

LIBERALISM AND ITS
DISCONTENTS

Also by Francis Fukuyama

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LIBERALISM AND ITS DISCONTENTS

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Preface

This book is intended to be a defense of classical liberalism, or, if that term is too fraught with certain historical connotations, then what Deirdre McCloskey labels “humane liberalism.”¹ I believe that liberalism is under severe threat around the world today; while it was once taken for granted, its virtues need to be clearly articulated and celebrated once again.

By “liberalism,” I refer to the doctrine that first emerged in the second half of the seventeenth century that argued for the limitation of the powers of governments through law and ultimately constitutions, creating institutions protecting the rights of individuals living under their jurisdiction. I do not refer to liberalism as it is used today in the United States as a label for left-of-center politics; that set of ideas, as we will see, has diverged from classical liberalism in certain critical ways. Nor does it refer to what in the United States is called libertarianism, which is a peculiar doctrine founded on hostility to government as such. I am not using liberal in the European sense either, where it designates center-right parties skeptical of socialism. Classical liberalism is a big tent that encompasses a range of political views that nonetheless agree on the foundational importance of equal individual rights, law, and freedom.

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It is clear that liberalism has been in retreat in recent years. According to Freedom House, political rights and civil liberties around the world rose during the three and a half decades between 1974 and the early 2000s, but have been falling for fifteen straight years prior to 2021 in what has been labeled a democratic recession or even depression.²

In established liberal democracies, it is the liberal institutions that have come under immediate attack. Leaders like Hungary's Viktor Orbán, Poland's Jarosław Kaczyński, Brazil's Jair Bolsonaro, Turkey's Recep Tayyip Erdoğan, and America's Donald Trump were all legitimately elected, and have used their electoral mandates to attack liberal institutions in the first instance. These include the courts and justice system, nonpartisan state bureaucracies, independent media, and other bodies limiting executive power under a system of checks and balances. Orbán has been quite successful in packing the courts with his supporters and bringing the bulk of Hungarian media under the control of his allies. Trump was less successful in his attempts to weaken institutions like the Justice Department, the intelligence community, the courts, and the mainstream media, but his intention was much the same.

Liberalism has been challenged in recent years not just by populists of the right, but from a renewed progressive left as well. The critique from this quarter evolved from a charge—correct in itself—that liberal societies were not living up to their own ideals of equal treatment of all groups. This critique broadened over time to attack the underlying principles of liberalism itself, such as its positing of rights in individuals rather than groups, the premise of universal human equality on which constitutions and liberal rights

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have been based, and the value of free speech and scientific rationalism as methods of apprehending truth. In practice, this has led to intolerance of views that deviate from the new progressive orthodoxy, and the use of different forms of social and state power to enforce that orthodoxy. Dissident voices have been ousted from positions of influence and books effectively banned, often not by governments but by powerful organizations that control their mass distribution.

Populists on the right and progressives on the left are unhappy with present-day liberalism not, I would argue, because of a fundamental weakness in the doctrine. Rather, they are unhappy with the way that liberalism has evolved over the last couple of generations. Beginning in the late 1970s, economic liberalism evolved into what is now labeled neoliberalism, which dramatically increased economic inequality and brought on devastating financial crises that hurt ordinary people far more than wealthy elites in many countries around the globe. It is this inequality that is at the core of the progressive case against liberalism and the capitalist system with which it is associated. Liberalism's institutional rules protect the rights of everyone, including existing elites who are reluctant to give up either wealth or power, and who therefore stand as obstacles to the march towards social justice for excluded groups. Liberalism constituted the ideological basis for a market economy, and hence in the minds of many is implicated in the inequalities entailed by capitalism. Many impatient young Gen Z activists in America and Europe regard liberalism as an outmoded baby boomer perspective, a "system" that is incapable of reforming itself.

At the same time, the understanding of personal

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autonomy expanded relentlessly, and came to be seen as a value that trumped all other visions of the good life including those put forward by traditional religions and culture. Conservatives saw this as a threat to their most deeply held beliefs, and felt that they were being actively discriminated against by mainstream society. They felt that elites were using a host of undemocratic means—their control over the mainstream media, universities, the courts and executive power—to advance their agenda. The fact that conservatives won any number of elections in this period in the United States and Europe did not seem to make any difference in slowing the tidal wave of cultural change.

These discontents with the way that liberalism has evolved in recent decades have led to demands from both right and left that the doctrine be replaced root and branch by a different kind of system. On the right, there have been efforts to manipulate the electoral system in the United States in order to guarantee that conservatives remain in power, regardless of democratic choice; others have flirted with the use of violence and authoritarian government as a response to the threat they see. On the left, there are demands for a massive redistribution of wealth and power, as well as recognition of groups rather than individuals based on fixed characteristics such as race and gender, as well as policies to equalize outcomes between them. Since none of this is likely to happen on the basis of a broad social consensus, progressives are happy to continue to make use of courts, executive agencies, and their substantial social and cultural power to further this agenda.

