

## **Post-Modern Liberalism**

April 9, 2018

Much has been said about how conservatism has been turned upside-down by the election of Donald Trump. Longtime conservatives like George Will and Joe Scarborough have been forced out of the Republican Party, which has given up any pretense of supporting their purported values. One would be hard-pressed to identify how modern conservatism is, in any respect, conservative.

What is much less apparent is that there has been a similar revolution amongst those who call themselves liberals. In the past year, I have spent countless hours debating the question of what exactly is a “liberal”. This looks like a semantic argument, but it is not really because the issue is what was meant by the word “liberal” in the past and how that compares to present-day liberals. So let us consider the history of the word “liberal”.

First, we should acknowledge that liberal is an old word. Prior to the Nineteenth Century, it had little connection to politics. A person who was liberal was very generous, very free with his wealth and other resources. The word became entangled with notions of political liberty when the Whig party in Britain embraced the political economy espoused by Adam Smith and David Ricardo, pushing for the repeal of the mercantilist Corn Laws. About the same time that the Whig Party in America collapsed and was eventually replaced by the Republican Party, a similar process happened in England. The successor to the British Whigs became known as the Liberal Party. Later, in the Twentieth Century, when people with different ideas also started calling themselves liberals, the old-fashioned liberals took to calling themselves classical liberals to distinguish themselves from their more socialist cousins.

For a variety of reasons, those who called themselves liberal in America became more tolerant of government. Partly, this was because they were persuaded that economic constraints were more oppressive than political constraints. The Keynesian Revolution also played a role as macroeconomists started to advocate that the government should act to smooth out the business cycle. By the 1960s, modern liberalism had come into being. For most of my life, liberals were perceived to be champions of civil rights and purveyors of “big government”.

In the Nineties, conservative talk radio, and Rush Limbaugh especially, gave the word negative connotations. Many who had called themselves liberals came to prefer other labels such as progressive. Some modern liberals rediscovered the word’s classical origins and did not want to be associated with the likes of Smith and Ricardo. The term “neoliberal” has even come into vogue as a pejorative to describe liberals like myself who proudly subscribe to free-market economics. When Bill Clinton was President, he broke with the socialist wing of the Democratic Party by supporting “neoliberal” policies, such as NAFTA and welfare reform. Now that so

many on the left refrain from calling themselves liberal, those liberals who remain constitute what I call “post-modern liberals”.

But while all that was happening, what became of the classical liberals? Friedrich Hayek and Milton Friedman were the standard bearers of those who bemoaned the theft of their name. This is where my story gets controversial, for there is another label that I have yet to mention: “libertarian”.

Libertarianism was conceived by John Locke in Sixteenth Century England. Locke was a founder of the Whigs, who brought about the Glorious Revolution in 1688, substituting the awful Catholic James II with the more amenable William and Mary. Returning from an exile on the Continent, Locke accompanied Mary back to England.

He was among the most insightful of the Enlightenment philosophers, but he was also an extremely devout Protestant who wrote at length about the *Reasonableness of Christianity*. When Jefferson wrote in the Declaration of Independence, “We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness,” he was drawing upon Locke’s *Second Treatise*:<sup>1</sup> “Reason . . . teaches all mankind . . . that being all equal and independent, no one ought to harm another in his life, health, liberty, or possessions: for men being all the workmanship of one omnipotent, and infinitely wise maker; all the servants of one sovereign master, sent into the world by his order, and about his business; they are all his property, whose workmanship they are, made to last during his, not one another’s pleasure.” While Jefferson used deistic language to describe the Creator as “Nature’s God”, Locke was unambiguous that he meant the Abrahamic God. His *First Treatise* is a hermeneutic debate about whether the Bible supports the divine right of kings, specifically the notion that the Stuarts inherited absolute power from Adam.

Locke’s insistence on the reality of God blinded him to scientific discoveries that might have eventually put him in the first rank of mankind’s geniuses. However, I emphasize his religiosity not to criticize it but to elucidate that his belief in liberty was axiomatic. Like Jefferson, Locke considered the existence of our rights to be self-evident. In the language of economics, a libertarian’s appraisal of liberty is exogenous. Liberty is intrinsically good. How much liberty we have enters a libertarian’s preferences directly as an argument of his or her utility function.

Contrast that with the view John Stuart Mill presented in *On Liberty*.<sup>2</sup> Mill spent most of his adult life working for the East India Company, subjugating other cultures, which he justified as follows:<sup>3</sup> “Those who are still in a state to require being taken care of by others, must be

---

<sup>1</sup> Chapter 2, Section 6, p. 13 of Perennial Press 2016 edition, originally published in 1688.

<sup>2</sup> I want to thank my colleague Randy Simmons for bringing this to my attention.

