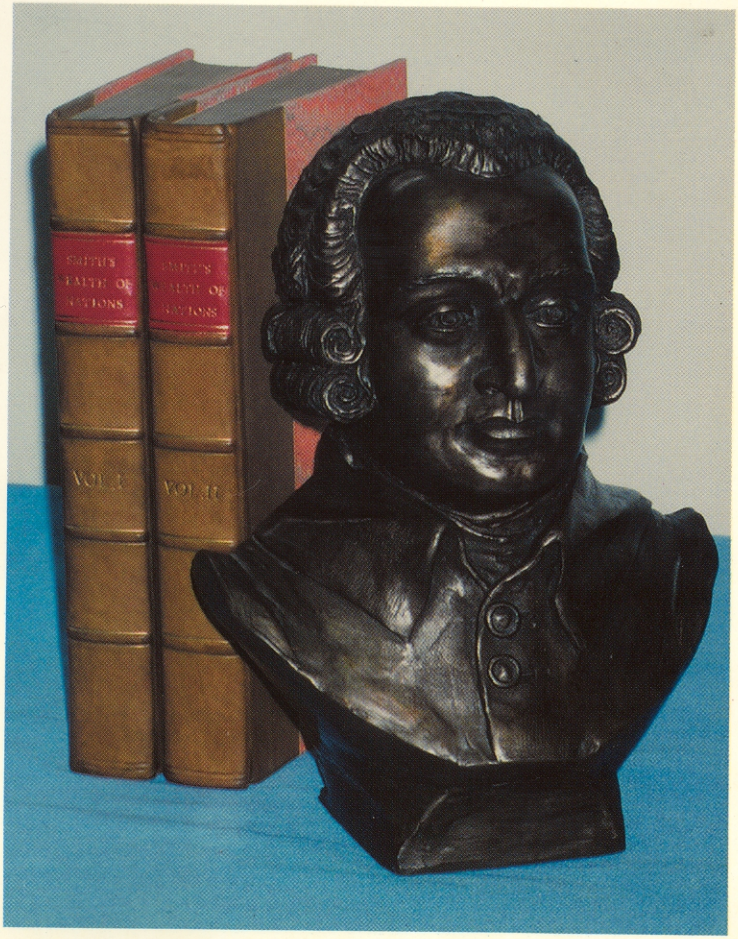
READINGS IN LIBERALISM

text selection, introduction
and commentary
by Detmar Doering



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The guiding principle, that a policy of freedom for the individual is the only truly progressive policy, remains as true today as it was in the nineteenth century.

(Friedrich August von Hayek)

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Foreword

The reflections, descriptions and definitions of liberalism that are brought together in this book include many that are rightly regarded as short classics. But that should be no surprise, since the authors of these extracts themselves include many of the leading exponents of classical liberal ideas.

It is altogether appropriate, therefore, that the Adam Smith Institute, taking its name from one of the greatest of these liberal writes, should be associated with this compilation.

Wider than that, however, the Institute also derives considerable pride from its part in the publication of these Readings in Liberalism. The book originated as a selection of made by Dr Delmar Doering and published in German by the Friedrich Naumann Stiftung. Based at Konigswinter in Germany, the Stiftung helps to promote free and informed political discussion in emerging democracies all over the world. At home too, it faces the challenge of building new democratic alternatives to replace the failed philosophies of the former Eastern bloc.

These Readings, then, were compiled with a practical experience of the importance of liberty, and in the knowledge that its price is not just eternal vigilance, but constant and reasoned argument. The book collates some of the most important arguments from some of the most important writers on the subject. Accordingly it should be no less valuable as a textbook to liberals, than it is as a tutor to others.

Dr Eamonn Butler
Adam Smith Institute
Landon

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Introduction

Hardly any political movement can look back upon such a proud intellectual tradition as liberalism. The greatest minds of the West have gathered under its banner. In doing so, they have built upon classical and medieval traditions of freedom. Nonetheless, it is only in the last 300 years that the idea of freedom has been logically formulated as the basis of an entire political system. Liberalism, thus, represents both best of what Western tradition has produced and the best of what constitutes modernity.

it is natural for this liberal idea of freedom to abstain from formulating definitive truths. This applies to it as well. There is no complete definition of liberalism, and there is never likely to be one. One reason for this is not only that politics continually brings forth new challenges that require new liberal answers. But the main reason is that liberalism was not 'invented' at one fell swoop; instead, it is the work of many individuals. Each of them has contributed to its development in his own way.

This present small collection of classical liberal texts is intended to give an impression of this fact. Needless to say, no such collection can claim to perform this task to fullest extent. In order to preempt any criticism in this regard, this collection does even make a pretext of completeness. Classical liberalism's tradition is too complex for such a pretext. The collection is, rather, an attempt to foster interest in a great tradition of political thought, by providing a few examples of that tradition's diversity.

The texts selected for this volume span the long period from the 17th century writings of John Locke, through liberalism's heyday in the 19th century (represented here by Frederic Bastiat, for example), to contemporary authors such as Popper, Gray, Nozick.

They also cover a wide range of topics. John Stuart Mill on education, David Hume on justice, Wilhelm von Humboldt on the purpose of man, John Prince-Smith on free trade – these are only a few examples.

Great names such as Adam Smith can be found next to thinkers that, unjustly, have been pushed somewhat into the background, such as the American William Leggett.

Most importantly, a number of different, and in part, mutually contradictory, basic philosophical positions are presented. All of them help to establish the liberal idea of freedom.

Whereas Locke calls on the individual's rights that predate the state, Hume founds his political thought on the assumption that freedom and justice appear only with the cultural development that draws its dynamism from the individual's striving for benefit. This position, in turn, is taken to an extreme degree by Ludwig von Mises, who admits only the individual and his capability for economic calculation, thus rejecting any ideas of natural rights that pre-date the state. But in the final analysis, all three arrive at the same conclusion, that the protection of property is one of the liberal constitutional state's most important tasks.

While Mill and Ortega y Gasset discern possible danger to freedom even in democracy, Leggett considers democracy to be freedom's essential philosophical basis.

But all of these approaches have one thing in common: they support liberalism's idea of freedom. They support the idea that all power must be tied to the freedom of the individual. They bath serve the struggle against every open form of totalitarianism and reinforce the warning against the creeping dismantling of freedom taking place through well-meaning state interventionism.

Many approaches become apparent that all lead to the same goal. This goal is the open and liberal society that is based on the ideal of the freedom of the individual and on the principles of the constitutional state and the free-market economy. Consideration of the bases of such a society (the present collection is intended to provide food for thought in this regard) is always a relevant task. As Friedrich August von Hayek once stated, “The guiding principle that a policy of freedom for the individual is the only truly progressive policy remains as true today as it was in the 19th century.”

Detmar Doering*

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Karl R. Popper:

LIBERALISM - SOME THESES

(Sir) Karl Raimnd Popper was born in 1902 in Vienna. With his book, Logic of Scientific Discovery, which appeared in 1934, he founded the philosophy of critical rationalism. According to this school, there are no ultimate truths. Human knowledge advances only through step-by-step refutation of false hypotheses. His book, The Open Society and its Enemies (1945), which he wrote in exile in New Zealand, became a liberal classic. In it, he employed this idea for an epochal criticism of all system designs. The scientific theory up on which his thought is based became the sold foundation of numerous works on economics and sociology. Among his students and followers are Friedrich August von Hayek, Hans Albert and Ralf Dahrendorf – some of the most important liberal thinkers of the 20th century.

1. The state is a necessary evil: its powers are not to be multiplied beyond what is necessary. One might coli this principle the 'Liberal Razor'. (In analogy to Ockham's Razor, i.e. the famous principle that entities or essences must not be multiplied beyand what is necessary.)

