dictatorship. The LP, together with the broad liberal movement in the Philippines, has dedicated itself to

the defense of liberty and freedom. Unlike the other ideological formations, it places its faith in the individual, not on the state or government, to address the problems of Philippine society. Hence, liberals put people first. From the LP's perspective, "colonial past and authoritarian experience has left a legacy of a society that is elitist, unjust, poverty-stricken, corrupt, strife-ridden and constantly dictated upon by foreign interests." Liberals aim to build a society in which individual men and women are entitled to pursue their aims, develop their talents and fulfill their potential free from arbitrary interference, and are able to exercise real power over the institutions that govern their lives.

Christian democracy advances a moderate and welfarist brand of conservatism. As a movement, it aims to solve social problems, with the aid of Christian principles, outside the control of the Catholic and Protestant churches. It shares conservative values of individualism, respect for property, moral values, anti-communism, and dislike of excessive state intervention. The Christian democratic movement in the Philippines traces its roots to the Christian Social Movement founded in the 1960s. The movement transformed itself into the National Union of Christian Democrats in 1984, and merged with other political parties to form the Lakas National Union of Christian Democrats-United Muslim Democrats of the Philippines (Lakas NUCD-UMDP) in 1992. In 2003, it shortened its name to Lakas Christian Muslim Democrats (Lakas CMD). Lakas CMD believes that "Philippine society is still built on a pyramid-like relationship between "little people" and "big people." It offers a program of government based on "people empowerment that is focused on local communities as the building block of a national society." It also adheres closely to the social market concept espoused by its European counterparts. A social market is an economy that is structured by market principles and largely free from government control, operating in the context of a society in which cohesion is maintained through a comprehensive welfare system and effective public services. Thus, Lakas CMD presents the need for "state-intervention on the side of equality to level the playing field of individual enterprise; to smooth the rugged edges of unrestrained capitalism; to prevent exploitation of the weak and to bridge the gap between rich and poor."

The Political Dimensions of Liberalism

2.1 What is the liberal attitude towards democracy?

For a liberal, democracy is the only method for peaceful change. The biggest advantage of democracy over other forms of governance is its commitment to pluralism and its provision for alternatives. However, democracy is only one aspect of an ideal political system that includes rule of law, protection of fundamental rights, limitation of power, and a free market. From the liberal perspective, democracy refers to the method of rule, while liberty is the objective of rule. The end of democracy is not arbitrary rule. No government, however legitimized, can do whatever it likes. Hence, safeguards in the form of a written constitution, checks and balances, and bill of rights are very important in a democracy.

2.2 What is liberal democracy?

Liberal democracy is a form of democratic rule that balances the principles of limited government against the ideal of popular consent. A liberal democrat is one who holds that democracy is the best form of government but believes that the power of government should be limited. Although the term is often used to describe a political principle, liberal democracy refers to a type of regime.

2.3 What are the core features of a liberal democratic regime?

The core features of a liberal democratic regime are the following:

- Constitutional government that is anchored on formal and legal rules
- Civil liberties and individual rights that are guaranteed by law

- Regular elections that respect the principles of universal suffrage and “one person, one vote”
- Political pluralism that is characterized by electoral choice and party competition
- A healthy and vibrant civil society in which organized groups and interests enjoy autonomy from the government
- A free market economy

2.4 What is illiberal democracy?

Despite the rapid increase in the number of nominal democracies throughout the world in recent years, there is no perceptible decrease in the number, scale and range of human rights abuses. Moreover, nominal democratic regimes around the world have failed to prevent tyranny and ethnic wars. These regimes do not necessarily promote economic growth and development and are still plagued by corruption. Hence, it is possible to have what is termed as ILLIBERAL democracy. The challenge for liberals is to make democracy work for the benefit of citizens and individuals, their freedom and material well-being.

2.5 What is the meaning and importance of the rule of law?

The rule of law may be best understood by contrasting it with despotism or anarchy [where decisions affecting persons or their property are not subject to the scrutiny of another impartial authority]. Legality and the impartiality of the judicial authority are the distinguishing features of a system under the rule of law. The rule of law is not an automatic phenomenon of democracy. Instead, it is a very important supplement to the democratic procedure in every democracy when issues of liberty and equal rights are at stake. Moreover, the more multicultural, the more multi-ethnic, the more multiconfessional a society is, the greater is its need to protect the rights of various groups vis-à-vis the interests of any majority that may come into being. Privileges for minorities, or special rights for minorities, are not the way. Improving the standards of the rule of law

is the most viable approach in this connection. It addresses itself to all individuals in society and, in so doing, also to the many minorities that constitute society. Application and strict adherence to the principles of the rule of law are an important way of ensuring that democracy does not become illiberal.