<sup>3</sup> Mill, John Stuart, (1859), *On Liberty* (MobileReference) p. 10.

protected against their own actions as well as against external injury. For the same reason, we may leave out of consideration those backward states of society in which the race itself may be considered as in its nonage. . . . Despotism is a legitimate mode of government in dealing with barbarians, provided the end be their improvement, and the means justified by actually affecting that end. Liberty, as a principle, has no application to any state of things anterior to the time when mankind have become capable of being improved by free and equal discussion.”

No one who reads this could mistake Mill for a libertarian. Mill was a liberal. Indeed, of the canonical classical liberals, Smith, Malthus, Ricardo, and Mill, Mill was the only one who actually called himself a liberal.

For Mill, liberty was a means to an end, not an end in itself. It was good for those of sufficient maturity because it helped them to lead happier and more satisfying lives. Writing at the same time as Darwin was composing the *Origin of Species*, Mill described the necessary ingredients for social evolution in terms similar to biological evolution:<sup>4</sup> “There is always need of persons not only to discover new truths, and point out when what were once truths are true no longer, but also to commence new practices, and set the example of more enlightened conduct, and better taste and sense in human life. This cannot well be gainsaid by anybody who does not believe that the world has already attained perfection in all its ways and practices. It is true that this benefit is not capable of being rendered by everybody alike: there are but few persons, in comparison with the whole of mankind, whose experiments, if adopted by others, would be likely to be any improvement on established practice. But those few are the salt of the earth; without them, human life would become a stagnant pool. . . . Persons of genius, it is true, are, and are always likely to be, a small minority; but in order to have them, it is necessary to preserve the soil in which they grow. Genius can only breathe freely in an atmosphere of freedom.”

Again, in the language of economics, a classical liberal like Mill was someone who understood liberty to be endogenously good. Classical liberals did not have exotic preferences. Their utility functions were textbook utility functions, depending on consumption of material goods, leisure time, and other amenities.<sup>5</sup> They were pragmatists who promoted liberty because, under most circumstances, liberty creates more opportunities to produce the goods that generate utility. Where the expansion of liberty is contrary to general welfare, classical liberals contested it. In the words of Adam Smith,<sup>6</sup> “Those exertions of the natural liberty of a few individuals, which might endanger the security of the whole society, are, and ought to be, restrained by the laws of all governments; of the most free, as well as of the most despotical.”

---

<sup>4</sup> *ibid.*, pp. 54-55.

<sup>5</sup> Keeping in mind that Mill was the only one of the four major classical liberals to speak of utility as a measure of well-being. The modern concept of a utility function came later, after economics was mathematized.

<sup>6</sup> Smith, Adam, (2004), *The Wealth of Nations*, ed: C. J. Bullock, (Barnes and Noble Press: New York) p. 220.

Nevertheless, despite this distinction between valuing liberty endogenously as opposed to exogenously, classical liberals and libertarians share important similarities. After World War II, when other thinkers coopted the word liberal, these similarities vastly outweighed the differences. A depression and two global conflicts had exploded the size of governments around the world. This was a necessary evil, as Hayek acknowledged in the midst of these crises:<sup>7</sup> “The only exception to the rule that a free society must not be subjected to a single purpose is war and other temporary disasters when subordination of almost everything to the immediate and pressing need is the price at which we preserve our freedom in the long run.” But when the fighting was over, classical liberals wanted governments to shrink back to their former extent while the new breed of modern liberals wanted governments to tackle new challenges such as Lyndon Johnson’s war on poverty. Libertarians also wanted smaller government, so libertarians and classical liberals became natural allies.

This political marriage lasted for decades. And it was a successful union, culminating in what both considered the Golden Age of Reagan with its tax cuts and deregulation. Since then, however, things have become murkier. Libertarians want the minimal government that can protect their rights. They differ on what exactly that means, but they are unified in their opinion that the United States ought to have a much smaller government than it has now.

What do classical liberals believe? That is the controversy. After years of intermingling, the two labels came to be used interchangeably. I myself, before I moved to Utah State, thought I was both a libertarian and a liberal. Most people believe libertarian and classical liberal are synonyms, and the preponderance of political content on the web corroborates this belief.

Why not just let libertarians define “classical liberal” as they wish? The answer, quite simply, is that classical liberal is not a word. It is a phrase made up of words, one of which, classical, is well defined. If we were talking about *chrysedosial*, to borrow a word from science fiction, libertarians would be free to define or redefine it however they choose—as they did with libertarian—at least within their own circle. But there has never been any period in history when the majority of people who called themselves liberal were libertarians.<sup>8</sup> The desire to equate classical liberals with libertarians is not about preserving language. It is revisionist history. Libertarians want to claim Adam Smith as one of their own for propaganda purposes. His

---

<sup>7</sup> Hayek, Friedrich, (2007), *The Road to Serfdom: Text and Documents—The Definitive Edition*, ed: Bruce Caldwell, (University of Chicago Press) p. 233.