In order to show the necessity of the state I do not appeal to Hobbes's homo-hominilupus view of man. On the contrary, its necessity can be shown even if we assume that homo homini felis, or even that homo homini angelus - in other words, even if we assume that, because of their gentleness, or angelic goodness, nobody ever harms anybody else. In such a world there would still be weaker and stronger men, and the weaker ones would have no legal right to be tolerated by the stronger ones, but would owe them gratitude for their being so kind as to tolerate them. Those (whether strong or weak) who think this an unsatisfactory state of affairs, and who think that every person should have a right to live, and that every person should have a legal claim to be protected against the power of the strong, will agree that we need a state that protects the rights of all.

It is easy to see that the state must be a constant danger, or (as I have ventured to call it) an evil, though a necessary one. For if the state is to fulfill its function, it must have more power at any rate than any single private citizen or public corporation; and although we might design institutions to minimize the danger that these powers will be misused, we can never eliminate the danger completely. On the contrary, it seems that most men will always have to pay for the protection of the state, not only in the form of taxes but even in the form of humiliation suitered, for example, at the hands of bullying oiticials. The thing is not to pay too heavily for it.

2. The difference between a democracy and a tyranny is that under a democracy the government can be got rid of without bloodshed; under a tyranny it cannot.

3. Democracy as such cannot confer any benefit upon the citizen and it should not be expected to do so. In fact democracy can do nothing - only the citizens of the democracy can act (including, of course, those citizens who comprise the government). Democracy provides no more than a framework within which the citizens may act in a more or less organized and coherent way.

4. We are democrats, not because the majority is always right, but because democratic traditions are the least evil ones of which we know. If the majority (or 'public opinion') decides in favour of tyranny, a democrat need not therefore suppose that some fatal inconsistency in his views has been revealed. He will realize, rather, that the democratic tradition in his country was not strong enough.

5. Institutions alone are never suiticient if not tempered by traditions. Institutions are always ambivalent in the sense that, in the absence of a strong tradition, they may also serve the opposite purpose to the one intended. For example, a parliamentary opposition is, roughly speaking, supposed to prevent the majority from stealing the taxpayer's money. But I well remember an aitair in a south-eastern European country which illustrates the ambivalence of this institution. There, the opposition shared the spoils with the majority.

To sum up: Traditions are needed to form a kind of link between institutions and the intentions and valuations of individual men.

6. A liberal Utopia - that is, a state rationally designed on a traditionless tabula rasa - is an impossibility. For the liberal principle demands that the limitations to the freedom of each which are made necessary by social life should be minimized and equalized as much as possible (Kant). But how can we apply such an a priori principle in real life? Should we prevent a pianist from practising, or prevent his neighbour from enjoying a quiet afternoon? All such problems can be solved in practice only by an appeal to existing traditions and customs and to a traditional sense of justice; to common law, as it is called in Britain, and to an impartial judge's appreciation of equity. All laws, being universal principles, have to be interpreted in order to be applied; and an interpretation needs some principles of concrete practice, which can be supplied only by a living tradition. And this holds more especially for the highly abstract and universal principles of

liberalism.

7. Principles of Liberalism may be described (at least today) as principles of assessing, and if necessary of modifying or changing, existing institutions, rather than of replacing existing institutions. One can express this also by saying that Liberalism is an evolutionary rather than a revolutionary creed (unless it is confronted by a tyrannical regime).

8. Among the traditions we must count as the most important is what we may call the 'moral framework' (correspanding to the institutional ‘legal framework’) of a society. This incorporates the society's traditional sense of justice or fairness, or the degree of moral sensitivity it has reached. This moral framework serves as the basis which makes it possible to reach a fair or equitable compromise between conflicting interests where this is necessary. It is, of course, itself not unchangeable, but it changes comparatively slowly, Nothing is more dangerous than the destruction of this traditional framework, as it was consciously aimed at by Nazism. In the end its destruction will lead to cynicism and nihilism, i.e. to the disregard and the dissolution of all human values.

from: Karl Popper, In search of a Better World, Landon/New York 1992, p. 155-157 (by permisson of the author).

Ludwig von Mises:

LIBERALISM - A RECORD OF SUCCESS

Ludwig von Mises (1881-1973) was one of the leading exponents of the Austrian school of national economics. His liberalism is based almost exclusively on the theory of individual considerations of benefit, which was typical for this school. Every state intervention disturbs the capability to perceive prices as signals of scarcity For von Mises, this view results in the scientific refutation of socialism, long ignored by many intellectuals, but ultimately proving itself true: socialism, with its inability to calculate costs rationally, is doomed to economic failure. At a time when the idea of freedom had almost completely died out in the German speaking world, his book, Liberalism, which he wrote in 1927, was one of the few brave attempts to justify this idea. The extremely individualistic and anti-etatistic character of his thought won him many followers, especially in the US, where he taught after having fled from the Nazis.

Liberalism The philosophers, sociologists, and economists of the eighteenth and the early part of the nineteenth century formulated a political program that served as a guide to social policy first in England and the United States, then on the European continent, and finally in the other parts of the inhabited world as well. Nowhere was this program ever completely carried out. Even in England, which has been coiled the homeland of liberalism and the model liberal country, the proponents of liberal policies never succeeded in winning all their demands. In the rest of the world only ports of the liberal program were adopted, while others, no less important, were either rejected from the very first or discarded after a short time. Only with some exaggeration can one say that the world once lived through a liberal era. Liberalism was never permitted to come to full fruition.

Nevertheless, brief and all too limited as the supremacy of liberal ideas was, it suiticed to change the face of the earth. A magnificent economic development took place. The release of man's productive powers multiplied the means of subsistence many times over. On the eve of the World War (which was itself the result of a long and bitter struggle against the liberal spirit and which ushered in a period of still more bitter attacks on liberal principles), the world was incomparably more densely populated than it had ever been, and each inhabitant could live incomparably better than had been possible in earlier centuries, The prosperity that liberalism had created reduced considerably infant mortality, which had been the pitiless scourge of earlier ages, and, as a result of the improvement in living conditions, lengthened the average span of life.

Nor did this prosperity flow only to a select class of privileged persons. On the

eve of the World War the worker in the industrial nations of Europe, in the United States, and in the overseas dominions of England lived better and more graciously than the nobleman of not too long before. Not only could he eat and drink according to his desire; he could give his children a better education; he could, if he wished, take part in the intellectual and cultural life of his nation; and, if he possessed enough talent and energy, he could, without diiticulty, raise his social position. It was precisely in the countries that had gone the farthest in adopting the liberal program that the top of the social pyramid was composed, in the main, not of those who had, from their very birth, enjoyed a privileged position by virtue of the wealth or high rank of their parents, but of those who, under favorable conditions, had worked their way up from straitened circumstances by their own power. The barriers that had in earlier ages separated lords and serfs had fallen. Now there were only citizens with equal rights. No one was handicapped or persecuted on account of his nationality, his opinions, or his faith. Domestic political and religious persecutions had ceased, and international wars began to become less frequent. Optimists were already hailing the dawn of the age of eternal peace.

But events have turned out otherwise. In the nineteenth century strong and violent opponents of liberalism sprang up who succeeded in wiping out a great part of what had been gained by the liberals, The world today wants to hear no more of liberalism. Outside England the term 'liberalism' is frankly proscribed. In England, there are, to be sure, still 'liberals' but most of them are so in name only. In fact, they are rather moderate socialists. Everywhere today political power is in the hands of the anti-liberal parties. The program of anti-liberalism unleashed the forces that gave rise to the great World War and, by virtue of import and export quotas, tariffs, migration barriers, and similar measures, has brought the nations of the world to the point of mutual isolation. Within each nation it has led to socialist experiments whose result has been a reduction in the productivity of labor and a concomitant increase in want and misery, Whoever does not deliberately dose his eyes to the facts must recognize everywhere the signs of an approaching catastrophe in world economy. Anti-liberalism is heading toward a general collapse of civilization.

If one wants to know what liberalism is and what it aims at, one cannot simply turn to history for the information and inquire what the liberal politicians stood for and what they accomplished. For liberalism nowhere succeeded in carrying out it program as it had intended.