These threats to liberalism are not symmetrical. The one coming from the right is more immediate and political; the

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one on the left is primarily cultural and therefore slower-acting. Both are driven by discontents with liberalism that do not have to do with the essence of the doctrine, but rather with the way in which certain sound liberal ideas have been interpreted and pushed to extremes. The answer to these discontents is not to abandon liberalism as such, but to moderate it.

The plan of this book is as follows. Chapter 1 will define liberalism, and put forward the three major historical justifications for it. Chapters 2 and 3 will look at how economic liberalism evolved into the more extreme form “neoliberalism” and provoked strong opposition and discontent with capitalism itself. Chapters 4 and 5 will examine how the basic liberal principle of personal autonomy was absolutized, and turned into a critique of the individualism and the universalism on which liberalism rested. Chapter 6 deals with the critique of modern natural science that was pioneered on the progressive left but soon spread to the populist right, while chapter 7 describes how modern technology has challenged the liberal principle of free speech. Chapter 8 questions whether either the right or left have viable alternatives to liberalism; chapter 9 looks at the challenge to liberalism posed by the need for national identity; and chapter 10 lays out the broad principles required to rebuild faith in classical liberalism.

I do not intend this book to be a history of liberal thought. There are dozens of important writers who have contributed to the liberal tradition, and there have been just as many critics of liberalism over the years as well.³ There are hundreds if not thousands of books explicating their respective contributions. I want to focus instead on what I

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regard as the core ideas underlying contemporary liberalism, as well as some of the grave weaknesses afflicting liberal theory.

I am writing this book in a period when liberalism has faced numerous critiques and challenges, and appears to many people as an old and worn-out ideology that fails to answer the challenges of the times. This is hardly the first time it has been criticized. No sooner did liberalism become a living ideology in the wake of the French Revolution than it was attacked by Romantic critics who considered it to be based on a calculating and sterile worldview. It was further attacked by nationalists who, by the time of the First World War, had swept the field, and by the communists who opposed them. Outside of Europe, liberal doctrines sank roots in some societies like India, but were quickly challenged by nationalist, Marxist, and religious movements.

Nonetheless, liberalism survived these challenges and became the dominant organizing principle of much of world politics by the end of the twentieth century. Its durability reflects the fact that it has practical, moral, and economic justifications that appeal to many people, especially after they have been exhausted by the violent struggles engendered by alternative political systems. It is not, as Vladimir Putin suggested, an “obsolete” doctrine, but one that continues to be necessary in our present diverse and interconnected world. It is for that reason that it is necessary to restate the justifications for liberal politics, but also to articulate the reasons that many people today find it wanting.

Especially since 2016 there have been a plethora of books, articles, and manifestos analyzing liberalism’s shortcomings and proffering advice on how liberalism needs to adapt to

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present circumstances.⁴ I have spent a great deal of my life researching, teaching, and writing about public policy, and have no end of ideas about specific initiatives that could be undertaken to improve life in our contemporary liberal democracies. Rather than offering such a laundry list, however, the present volume will focus more narrowly on the basic principles that underlie a liberal regime, to expose some of their shortcomings, and, based on that, propose ways in which they could be addressed. Whatever the shortcomings, I want to show that they remain superior to the illiberal alternatives. I leave it to others to draw more specific policy conclusions from the general principles.

I would like to thank my UK publisher Andrew Franklin at Profile Books for pushing me to write this present volume. Andrew has published all nine of my previous books, and has been a tremendous editor and supporter over several decades. I would also like to thank my American editor Eric Chinski at Farrar, Straus and Giroux, who has provided invaluable advice on substance as well as style. My literary agents Esther Newberg, Karolina Sutton, and Sophie Baker have done their usual superb job in putting this book before wider audiences. In the fall of 2020 I worked with Jeff Gedmin and other colleagues to establish a new online journal, *American Purpose*, for which I wrote the lead essay on which this work is based.⁵ That essay was intended to define the objectives of *American Purpose*, which hopefully will contribute to the political and ideological struggle in which we are now engaged. I would like to thank my colleagues and staff at that magazine, as well as Samuel Moyn, Shadi Hamid, Ian Bassin, Jeet Heer, Dhruva Jaishankar, Shikha Dalmia, Aaron Sibarium, Joseph Capizzi, and

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1

What is Classical Liberalism?