<sup>8</sup> Libertarian has always been applied retroactively to its forefathers, such as Locke and Jefferson. Although appearances of the word can be found going back to the 1790s, libertarian did not become widely used in the political arena until the 1950s (Russell, Dean, (1955), “[Who is a Libertarian?](#)”). The word classical liberal is sometimes also applied retroactively to encompass the whole chain of thinkers from Locke through Hayek who valued liberty either exogenously or endogenously. However, libertarians of the present are quite zealous about valuing liberty exogenously. For example, the Wikipedia article on [libertarianism](#) defines it as “a collection of political philosophies and movements that uphold liberty as a core principle.” It is this contraction of the scope of libertarianism that necessitated this essay. To avoid confusion I reserve the term classical liberal for those who value liberty endogenously, though it is imprecise, not wrong to call Locke a classical liberal. It is wrong to call Smith a libertarian.

popular reputation as the founder of capitalism, a persona shaped by Marxists, capitalists, and libertarians alike, makes it easy to believe he was a libertarian even if a thorough reading of *The Theory of Moral Sentiments* or *The Wealth of Nations* proves otherwise.

Again, this is not a semantic argument. The sundering of the union between libertarians and classical liberals has had practical political consequences. While libertarians want to keep shrinking the government, for classical liberals the government has, more or less, reached its optimal size. The shibboleth that distinguishes the two groups turns out to be Obamacare, which was invented by classical liberals and is despised by libertarians.

Obamacare has its roots in the 1990s when the Clintons were pushing reforms to health care that many viewed as socialized medicine. Some Republicans thought they needed an alternative, and a group of economists at the Heritage Foundation basically asked what Hayek would do about health care. He recognized that free markets struggle to provide everyone with adequate health care and other necessities:<sup>9</sup> “It will be well to contrast at the outset the two kinds of security: the limited one, which can be achieved for all, and which is therefore no privilege but a legitimate object of desire; and absolute security, which in a free society cannot be achieved for all and which ought not to be given as a privilege—except in a few special instances such as that of the judges, where complete independence is of paramount importance. These two kinds of security are, first, security against severe physical privation, the certainty of a given minimum of sustenance for all; and, second, the security of a given standard of life, or of the relative position which one person or group enjoys compared with others; or, as we may put it briefly, the security of a minimum income and the security of the particular income a person is thought to deserve. . . .

“There is no reason why in a society which has reached the general level of wealth which ours has attained the first kind of security should not be guaranteed to all without endangering general freedom. There are difficult questions about the precise standard which should thus be assured; there is particularly the important question whether those who thus rely on the community should indefinitely enjoy all the same liberties as the rest. An incautious handling of these questions might well cause serious and perhaps even dangerous political problems; but there can be no doubt that some minimum of food, shelter, and clothing, sufficient to preserve health and the capacity to work, can be assured to everybody.”

Other Western countries like Britain and Canada took over their health care systems to ensure that everyone received a minimum level of health care. Hayek likely viewed this as overkill. America has some of the best medicine and physicians. Its deficiency is that many Americans have limited access to that high-quality medicine and those elite health care workers. Private health insurance markets where people are free to opt out of buying health insurance are not efficient because of adverse selection. Obamacare, if implemented according to plan, would

---

<sup>9</sup> Hayek, Friedrich, (2007), *The Road to Serfdom: Text and Documents—The Definitive Edition*, ed: Bruce Caldwell, (University of Chicago Press) pp. 164-165.

have alleviated this friction by requiring people who can afford health insurance to buy it and by providing Medicaid to those who cannot afford health insurance.

Libertarians hate Obamacare because of the mandate to buy health insurance. Classical liberals may not like Obamacare, but they cannot abide a status quo in which America spends more per capita than any other country while achieving mediocre outcomes compared to the rest of the developed world. If they oppose Obamacare, they must support a different solution. Hayek, by the way, spent the last thirty years of his life living in West Germany, which has a combination of statutory and private health insurance that provides universal health care as Obamacare was supposed to, at least in theory. A libertarian can and will trade some efficiency for greater liberty. A classical liberal only values liberty to the extent that it begets efficiency.

Of course, Obamacare was enacted by post-modern liberals like its namesake. We have also seen policy convergences between classical and post-modern liberals on trade, immigration, and the wealth distribution. Liberals have come full circle. The only real difference between the liberals of the Nineteenth Century and the liberals of the Twenty-First Century is that time has revealed new problems beyond the ken of Adam Smith and his disciples, problems that even they would have agreed can only be rectified with government intervention. There is no further need to qualify liberals as “classical” or “post-modern”. Most everyone who calls himself a liberal today *is* a classical liberal.