Nor can the programs and actions of those parties that today coll themselves

liberal provide us wit any enlightenment concerning the nature of true liberalism. It has already been mentioned that even in England what is understood as liberalism today bears a much greater resemblance to Toryism and social ism than to the old program of the freetraders. If there are liberals who find it compatible with their liberalism to endorse the nationalization of railroads, of mines, and of other enterprises, and even to support protective tariffs, one can easily see that nowadays nothing is left of liberalism but the name.

Nor does it any longer suitice today to form one's idea of liberalism from a study of the writings of it great founders, liberalism is not a completed doctrine or a fixed dogma. On the contrary: it is the application of the teachings of science to the social life of man. And just as economics, sociology, and philosophy have not stood still since the days of David Hume, Adam Smith, David Ricardo, Jeremy Bentham, and Wilhelm Humboldt, so the doctrine of liberalism is different today from what it was in their day, even though its fundamental principles have remained unchanged. For many years now no one has undertaken to present a concise statement of the essential meaning of that doctrine. This may serve to justify our present attempt at providing just such a work.

Material Welfare

Liberalism is a doctrine directed entirely towards the canduct of men in this world. In the lost analysis, it has nothing else in view than the advancement of their outward, material welfare and does not concern itself directly with their inner, spiritual and metaphysical needs. It does not promise men happiness and contentment, but only the most abundant possible satisfaction of all those desires that can be satisfied by the things of the outer world.

Liberalism has often been reproached for this purely external and materialistic attitude toward what is earthly and transitory. The life of man, it is said, does not consist in eating and drinking. There are higher and more important needs than food and drink, shelter and clothing. Even the greatest earthly riches cannot give man happiness; they leave his inner self, his soul, unsatisfied and empty, The most serious error of liberalism has been that it has had nothing to offer man's deeper and nobler aspirations.

But the critics who speak in this vein show only that they have a very imperfect and materialistic conception of these higher and nobler needs. Social policy, with the means that are at its disposal, can make men rich or poor, but it can never succeed in making them happy or in satisfying their inmost yearnings.

Here all external expedients fail. All that social policy can do is to remove the outer causes of pain and suitering; it can further a system that feeds the hungry, clothes the naked, and houses the homeless. Happiness and contentment do not depend on food, clothing, and shelter, but, above all, on what a man cherishes within himself. It is not from a disdain of spiritual goods that liberalism concerns itself exclusively with man's material wellbeing, but from a conviction that what is highest and deepest in man cannot be touched by any outward regulation. It seeks to produce only outer well-being because it knows that inner, spiritual riches cannot come to man from without, but only from within his own heart. It does not aim at creating anything but the outward preconditions for the development of the inner life. And there can be no doubt that the relatively prosperous individual of the twentieth century can more readily satisfy his spiritual needs than, say, the individual of the tenth century, who was given no respite from anxiety over the problem of eking out barely enough for survival or from the dangers that threatened him from his enemies.

To be sure, to those who, like the followers of many Asiatic and medieval Christian sects, accept the doctrine of complete asceticism and who take as the ideal of human life the poverty and freedom from want of the birds of the forest and the fish of the sea, we can make no reply when they reproach liberalism for it materialistic attitude, We can only ask them to let us go our way undisturbed, just as we do not hinder them from getting to heaven in their own fashion. Let them shut themselves up in their cells, away from men and the world, in peace.

The overwhelming majority of our contemporaries cannot understand the ascetic ideal. But once one rejects the principle of the ascetic canduct of life, one cannot reproach liberalism for aiming at outer well-being.

The Aim of Liberalism

There is a widespread opinion that liberalism is distinguished from other political movements by the fact that it places the interests of a part of society - the propertied classes, the capitalists, the entrepreneurs - above the interests of the other classes. This assertion is completely mistaken. Liberalism has always had in view the good of the whole, not that of any special group. It was this that the English utilitarians meant to express - although, it is true, not very aptly - in their famous formula, "the greatest happiness of the greatest number". Historically, liberalism was the first political movement that aimed at promoting the welfare of all, not that of special groups: liberalism is distinguished from socialism, which likewise professes to strive for the good of

all, not by the goal at which it aims, but by the means that it chooses to attain that goal.

If it is maintained that the consequence of a liberal policy is or must be to favor the special interests of certain strata of society, this is still a question that allows of discussion. It is one of the tasks of the present work to show that such a reproach is in no way justified. But one cannot, from the very outset, impute unfairness to the person who raises it; though we consider his opinion incorrect, it could very well be advanced in the best of faith. In any case, whoever attacks liberalism in this way concedes that its intentions are disinterested and that it wants nothing but what it says it wants.

Quite different are those critics of liberalism who reproach it for wanting to promote, not the general welfare, but only the special interests of certain classes. Such critics are both unfair and ignorant. By choosing this mode of attack, they show that they are inwardly well aware of the weakness of their own case. They snatch at poisoned weapons because they cannot otherwise hope for success.

If a doctor shows a patient who craves food detrimental to his health the perversity of his desire, no one will be so foolish as to say: "The doctor does not care for the good of the patient; whoever wishes the patient well must not grudge him the enjoyment of relishing such delicious food: Everyone will understand that the doctor advises the patient to forgo the pleasure that the enjoyment of the harmful food affords solely in order to avoid injuring his health. But as soon as the matter concerns social policy, one is prone to consider it quite different. When the liberal advises against certain popular measures because he expects harmful consequences from them, he is censured as an enemy of the people, and praise is heaped on the demagogues who, without consideration of the harm that will follow, recommend what seems to be expedient for the moment.

Reasonable action is distinguished from unreasonable action by the fact that it involves provisional sacrifices. The latter are only apparent sacrifices, since they are outweighed by the favorable consequences that later ensue, The person who avoids tasty but unwholesome food makes merely a provisional, a seeming sacrifice. The outcome - the nonoccurrence of injury to his health - shows that he has not lost, but gained, To act in this way, however, requires insight into the consequences of one's action. The demagogue takes advantage of this fact. He opposes the liberal, who calls for provisional and merely apparent sacrifices,

and denounces him as a hardhearted enemy of the people, meanwhile setting himself up as a friend of humanity. In supporting the measures he advocates, he knows well how to touch the hearts of his hearers and to move them to tears with allusions to want and misery.

Anti-liberal policy is a policy of capital consumption. It recommends that the present be more abundantly provided for at the expense of the future. It is in exactly the some case as the patient of whom we have spoken. In both instances a relatively grievous disadvantage in the future stands in opposition to a relatively abundant momentary gratification. To talk, in such a case, as if the question were one of hardheartedness versus philanthropy is downright dishonest and untruthful. It is not only the common run of politicians and the press of the anti-liberal parties that are open to such a reproach. Almost all the writers of the school of Sozialpolitik have made use of this underhanded mode of combat.

That there is want and misery in the world is not, as the average newspaper reader, in his dullness, is only too prone to believe, an argument against liberalism. It is precisely want and misery that liberalism seeks to abolish, and it considers the means that it proposes the only suitable ones for the achievement of this end. Let whoever thinks that he knows a better, or even a different, means to this end adduce the proof. The assertion that the liberals do not strive for the good of all members of society, but only for that of special groups, is in no way a substitute for this proof.
The fact that there is want and misery would not constitute an argument against liberalism even if the world today followed a liberal policy. It would always be an open question whether still more want and misery might not prevail if other policies had been followed. In view of all the ways in which the functioning of the institution of private property is curbed and hindered in every quarter today by anti-liberal policies, it is manifestly quite absurd to seek to infer anything against the correctness of liberal principles from the fact that economic conditions are not, at present, all that one could wish. In order to appreciate what liberalism and capitalism have accomplished, one should compare conditions as they are at present with those of the Middle Ages or of the first centuries of the modern era. What liberalism and capitalism could have accomplished had they been allowed free rein can be inferred only from theoretical considerations.