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

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

Liberal societies confer rights on individuals, the most fundamental of which is the right to autonomy, that is,

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the ability to make choices with regard to speech, association, belief, and ultimately political life. Included within the sphere of autonomy is the right to own property and to undertake economic transactions. Over time, autonomy would also come to include the right to a share of political power through the right to vote.

Needless to say, early liberals had a restricted understanding of who qualified as a rights-bearing human being. This circle was initially limited, in the United States and other “liberal” regimes, to white men who owned property, and only later was broadened to other social groups. Nonetheless, these restrictions on rights ran contrary to the assertions of human equality contained both in the doctrinal writings of liberal theorists like Thomas Hobbes and John Locke, and in foundational documents like the US Declaration of Independence or the French Revolution’s Declaration of the Rights of Man and of the Citizen. The tension between theory and practice drove, as well as the grass-roots mobilization of excluded groups, the evolution of liberal regimes towards a broader and more inclusive recognition of human equality. In this manner, liberalism differed sharply a manner that differed sharply from nationalist or religiously based doctrines that explicitly limited rights to certain races, ethnicities, genders, confessions, castes, or status groups.

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

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progressively more complex over time in most advanced liberal societies.

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

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

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there should be any constraints on the power of the Communist Party, and has tightened its grip on every aspect of Chinese society. Hungary's Viktor Orbán has explicitly said that he is seeking to build an "illiberal democracy" in the heart of the European Union.³

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

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

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but growth remains a necessary precondition for most of the other good things that societies seek.

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

Liberalism has a strong association with certain forms of cognition, particularly the scientific method, which is seen as the best means of understanding and manipulating the external world. Individuals are assumed to be the best judges of their own interests, and are able to take in and test empirical information about the outside world in the making of those judgments. While judgments will necessarily vary, there is a liberal belief that in a free marketplace of ideas, good ideas will in the end drive out bad ones through deliberation and evidence.

The pragmatic argument for liberalism needs to be understood in the historical context in which liberal ideas first arose. The doctrine appeared in the middle of the seventeenth century towards the conclusion of Europe's wars of religion, a 150-year period of almost continuous violence that was triggered by the Protestant Reformation. It is estimated that as much as one-third of central Europe's population died in the course of the Thirty Years' War, if not from direct violence then from the famine and disease

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that followed upon military conflict. Europe's religious wars were driven by economic and social factors, such as the greed of monarchs eager to seize Church property. But they derived their ferocity from the fact that the warring parties represented different Christian sects that wanted to impose their particular interpretation of religious dogma on their populations. Martin Luther struggled with the emperor Charles V; the Catholic League fought the Huguenots in France; Henry VIII sought to separate the Church of England from Rome; and there were conflicts within the Protestant and Catholic camps between high and low church Anglicans, Zwinglians and Lutherans, and many others. This was a period in which heretics were regularly burned at the stake or drawn and quartered for professing belief in things like "transubstantiation," a level of cruelty that is hardly understandable as an outgrowth of economic motives alone.

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

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life could also be threatened by a tyrannical state, and that the state itself needed to be constrained by the “consent of the governed.”

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

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

Diversity can take many forms: in seventeenth-century Europe it was religious, but it can also be based on nationality,

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ethnicity, race, or other types of belief. Byzantine society was riven by a sharp polarization between the Blues and Greens, racing teams in the Hippodrome that corresponded to Christian sects professing belief in Monophysite and Monothelite doctrines respectively. Poland today is one of the most ethnically and religiously homogeneous societies in Europe, and yet it is sharply polarized between social groups based in its cosmopolitan cities and a more conservative one in the countryside. Human beings are very good at dividing themselves into teams that go to war with one another metaphorically or literally; diversity thus is a prevalent characteristic of many human societies.⁵

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

The second justification for a liberal society is a moral one: a liberal society protects human dignity by granting citizens an equal right to autonomy. The ability to make fundamental life choices is a critical human characteristic. Every individual wants to determine their life's goals: what they will do for a living, whom they will marry, where they will live, with whom they will associate and transact, what and how they should speak, and what they will believe. It is this freedom that gives human beings dignity, and unlike intelligence, physical appearance, skin color, or other secondary

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characteristics, it is universally shared by all human beings. At a minimum, the law protects autonomy by granting and enforcing citizens' rights to speak, associate, and believe. But over time autonomy has come to encompass the right to have a share in political power and to participate in self-government through the right to vote. Liberalism has thus become tied to democracy, which can be seen as an expression of collective autonomy.