2.6 What is the difference between “law and order” and “rule of law?”

Law and order emphasizes the preservation of the status quo and tends to neglect injustice in the process of so doing. Injustice is the lesser evil, if the net outcome is what an elite believes to be food for

2.8 Why do liberals give utmost importance to human rights?

Liberals believe that a hard core of sacrosanct rights is not subject to change even if the overwhelming majority of a legislature wishes change. These rights – *human rights* – include, for instance, protection of life, physical inviolability, *habeas corpus*, freedom of thought and conscience. This implies that, although constitutions may be changed, certain rights are inalienable and belong to the individual. In this respect, the individual is autonomous. These rights are included in the catalogue of basic rights in the “bill of rights” which usually constitute the first part of a constitution. It is difficult to think of a legal and political order in which the rule of law exists and important human rights of the above mentioned kind do not. Indeed, many basic human rights are a logical extension of the concept of the rule of law. People make laws and they may be good or bad. They, in themselves, do not protect against oppressive authority or unwarranted arbitrary interference in the lives of individuals. Their needs ought to be more in place than general principles applicable to all laws and the legal system, in order to promote law that is just in the interest of all it is designed to protect.

2.9 What is the liberal view on decentralization?

Decentralization is usually understood to refer to the expansion of local autonomy through the transfer of powers and responsibilities away from national bodies. From the liberal perspective, decentralization is highly desirable since responsibility for the various tasks in life lies, first and foremost, with the individual and his closest, freely chosen community, e.g. the family. Only matters clearly beyond the capacity of that community should be delegated to public authorities, preferably at the local level.

3

The Economic Dimensions of Liberalism

3.1 What is the liberal view of property and market?

Liberalism gives importance to contractual freedoms – the right to property, the right to accumulate wealth and capital, freedom to produce, sell and buy. Emphasis is placed on the voluntary character of the relations between various economic factors, whether the employer, the worker, the lender, the producer, or the consumer. Freedom of contract is highly valued. Hence, individuals are free to shape their own situation by voluntary acts and contractual relations with others. The meeting point of various individual wills, where contractual relations are made, is the market.

3.2 What is the relationship between economic liberties and the free market?

The market is the venue where individuals exercise their economic liberties. It is where the individual buys and sells, hires laborers, borrows or loans money, invests in joint-stock companies or maritime ventures, and finds employment. The market reflects the supply and demand for goods and services, and this in turn determines their prices.

3.3 Why is the market the best gauge of economic activity?

The market is the best gauge to register economic activity, because demand obviously pushes prices up, and hence encourages production

until the demand is met and prices begin to level off. Since the market does not sanction the incompetent and inefficient, goods produced that do not meet a demand or are not widely desirable fall in price, until the producer is driven out of business, and replaced by a better one.

3.4 How does a free market benefit the consumers?

The market is filled with thousands of individual entrepreneurs who face not only millions of consumers who compare quality and prices, but also each other. If a particular product sells well and quickly, other manufacturers will produce it, increasing the supply and thus bringing the supply down. The system is supposed to be both sensitive to consumer demand as well as entirely open, allowing for the entry of new competitors and the exit of unsuccessful ones. Prices faithfully register the volume of demand and supply adjusted to it.

Ideally, it is a system that benefits the consumer since prices cannot be fixed, the volume of production cannot be controlled, and competition makes monopolies or cartels impossible. The producers also gain as they depend on the same law of supply and demand in settling the wages to be paid, and in setting the prices of new products. The system provides the best mechanism both for production and the satisfaction of wants.

ADAM SMITH (1723-1790)

*A social philosopher and political economist best known for his major work, **An Inquiry into the Nature and Causes of the Wealth of Nations** (1776), in which he developed his theories of economic liberalism, competition, and free trade.*

His major plea was to release human activity from all state administrative and economic controls, allowing the individuals to seek individual profit and satisfaction of wants. He claimed that there were fundamental economic laws, such as the law of supply and demand that provided for the self-regulation of the economy. He is the father of economic liberalism.

3.5 Why is liberty the best remedy against poverty?

Poverty continues to be a huge challenge for liberals, both for their vision of humanity and their vision of a just liberal society. Liberals believe in the principle of freedom of the individual and a set of inalienable human rights. Extreme poverty is a daily attack on the right to life of an individual and therefore cannot be tolerated by liberals. Moreover, a person struggling for physical survival has very few choices in life where he or she could experience individual freedom. A realization of individual liberty throughout society presupposes an alleviation of mass poverty.