Liberalism and Capitalism

A society in which liberal principles are put into effect is usually called a

capitalist society, and the condition of that society, capitalism. Since the economic policy of liberalism has everywhere been only more or less closely approximated in practice, conditions as they are in the world today provide us with but an imperfect idea of the meaning and possible accomplishments of capitalism in full flower. Nevertheless, one is altogether justified in calling our age the age of capitalism, because all that has created the wealth of our time can be traced back to capitalist institutions. It is thanks to those liberal ideas that still remain alive in our society, to what yet survives in it of the capitalist system, that the great mass of our contemporaries can enjoy a standard of living far above that which just a few generations ago was possible only to the rich and especially privileged.

To be sure, in the customary rhetoric of the demagogues these facts are represented quite differently. To listen to them, one would think that all progress in the techniques of production redounds to the exclusive benefit of a favored few, while the masses sink ever more deeply into misery, However, it requires only a moment's reflection to realize that the fruit of all technological and industrial innovations make for an improvement in the satisfaction of the wants of the great masses. All big industries that produce consumers' goods work directly for their benefit; all industries that produce machines and half-finished products work for them indirectly. The great industrial developments of the last decades, like those of the eighteenth century that are designated by the not altogether happily chosen phrase, ‘the Industrial Revolution’ have resulted, above all, in a better satisfaction of the needs of the masses. The development of the clothing industry, the mechanization of shoe production, and improvements in the processing and distribution of foodstuits have, by their very nature, benefited the widest public. It is thanks to these industries that the masses today are far better clothed and fed than ever before. However, mass production provides not only for food, shelter, and clothing, but also for other requirements of the multitude. The press serves the masses quite as much as the motion picture industry, and even the theater and similar strongholds of the arts are daily becoming more and more places of mass entertainment.

Nevertheless, as a result of the zealous propaganda of the anti-liberal parties, which twists the facts the other way round, people today have come to associate the ideas of liberalism and capitalism wit the image of a world plunged into ever increasing misery and poverty, To be sure, no amount of depreciatory propaganda could ever succeed, as the demagogues had hoped, in giving the words 'liberal' and 'liberalism' a completely pejorative connotation. In the last analysis, it is not possible to brush aside the fact that, in spite of all the efforts

of anti-liberal propaganda, there is something in these expressions that suggests what every normal person feels when he hears the word 'freedom'. Anti-liberal propaganda, therefore, avoids mentioning the word 'liberalism' too often and prefers the infamies that it attributes to the liberal system to be associated with the term 'capitalism', That word brings to mind a flint-hearted capitalist, who thinks of nothing but his own enrichment, even if that is possible only through the exploitation of his fellow men.

It hardly occurs to anyone, when he forms his notion of a capitalist, that a social order organized on genuinely liberal principles is so constituted as to leave the entrepreneurs and the capitalists only one way to wealth, viz., by better providing their fellow men with what they themselves think they need. Instead of speaking of capitalism in connection with the prodigious improvement in the standard of living of the masses, anti-liberal propaganda mentions capitalism only in referring to those phenomena whose emergence was made possible solely because of the restraints that were imposed upon liberalism, No reference is made to the fact that capitalism has placed a delectable luxury as well as a food, in the form of sugar, at the disposal of the great masses. Capitalism is mentioned in connection with sugar only when the price of sugar in a country is raised above the world market price by a cartel. As if such a development were even conceivable in a social order in which liberal principles were put into effect in a country with a liberal regime, in which there are no tariffs, cartels capable of driving the price of a commodity above the world market price would be quite unthinkable.

The links in the chain of reasoning by which anti-liberal demagogy succeeds in laying upon liberalism and capitalism the blame for all the excesses and evil consequences of anti-liberal policies are as follows: One starts from the assumption that liberal principles aim at promoting the interests of the capitalists and entrepreneurs at the expense of the interests of the rest of the population and that liberalism is a policy that favors the rich over the poor. Then one observes that many entrepreneurs and capitalists, under certain conditions, advocate protective tariffs, and still others - the armaments manufacturers - support a policy of "national preparedness"; and, out of hand, one jumps to the conclusion that these must be "capitalistic" policies.

In fact, however, the case is quite otherwise. Liberalism is not a policy in the interest of any particular group, but a policy in the interest of all mankind. It is, therefore, incorrect to assert that the entrepreneurs and capitalists have any special interest in supporting liberalism. Their interest in championing the liberal

program is exactly the same as that of everyone else. There may be individual cases in which some entrepreneurs or capitalists dock their special interests in the program of liberalism; but opposed to these are always the special interests of other entrepreneurs or capitalists. The matter is not quite so simple as those who everywhere scent "interests" and interested parties imagine. That a nation imposes a tariff on iron, for example, cannot "simply" be explained by the fact that this benefits the iron magnates. There ore also persons with opposing interests in the country, even among the entrepreneurs; and, in any case, the beneficiaries of the tariff on iron are a steadily diminishing minority. Nor can bribery be the explanation, for the people bribed can likewise be only a minority; and, besides, why does only one group, the protectionists, do the bribing, and not their opponents, the freetraders?

The fact is that the ideology that makes the protective tariff possible is created neither by the “interested parties" nor by those bribed by them, but by the ideologists, who give the world the ideas that direct the course of all human affairs. In our age, in which anti-liberal ideas prevail, virtually everyone thinks accordingly, just as, a hundred years ago, most people thought in terms of the then prevailing liberal ideology. If many entrepreneurs today advocate protective tariffs, this is nothing more than the form that anti-liberalism takes in their case. It has nothing to do with liberalism.

from: Ludwig von Mises, Liberalism in the Classical Tradition, translated by Ralph Raico, 3. ed., Irvington - on - Hudson, NY, 1985, S. 1-5, 7-13.

John Locke:

A PLEA FOR TOLERANCE

The English philosopher John Locke (1623-1704) is considered by many historians to be the true spiritual ancestor of liberalism. His political philosophy is based on the idea of a democratically concluded social contract for the protection of individual rights and property, an idea with which Locke inspired the American Declaration of Independence. In addition, he was a champion of religious tolerance at a time when such tolerance tended to be the exception, as the following excerpt from his 'Letter Concerning Toleration' (1689) proves.

The commonwealth seems to me to be a society of men constituted only for the procuring, preserving, and advancing their own civil interests.

Civil interests I call life, liberty, health, and indolency of body; and the possession of outward things, such as money, lands, houses, furniture, and the like.

It is the duty of the civil magistrate, by the impartial execution of equal laws, to secure unto all the people in general, and to every one of his subjects in particular, the just possession of these things belonging to this life. If anyone presume to violate the laws of public justice and equity, established for the preservation of these things, his presumption is to be checked by the fear of punishment, consisting in the deprivation or diminution of those civil interests, or goods, which otherwise he might and ought to enjoy. But seeing no man does willingly suiter himself to be punished by the deprivation of any part of his goods, and much less of his liberty or life, therefore is the magistrate armed with the force and strength of all his subjects, in order to the punishment of those that violate any other man's rights.

Now that the whole jurisdiction of the magistrate reaches only to these civil concernments; and that all civil power, right, and dominion, is bounded and confined to the only care of promoting these things; and that it neither can nor ought in any manner to be extended to the salvation of souls; these following considerations seem unto me abundantly to demonstrate.

First, Because the care of souls is not committed to the civil magistrate, any more than to other men. It is not committed unto him, I say, by God; because it appears not that God has ever given any such authority to one man over another, as to compel any one to his religion. Nor can any such power be vested in the magistrate by the consent of the people; because no man can so far

abandon the care of his own salvation as blindly to leave it to the choice of any other, whether prince or subject, to prescribe to him what faith or worship he shall embrace. For no man can, if he would, conform his faith to the dictates of another. All the life and power of true religion consists in the inward and full persuasion of the mind; and faith is not faith without believing. Whatever profession we make, to whatever outward worship we conform, if we are not fully satisfied in our own mind that the one is true, and the other well-pleasing unto God, such profession and such practice, far from being any furtherance, are indeed great obstacles to our salvation. For in this manner, instead of expiating other sins by the exercise of religion, I say, in offering thus unto God Almighty such a worship as we esteem to esteem to be displeasing unto him, we add unto the number of our other sins, those also of hypocrisy, and contempt of his Divine Majesty.