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

Liberal theory asserted that these rights applied to all human beings universally, as in the Declaration of Independence's opening phrase "We hold these truths to be self-evident, that all men are created equal." But, in practice, liberal regimes made invidious distinctions between individuals, and did not regard all of the people under their jurisdiction as full human beings. The United States did not grant citizenship and the franchise to African Americans until passage of the Fourteenth, Fifteenth, and Sixteenth amendments in the wake of the Civil War, and after Reconstruction shamefully took them back in a period that

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stretched up to the Civil Rights era in the 1960s. And the country did not grant women the right to vote until passage of the Nineteenth Amendment in 1919. Similarly, European democracies opened up the franchise to all adults only gradually, removing restrictions based on property ownership, gender, and race in a slow process that stretched into the middle of the twentieth century.⁶

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

Liberal theory did not only endorse the freedom to buy and sell within national borders; early on it argued in favor of an international system of free trade. Adam Smith's 1776 *Wealth of Nations* demonstrated the ways in which mercantilist restrictions on trade (for example, the Spanish Empire's requirement that Spanish goods be carried only in Spanish ships to Spanish ports) were highly inefficient. David Ricardo laid the basis for modern trade theory with his theory of comparative advantage. Liberal regimes did

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not necessarily follow these theoretical dictates: both Britain and the United States, for example, protected their early industries with tariffs, until the point where they grew to a scale that allowed them to compete without government assistance. Nonetheless, there has been a strong historical association between liberalism and freedom of commerce.

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

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

The central place of property rights in liberal theory meant that the strongest advocates of liberalism tended to be the new middle classes that were the by-product of

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economic modernization—what Karl Marx would call the bourgeoisie. The original backers of the French Revolution who took the Tennis Court Oath in 1789 were mostly middle-class lawyers who wanted to protect their property rights against the monarchy, and had little interest in extending the vote to the sans-culottes. The same was true of the American Founding Fathers, who almost universally came from a prosperous class of merchants and planters. James Madison argued in his “Address at the Virginia Convention” that “the rights of persons, and the rights of property, are the objects, for the protection of which Government was instituted.” In his essay “Federalist 10”, he noted that social classes and inequality would inevitably result from the necessary protection of property: “From the protection of different and unequal faculties of acquiring property, the possession of different degrees and kinds of property immediately results; and from the influence of these on the sentiments and views of the respective proprietors ensues a division of the society into different interests and parties.”⁸

Liberalism’s current travails are not new; the ideology has gone in and out of fashion over the centuries but has always returned because of its underlying strengths. It was born out of religious conflict in Europe; the principle that states should not seek to impose their sectarian views on others served to stabilize the Continent in the period after the Peace of Westphalia in 1648. Liberalism was one of the early driving forces of the French Revolution, and was initially an ally of democratic forces that wanted to expand political participation beyond the narrow circle of upper- and middle-class elites. The partisans of equality, however, broke with the partisans of liberty, and created a

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revolutionary dictatorship that ultimately gave way to the new empire under Napoleon. The latter, nonetheless, played a critical role in spreading liberalism in the form of law—the Code Napoléon—to the far corners of Europe. This then became the anchor for a liberal rule of law on the Continent.

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

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

Liberty for individuals necessarily implied liberty for the colonial peoples conquered by the European powers, leading to rapid collapse of their overseas empires. In some cases, colonies were granted independence voluntarily; in others, the metropolitan power resisted national liberation by force.

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

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

The largest threat to the liberal international order that

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

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

This was not just a period of economic growth, but one of increasing social equality. A whole series of social

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movements sprang up in the 1960s, beginning with the civil rights and feminist revolutions that pressured societies to live up to their liberal principles of universal human dignity. Communist societies pretended that they had solved problems related to race and gender, but in Western liberal democracies the social transformation was driven by grassroots mobilization rather than top-down decree and hence proved more thoroughgoing. The circle of rights-bearing individuals in liberal societies continued to expand, in a process that is incomplete and that continues up to the present day.

If one needed proof of liberalism's positive impact as an ideology, one should look no further than the success of a series of states in Asia that went from being impoverished developing countries to developed ones in a matter of decades. Japan, South Korea, Taiwan, Hong Kong, and Singapore were not democracies during their high-growth periods, but they adopted key liberal institutions like protection of private property rights and openness to international trade in ways that allowed them to take advantage of the global capitalist system. The reforms instituted by Deng Xiaoping in China after 1978, such as the Household Responsibility law or the township and village enterprise system, replaced central planning with limited property rights and incentives for peasants and entrepreneurs to take risks because they were allowed to enjoy the fruits of their own labor. There is a large literature explaining how the countries of East Asia never adopted anything like the full-blown form of market capitalism that existed in the United States—indeed, European capitalism looked very different as well.⁹ In East Asia and in Europe, the state remained a much more important

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actor in encouraging economic growth than in the United States. But such “developmental states” still relied on liberal institutions like private property and incentives to trigger their remarkable records of economic growth.

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

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