Far more important, it is usually forgotten how people have historically escaped poverty throughout the world: through their own efforts, their hard work, their thrift, their investment in education, their willingness to move in search of better opportunities, their willingness to try something new, their willingness to take risks. While there are undoubtedly some individuals who are too downtrodden to help themselves, this does not hold true for the bulk of the poor. ***They need access to opportunities, and they need the protection of the law to escape domination by powerful groups or individuals who tend to appropriate the fruits of their efforts.***

3.6 What is the relationship between private property rights and individual liberty?

Not incidentally, liberalism has always put great emphasis on stable property rights, since private property is an important safeguard of individual liberty. It has often been argued that the liberal concern with private property reflects the interests of the propertied classes, but that is only a small part of the picture. The poor need this even more because it is their right to such property as they have that is often either unrecognized by the law or unprotected by the judicial system.

The liberal concern for private property also has to be seen as an objective of state policy: the state should enable all citizens, especially the poor, to

acquire private property. This is substantially different from, or even the opposite of, socialist policies that want the state to limit or even confiscate private property in order to finance transfer payments to citizens. Liberals are skeptical about the value of transfer payments as these introduce an element of dependency, while acquiring property increases financial autonomy and thus strengthens individual liberty.

4

The Social Dimensions of Liberalism

4.1 What is the social dimension of liberalism?

Liberal policy envisages a social and economic order, which is intrinsically social. Liberal policy is inherently social because it aims at giving the citizens the freedom to look responsibly after their own well-being within a market economy without tutelage by the state and without discrimination. It is also inherently social because it strives for a legal and economic order in determining a frame of action, which ensures that what is good for the individual is generally also good for society. The social dimension of liberal policy means that the individual accepts responsibility for himself/herself and his/her family according to his/her capacity. It unfolds in the quality of reciprocal effect, where working one's own objectives enhances the objectives of others at the same time.

4.2 What is the social function of markets?

To guarantee freedom of choice and to offer a multitude of alternatives, market economic policy is an indispensable, social - albeit often misunderstood - instrument. Market economic policy is based on a fundamental guarantee of property and on free markets within the framework of a legal and economic order. Free markets allow a free exchange of goods and services, free competition, and free cooperation. These are also the pillars of liberal society. A liberal society requires the existence of markets where - within the legal framework - there is not only free exchange, but also competition as an incentive as well as a limitation of economic power. Last but not least, it requires free cooperation, the importance of which, for a free market system, is often overlooked and not sufficiently appreciated.

4.3 What is civil liberty?

While personal liberties in general define a set of protections, civil liberties indicate the free and positive channels and areas of human activity and participation. Basic to the liberal faith is the concept of freedom of thought. Freedom of thought is closely associated with freedom of expression, freedom of speech, freedom to write, freedom to publish and disseminate one's thoughts, freedom to discuss things with others, and freedom to associate with others in the peaceful expression of ideas.

4.4 What is social liberty?

Freedom of thought, expression and protection against government in the form of personal and civil rights have little value if individuals are not given proper recognition so that they can work and live in accordance with their talents and capabilities. Social liberty corresponds to what we refer to today as opportunities for advancement or social mobility. It is the right of all individuals, irrespective of race, creed and the position of their parents, to be given every opportunity to attain a position in society commensurate with their capabilities. Personal liberties may become empty or purely formal prescriptions otherwise. Only when equal opportunities are provided for all can there be freedom for all.

4.5 Is liberalism compatible with Asian values?

Liberal principles such as human rights and the rule of law are universal and applicable irrespective of cultural background. Every human being, irrespective of age, religious denomination, sex, social status or citizenship aspires for security (which includes legal security), justice and equal treatment under the law. This is recognized essentially in all philosophical, religious and legal codes that take the individual and his/her needs as their starting point. Such aspiration, however, is not recognized in ideologies that seek to be exclusive and that favor one class, ethnic group, nation or religion over another.

Human rights and the rule of law are certainly not western concepts if viewed from this perspective. First, very few people that care for their fellow human beings in this world -- or even those that pretend to do so -- would be prepared to argue openly that the rich and powerful should have more rights than those who are not. Second, not all western political mainstreams have accepted human rights and the rule of law as an over-riding priority in the organization of co-existence. An extreme example: Marxism, a western invention, denies that people who are not members of what was originally termed the *proletariat* deserve the same protection.

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