In the second place. The care of souls cannot belong to the civil magistrate, because his power consists only in outward force: but true and saving religion consists in the inward persuasion of the mind, without which nothing can be acceptable to God. And such is the nature of the understanding, that it cannot be compelled to the belief of any thing by outward force. Confiscation of estate, imprisonment, torments, nothing of that nature can have any such eiticacy as to make men change the inward judgment that they have framed of things.

In the last place. Let us now consider what is the magistrate's duty in the business of toleration: which is certainly very considerable.

We have already proved, that the care of souls does not belong to the magistrate: not a magisterial care, I mean, if I may so call it, which consists in prescribing by laws, and compelling by punishments. But a charitable care, which consists in teaching, admonishing, and persuading, cannot be denied unto any man. The care therefore of every man's soul belongs unto himself, and is to be left unto himself. But what if he neglect the care of his soul? I answer, what if he neglect the care of his health, or of his estate, which things are nearlier related to the government of the magistrate than the other? Will the magistrate provide by an express law, that such an one shall not become poor or sick? Laws provide, as much as is possible, that the goods and health of subjects be not injured by the fraud or violence of others, they do not guard them from the negligence or ill husbandry of the possessors themselves. No man can be forced to be rich or healthful, whether he will or no. Nay, God himself will not save men against their wills. Let us suppose, however, that

some prince were desirous to force his subjects to accumulate riches, or to preserve the health and strength of their bodies. Shall it be provided by law, that they must consult none but Roman physicians, and shall every one be bound to live according to their prescriptions? What, shall no potion, no broth be taken, but what is prepared either in the Vatican, suppose, or in a Geneva shop? Or to make these subjects rich, shall they all be obliged by law to become merchants, or musicians? Or, shall every one turn victualler, or smith, because there are some that maintain their families plentifully, and grow rich in those professions? But it may be said, there are a thousand ways to wealth, but one only way to heaven. It is well said indeed, especially by those than plead for compelling men into this or the other way; for if there were several ways that lead thither, there would not be so much as a pretence left for compulsion. But now, if I be marching on with my utmost vigour, in that way which, according to the sacred geography, leads straight to Jerusalem; why am I beaten and ill used by others, because, perhaps, I wear not buskins; because my hair is not of the right cut; because, perhaps, I have not been dipt in the right fashion; because I eat flesh upon the road, or some other food which agrees with my stomach; because I avoid certain byways, which seem unto me to lead into briars or precipices; because, amongst the several paths that are in the same rood, I choose that to walk in which seems to be the straightest and cleanest; because I avoid to keep company with some travellers that ore less grave, and others that are more sour than they ought to be; or in fine, because I follow a guide that either is, or is not, clothed in white, and crowned with a mitre? Certainly, if we consider right, we shall find that for the most part they are such frivolous things as these, that, without any prejudice to religion or the salvation of souls, if not accompanied with superstition or hypocrisy, might either be observed or omitted; I say, they are such like things as these, which breed implacable enmities among Christian brethren, who are all agreed in the substantial and truly fundamental part of religion.

But let us grant unto these zealots, who condemn all things that are not of their mode, that from these circumstances arise different ends. What shall we conclude from thence? There is only one of these which is the true way to eternal happiness. But, in this great variety of ways that men follow, it is still doubted which is this right one. Now, neither the care of the commonwealth, nor the right of enacting laws, does discover this way that leads to heaven more certainly to the magistrate, than every private man's search and study discovers it unto himself. I have a weak body, sunk under languishing disease, for which I suppose there is only one remedy, but that unknown: does it therefore belong unto the magistrate to prescribe me a remedy, because there

is but one, and because it is unknown? Because there is but one way for me to escape death, will it therefore be safe for me to do whatsoever the magistrate ordains? Those things that every man ought sincerely to inquire into himself, and by meditation, study, search, and his own endeavours, attain the knowledge of, cannot be looked upon as the peculiar possession of anyone sort of men. Princes, indeed, are barn superior unto other men in power, but in nature equal. Neither the right, nor the art of ruling, does necessarily carry along with it the certain knowledge of other things; and least of all of the true religion; for if it were so, how could it come to pass that the lords of the earth should diiter so vastly as they do in religious matters?

from: John Locke, Ein Brief uber Toleranz (A letter concerning Toleration), ed. J. Ebbringhaus, Hamburg 1957, p. 12-14, 42-46.

Wolliam Leggett:

THE RIGHTS OF THE PEOPLE

As the publisher of two New York journals, the Evening Post and the Plaindealer, William Leggett (1801-1839) proved to bet eh most effective journalist within the laissez-faire wing of the President Andrew Jackson's (1829-37) followers. Jackson's administration is considered the true heyday of classical liberalism in the US. During this period, the states' supreme power was drastically curtailed. In extremely elegantly written essays, Leggett defended free trade, the rights of individual states and a democracy subject to radical constitutional limits. He was one of the most tenacious opponents of slavery in the American South.

The President of the United States, President Andrew Jackson (1829-1837), in his last Message to Congress, has the following remarkable sentiment which we shall make the subject of a brief commentary: "To suppose that because our Government has been instituted for the benefit of the people, it must therefore have the power to do whatever may seem to conduce to the public good, is an error into which even honest minds are apt to fall."

Whoever has watched with attention the course pursued by the General and State Governments ever since their first organization, must, we think, have been struck with the conviction that one of the great practical evils of our system arises from a superabundance of legislation. It is probable, nay certain, that putting the acts of Congress and those of the State legislature together, they amount to some thousands annually. Is it possible that the good people of the United States require to be hampered and pestered by such a multiplicity of fetters as this; or that they cannot be kept in order without being manacled every year by new laws and regulations? Every superfluous law is a wanton and unnecessary innovation of the freedom of action, and impairs the RESERVED RIGHTS OF THE PEOPLE. Let us inquire what these rights are.

All governments are originally instituted for the protection of person and property; and the people, in their formation, only delegate to their rulers such powers as are indispensable to these great objects. All the powers not thus delegated are retained by the people, and may be denominated their reserved rights. In defining the objects of government, all writers agree that they are those which we have just specified, namely, the protection of the rights of person and property. Whatever is necessary to these purposes, the people have given away, whatever is not necessary they have retained. Protect their persons and property, and all the rest they can do for themselves. They want no government to regulate their private concerns; to prescribe the course and

mete out the profits of their industry. They want no fireside legislators; no executive interference in their workshops and fields; and no judiciary to decide their domestic disputes. They require a general system of laws, which, while it equally restrains them from violating the persons and property of others, leaves their own unimpaired.

For the attainment of these primary objects in the formation of government it can never be necessary to confer privileges on one class of a community which the others do not equally enjoy. Such privileges would be destructive of the great end of all governments, since they tend to create, or at least strengthen those inequalities of wealth and influence from which originate those dangers to person and property against which all governments were intended to guard. Such a course inevitably tends to increase the vigour of the strong, and the imbecility of the weak by comparison, thus exposing the latter to successful invasions of their rights of person and property.
Among the rights expressly reserved to themselves by the people of the United States, was a complete equality of civil privileges. This right is inherent in every people, and when not expressly relinquished, remains with them as a matter of course. But in respect to the people of the United States, it is not merely tacitly reserved, it is guaranteed, and asserted, and recognized in the constitution of our general government, as well as in those of the states, as their great fundamental principle.

The only case in which the people of the United States have delegated to their representatives the right of interfering in their private business and pursuits is that of commerce, and the reason is obvious. Such a power was necessary in the government, to enable it to establish a uniform system of regulations and imposts, and to make commercial treaties with foreign nations. Without it there would have been no regular or permanent system of foreign trade; each man might make his own private arrangements without conforming to any rule and thus the government would be reduced to the alternative of either leaving our ships and commerce to their fate, or going to war to protect those whom it could not control. And this power to "regulate" the pursuits of industry extends no further. It was not necessary to the purposes of a good government, in relation to any other class of the community, and was never conceded by them either virtually or verbally.

Yet if we analyse the course of legislation in the United States, ever since the adoption of the various constitutions of government, we shall find that legislative bodies have been regularly and systematically employed in frittering

away, under a thousand pretenses, the whole fabric of the reserved rights of the people. Nine tenths of their legislation has consisted of infringements on that great principle of equal rights without whose eternal barrier no nation can ever long maintain its liberty. The representatives of the people have gradually usurped and exercised all the rights which, if their government was administered in its purity, would be left for the people to exercise. Their vocation has consisted, not in making general, but special laws; not in legislating for the whole, but for a small part; not in preserving unimpaired the rights of 'e people, but in bartering them away to corporations. Corporations for purposes of charity - for men cannot give to the poor unless they are incorporated; corporations for purposes of education - for children will not learn their ABC nowadays, unless under a system of exclusive privileges; corporations for spinning and weaving - for the wheel will not turn nor the shuttle go, unless they are incorporated - corporations for this, that, and for every purpose which the ingenuity of money making one can devise. Each one of these not only enjoys privileges denied to every other citizen, and of which none but monied men can partake, because the foundation of these corporations is money, money, money; but each one of these also violates the reserved right of the great body of the people. It is either legislating away for a certain period, or forever, a part of their sovereignty, or it is interfering with the pursuits of individual industry, by raising up a rival fatal to its prosperity.

In this way our national and state governments have, until lately, been employed in filching away the reserved rights of the great body of the people, to give or sell them, to little knots of monied men, and thus enable them by the aid of certain privileges, to combine more successfully against individual rights and individual industry. The people were placed between two fires. On one hand Congress was establishing great Bank, and giving away tens of millions to great corporations in all quarters; on the other the states were forging another set of fetters in the shape of all sorts of privileged bodies, each one ruling its little district; each one swallowing up the business of private individuals; each one prescribing the prices of goods and the rates of labour, and each one a rotten borough, returning members of Congress. At one time these rotten boroughs, like those of England, returned a majority of the members of Congress! Can we wonder then that protection and prohibition, internal improvements, and corporate privileges, were almost the only words heard in that honourable body? Can we wonder that the voice of the people was as the voice of one crying in the wilderness, and that but for the honest, fearless, high minded, and ear headed Andrew Jackson and his worthy counsellors, not a vestige of the reserved rights of the people would have survived the practical operation of the

principle repudiated by that great and wise man, namely, "that because our government has been instituted for the benefit of the people, it must therefore have the power to do whatever may seem to conduce to the public good" Under the sanction of such a principle, a government can do any thing on pretense of acting for the public good. It will become the mere creature of designing politicians interested speculators, or crack-brained enthusiasts. It will gradually concentrate to itself all the reserved rights of the people; it will become the great arbiter of individual prosperity; and thus before we know it, we shall become the victims of a new species of despotism, that of a system of laws made by ourselves. It will then remain to be seen whether our chains will be the lighter from having been forged by our own hands.

from: Evening Post, 13. Dez. 1834 quoted from: William Leggett, Democratick Editorials. Essays in Jacksonian Political Economy, hrsg. v. L H. White, Indianapolis 1984 (Liberty Fund), S. 7-11.

Wilhelm von Humboldt:

THE PURPOSE OF MAN

Wilhelm von Humbolt (176701835), Prussian statesman, linguistic researchers and philosopher, is the most important representative of German neo-humanism, which considers the true purpose of human life to lie in the perfect development of all individual capabilities. In his work, The Limits of State Action, which was written in 1792, but published only posthumously, in 181, Humbolt develops this idea in an extremely liberal fashion, calling for a radically minimal state. In his view, the state should do not more than use law to protect freedom, which is the necessary condition for the individual development.

The true end of Man, or that which is prescribed by the eternal and immutable dictates of reason, and not suggested by vague and transient desires, is the highest and most harmonious development of his powers to a complete and consistent whole. Freedom is the first and indispensable condition which the possibility of such a development presupposes; but there is besides another essential- intimately connected with freedom, it is true - a variety of situations, Even the most free and self-reliant of men is hindered in his development, when set in a monotonous situation, But as it is evident, on the one hand, that such a diversity is a constant result of freedom, and on the other hand, that there is a species of oppression which, without imposing restrictions on man himself, gives a peculiar impress of its own to surrounding circumstances; these two conditions, of freedom and variety of situation, may be regarded, in a certain sense, as one and the same. Still, it may contribute to clarity to point out the distinction between them.

Every human being, then, can act with only one dominant faculty at a time; or rather, our whole nature disposes us at any given time to some single form of spontaneous activity, it would therefore seem to follow from this, that man is inevitably destined to a partial cultivation, since he only enfeebles his energies by directing them to a multiplicity of objects. But man has it in his power to avoid this one-sidedness, by attempting to unite the distinct and generally separately exercised faculties of his nature, by bringing into spontaneous cooperation, at each period of his life, the dying sparks of one activity, and those which the future will kindle, and endeavoring to increase and diversify the powers with which he works, by harmoniously combining them, instead of looking for a mere variety of objects for their separate exercise. What is achieved, in the case of the individual, by the union of the past and future with the present, is produced in society by the mutual cooperation of its different members; for, in all the stages of his life, each individual can achieve only one of

those perfections, which represent the possible features of human character, it is through a social union, therefore, based on the internal wants and capacities of its members, that each is enabled to participate in the rich collective resources of all the others. The experience of all, even the rudest, nations, furnishes us an example of a union formative of individual character, in the union of the sexes, And, although in this case the difference as well as the longing for union, appears more marked and striking, it is still no less active in other kinds of association where there is actually no difference of sex; it is only more difficult to discover in these, and may perhaps be more powerful for that very reason, If we were to follow out this idea, it might perhaps lead us to a dearer insight into those relations so much in vogue among the ancients, and more especially the Greeks, among whom we find them engaged in even by the legislators themselves: I mean those so frequently, but unworthily, given the name of ordinary love, and sometimes, but always erroneously, that of mere friendship. The effectiveness of all such relations as instruments of cultivation, entirely depends on the extent to which the members can succeed in combining their personal independence with the intimacy of the association; for whilst, without this intimacy, one individual cannot sufficient possess, as it were, the nature of the others, independence is no less essential, in order that each, in being possessed, may be transformed in his own unique way. On the one hand, individual energy is essential to both parties and, on the other hand, a difference between them, neither so great as to prevent one from comprehending the other, nor so small as to exclude admiration for what the other possesses, and the desire to assimilate it into one's own character. This individual vigour, then, and manifold diversity, combine themselves in originality; and hence, that on which the whole greatness of mankind ultimately depends towards which every human being must ceaselessly direct his efforts, and of which especially those who wish to influence their fellow - men must never lose sight: individuality of energy and self-development. Just as this individuality springs naturally from freedom of action, and the greatest diversity in the agents, it tends in turn directly to produce the. Even inanimate nature, which, proceeding according to unchangeable laws, advances by regular steps, appears more individual to the man who has been developed in his individuality. He transports himself, as it were, into nature itself; and it is in the highest sense true that each man perceives the beauty and abundance of the outer world, in the same degree as he is conscious of them in his own soul, How much closer must this correspondence become between effect and cause - this reaction between internal feeling and outward perception - when man is not only passively open to external sensations and impressions, but is himself also an agent?

I therefore deduce, as the natural inference from what has been argued, that reason cannot desire for man any other condition than that in which each individual not only enjoys the most absolute freedom of developing himself by his own energies, in his perfect individuality, but in which external nature itself is left unfashioned by any human agency, but only receives the impress given to it by each individual by himself and of his own free will, according to the measure of his wants and instincts, and restricted only by the limits of his powers and his rights.

From this principle it seems to me, that reason must never retract anything except what is absolutely necessary, it must therefore be the basis of every political system, and must especially constitute the starting-point of the inquiry which at present claims our attention.

Keeping in view the conclusions arrived at in the last chapter, we might embody in a general formula our idea of State agency when restricted to its proper limits, and define its objects as all that a government could accomplish for the common weal, without departing from the principle just established; while, from this position, we could proceed to derive the still stricter limitation, that any State interference in private affairs, where there is no immediate reference to violence done to individual rights, should be absolutely condemned, it will be necessary, however, to examine in succession the different departments of a State's usual or possible activity, before we can circumscribe its sphere more positively, and arrive at a full solution of the question proposed.

A State, then, has one of two ends in view; it designs either to promote happiness, or simply to prevent evil; and in the latter case, the evil which arises from natural causes, or that which springs from man himself. If it restricts its concern to the second of these objects, it aims merely at security; and I would here oppose this term security to every other possible end of State agency, and comprise these last under the general heading of Positive Welfare, Further, the various means adopted by a State affect in very different degrees the extension of its activity, it may endeavour, for instance, to secure its ends directly, either by coercion or by the inducements of example and exhortation; or it may combine all these sources of influence in the attempt to shape the citizen's outward life, and forestall actions contrary to its intention; or, lasty, it may try to exercise a sway over his thoughts and feelings, so as to bring his inclinations, even, into conformity with its wishes, it is particular actions only that come under political supervision in the first of these cases; in the second, the general

conduct of life; and, in the last instance, it is the very character of the citizen, his views, and modes of thought, which are brought under the influence of State control. The actual working of this restrictive agency, moreover, is dearly least in the first of these cases, more so in the second, and greatest in the third; either because, in this, it touches the sources from which the greater number of actions arise, or because the very possibility of such an influence presupposes a greater multiplicity of institutions. But however seemingly different the departments of political action to which they respectively belong, we shall scarcely find anyone institution which is not more or less intimately connected with several of these. We may take, for example, the close interdependence that exists between the promotion of welfare and the maintenance of security; furthermore, when any influence affecting particular actions only creates a habit through the force of repetition, it comes ultimately to modify the character itself. Hence, in view of this interdependence of political institutions, it is very difficult to find a suitable way of classifying the different aspects of the subject with which we are concerned. But, in any case, it will be best to examine at the outset whether the State should extend its concern to the positive welfare of the nation, or content itself with provisions for its security; and, confining our view of institutions to what is strictly essential either in their objects or consequences, to discuss next, as regards both of these aims, the means that the State may properly make use of in accomplishing them.

I am speaking here, then, of the entire efforts of the State to raise the positive welfare of the nation; of all solicitude for the population of the country, and the subsistence of its inhabitants, whether shown directly in such institutions as poor laws, or indirectly, in the encouragement of agriculture, industry, and commerce; of all regulations relative to finance and currency, imports and exports, etc. (in so for as these have positive welfare in view); finally, of all measures employed to remedy or prevent natural devastations, and, in short, of every political institution designed to preserve or augment the physical welfare of the nation, For moral welfare is not generally regarded so much for its own sake, as with reference to its bearing on security, and I shall therefore come to it later.

Now all such institutions, I maintain, have harmful consequences, and are irreconcilable with a true system of polity; a system conceived in the light of the highest aspirations yet in no way incompatible with human nature,
A spirit of governing predominates in every institution of this kind; and however wise and salutary such a spirit may be, it invariably produces national

uniformity, and a constrained and unnatural manner of acting, Instead of men grouping themselves into communities in order to discipline and develop their powers, even though, to secure these benefits, they may have to forgo a part of their exclusive possessions and enjoyments; they actually sacrifice their powers to their possessions. The very variety arising from the union of numbers of individuals is the highest good which social life can confer, and this variety is undoubtedly lost in proportion to the degree of State interference. Under such a system, we have not so much the individual members of a notion living united in the bands of a civil compact; but isolated subjects living in a relation to the State, or rather to the spirit which prevails in its government - a relation in which the undue preponderance of the State already tends to fetter the free play of individual energies, like causes produce like effects; and hence, in proportion as State interference increases, the agents to which it is applied come to resemble each other, as do all the results of their activity. And this is the very design which States have in view. They desire comfort, ease, tranquility; and these are most readily secured to the extent that there is no clash of individualities. But what man does and must have in view is something quite different - it is variety and activity. Only these develop the many-sided and vigorous character; and, there can be no one, surely, so far degraded, as to prefer, for himself personally, comfort and enjoyment to greatness; and he who draws conclusions for such a preference in the case of others, may justly be suspected of misunderstanding human nature, and of wishing to make men into machines.

If I come now to the ultimate result of the whole argument, the first principle of this part of the present inquiry must be that the State is to abstain form all solicitude for the positive welfare of the citizens, and not to proceed a step further than is necessary for their mutual security and protection against foreign enemies; for with no other object should it impose restrictions on freedom.

from: Wilhelm von Humboldt, The limits of State Action, ed., W, Burrow, Cambridge 1969, p. 16-18, 20-24, 37.

Adam Smith:

THE MARKET AND THE INDIVIDUAL

Although Adam Smith (1723-1790) was a professor of philosophy at Edinburgh, he is the true founder of modern economics. In his chief philosophical work, Theory of Moral Sentiments, which is one of the classic works of 18th century Scottish school of moral philosophy, Smith attempted to found is ethical system on observation of human nature. In doing so, he emphasised primarily the value of sympathy. In his pioneering economic work, The Wealth of Nations, he develops a similar idea, but his main premise is human striving for economic benefit. This benefit, when it can unfold freely within the constrains of law, is best suited to promoting the common good. To this day, his great influence on the liberal school of economic, of which he is the true ancestor, continues.

The produce of industry is what it adds to the subject or materials upon which it is employed. In proportion as the value of this produce is great or small, so will likewise be the profits of the employer. But it is only for the sake of profit that any man employs a capital in the support of industry; and he will always, therefore, endeavour to employ it in the support of that industry of which the produce is likely to be of the greatest value, or to exchange for the greatest quantity either of money or of other goods.

But the annual revenue of every society is always precisely equal to the exchangeable value of the whole annual produce of its industry, or rather is precisely the same thing with that exchangeable value. As every individual, therefore, endeavours as much as he can both to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value; every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it, By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it, By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it, I have never known much good done by those who affected to trade for the public good, it is an affectation, indeed, not very common among merchants, and very few words need be employed in dissuading them from it.

What is the species of domestic industry which his capital can employ, and of which the produce is likely to be of the greatest value, every individual, it is evident, can, in his local situation, judge much better than any statesman or lawgiver can do for him. The statesman, who should attempt to direct private people in what manner they ought to employ their capitals, would not only load himself with a most unnecessary attention, but assume an authority which could safely be trusted, not only to no single person, but to no councilor senate whatever, and which would nowhere be so dangerous as in the hands of a man who had folly and presumption enough to fancy himself fit to exercise it.

To give the monopoly of the home-market to the produce of domestic industry, in any particular art or manufacture, is in some measure to direct private people in what manner they ought to employ their capitals, and must, in almost all cases, be either a useless or a hurtful regulation. If the produce of domestic can be brought there as cheap as that of foreign industry, the regulation is evidently useless. If it cannot, it must generally be hurtful. It is the maxim of every prudent master of a family, never to attempt to make at home what it will cost him more to make than to buy. The tailor does not attempt to make his own shoes, but buys them of the shoemaker. The shoemaker does not attempt to make his own clothes, but employs a tailor. The farmer attempts to make neither the one nor the other, but employs those different artificers. All of them find it for their interest to employ their whole industry in a way in which they have some advantage over their neighbours, and to purchase with a part of its produce, or what is the some thing, with the price of a part of it, whatever else they have occasion for.

What is prudence in the conduct of every private family, can scarce be folly in that of a great kingdom. If a foreign country can supply us with a commodity cheaper than we ourselves can make it, better buy it of them with some part of the produce of our own industry, employed in a way in which we have some advantage. The general industry of the country, being always in proportion to the capital which employs it, will not thereby be diminished, no more than that of the above-mentioned artificers; but only left to find out the way in which it can be employed with the greatest advantage. It is certainly not employed to the greatest advantage, when it is thus directed towards an object which it can buy cheaper than it can make. The value of its annual produce is certainly more or less diminished, when it is thus turned away from producing commodities evidently of more value than the commodity which it is directed to produce. According to the supposition, that commodity could be purchased from foreign countries cheaper than it can be made at home, it could, therefore, have been

purchased with a part only of the commodities, or, what is the same thing, with a part only of the price of the commodities, which the industry employed by an equal capital would have produced at home, had it been left to follow its natural course. The industry of the country, therefore, is thus turned away from a more, to a less advantageous employment, and the exchangeable value of its annual produce, instead of being increased, according to the intention of the lawgiver, must necessarily be diminished by every such regulation.

By means of such regulations, indeed, a particular manufacture may sometimes be required sooner than it could have been otherwise, and after a certain time may be made at home as cheap or cheaper than in the foreign country. But though the industry of the society may be thus carried with advantage into a particular channel sooner than it could have been otherwise, it will by no means follow that the sum total; either of its industry, or of its revenue, can ever be augmented by any such regulation. The industry of the society can augment only in proportion as its capital augments, and its capital can augment only in proportion to what can be gradually saved out of its revenue. But the immediate effect of every such regulation is to diminish its revenue, and what diminishes its revenue is certainly not very likely to augment its capital faster than it would have augmented of its own accord, had both capital and industry been left to find out their natural employments.

It is thus that every system which endeavours, either, by extraordinary encouragements, to draw towards a particular species of industry a greater share of the capital of the society than what would naturally go to it; or, by extraordinary restraints, to force from a particular species of industry some share of the capital which would otherwise be employed in it; is in reality subversive of the great purpose which it means to promote, it retards, instead of accelerating, the progress of the society towards real wealth and greatness; and diminishes, instead of increasing, the real value of the annual produce of its land and labour.

All systems either of preference or of restraint, therefore, being thus completely taken away, the obvious and simple system of natural liberty establishes itself of it own accord. Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way, and to bring both his industry and capital into competition with those of any other man, or order of men. The sovereign is completely discharged from a duty, in the attempting to perform which he must always be exposed to innumerable delusions, and for the proper performance of which no human wisdom or

knowledge could ever be sufficient; the duty of superintending the industry of private people, and of directing it towards the employment most suitable to the interest of the society. According to the system of natural liberty, the sovereign has only three duties to attend to; three duties of great importance, indeed, but pain and intelligible to common understandings: first, the duty of protecting the society from the violence and invasion of other independent societies; secondly, the duty of protecting, as for as possible, every member of the injustice or oppression of every other member of it, or the duty of establishing an exact administration of justice; and, thirdly, the duty of erecting and maintaining certain public works and certain public institutions, which it can never be for the interest of any individual, or small number of individuals, to erect and maintain; because the profit could never repay the expense to any individual or small number of individuals, though it may frequently do much more than repay it to a great society.

from: Adam Smith, An Inquiry into the Nature and Causes of the Wealth of Nations, Two Volumes in One, ed, Edwin Cannan, Chicago 1976, p 1477-479, 11208-209, 209,

Frederic Bastiat:

FREEDOM AS COMPETITION

Fredieric Bastiat (1801-1850), publisher of the Journal des economistes, was perhaps France's most influential journalist in the cause of free trade in the 19th century. His work, Harmonies economiques, which appeared in 1849, and which is the source for the following excerpt, had a lasting influence on the free-trade movement throughout all of Europe. This is especially true in Germany, where the work was published in translation in 1850 by John Prince-Smith. Although Bastiat's style, which was justly praised by Ludwig von Mises as a "pleasure to read", still holds its attraction for modern readers, Bastiat, unfortunately, has been somewhat forgotten in Europe – unjustly. In the US, his writings, which are full of optimism for the cause of economic freedom, still enjoy undiminished popularity among economists with a classically liberal orientation.

There is no word in all the vocabulary of political economy that has so aroused the angry denunciations of the modern reformers as the word "competition", to which, to add to the insult, they unfailingly apply the epithet" anarchistic."

What does "anarchistic competition" mean? I do not know. What can replace it? I do not know that either.

Of course, I hear the cries of "Organization! Association!" But what does that mean? Once and far all we must come to an understanding. I really must know what kind of authority these authors propose to exert over me and over all men living on this earth of ours; for, in truth, the only authority I can grant them is the authority of reason, provided they can enlist reason on their side. Do they really propose to deprive me of the right to use my own judgment in a matter where my very existence is at stake? Do they hope to take from me my power to compare the services that I render with those than I receive? Do they mean that I should act under restraints that they will impose rather than according to the dictates of my own intelligence? If they leave me my liberty, competition also remains. If they wrest it from me, I become only their slave. The association will be free and voluntary, they say. Very well! But in that case every group with its associated members will be pitted against every other group, just as individuals are pitted against one another today, and we shall have competition. The association will be all-embracing, it is replied. This ceases to be a joking matter. Do you mean to say that anarchistic competition is wrecking our society right now, and to cure this malady we shall have to wait until all mankind, the French, the English, the Chinese, the Japanese, the Kafirs, the Hottentots, the Lapps, the Cossacks, the Patagonians, persuaded by your

arguments, agree to unite for all time to come in one of the forms of association that you have contrived? But bewarel This is simply to acknowledge that competition is indestructible; and do you have the presumption to claim that an indestructible, and therefore providential, phenomenon of society can be mischievous?

After all, what is competition? Is it something that exists and has a life of its own, like cholera? No. Competition is merely the absence of oppression. In things that concern me, I want to make my own choice, and I do not want another to make it for me without regard for my wishes; that is all. And if someone proposes to substitute his judgment for mine in matters that concern me, I shall demand to substitute my judgment for his in matters that concern him. What guarantee is there that this will make things go any better? It is evident that competition is freedom. To destroy freedom of action is to destroy the possibility, and consequently the power, of choosing, of judging, of comparing; it amounts to destroying reason, to destroying thought, to destroying man himself. Whatever their starting point, this is the ultimate conclusion our modem reformers always reach; for the sake of improving society they begin by destroying the individual, on the pretext that all evils come from him, as if all good things did not likewise come from him.
We have seen that services are exchanged for services. In the last analysis, each one of us comes into the world with the responsibility of providing his own satisfactions through his own efforts. Hence, if a man spares us pains, we are obligated to save him points in return. His effort brings us a satisfaction; we must do as much for him.

But who is to make the comparison? For it is absolutely necessary that these efforts, these pains, these services that are to be exchanged, be compared so that an equivalence, a just rate, may be arrived at, unless injustice, inequality, chance, is to be our norm - which is another way of throwing the testimony of human reason out of court. There must be, therefore, one or more judges. Who will it be? Is it not natural that, in every particular case, wants should be judged by those who experience them, satisfactions by those who seek them, efforts by those who exchange them? Is it proposed in all seriousness to substitute for this eternal vigilance by the interested parties a social authority (even if it should be the reformer himself charged with determining the intricate conditions affecting countless ads of exchange in all parts of the world? Is it not obvious that this would mean the establishment of the most fallible, the most far-reaching, the most arbitrary, the most inquisitorial, the most unbearable, the most short-sighted, and, fortunately, let us add, the most impossible of all

despotisms ever conceived in the brain of an Oriental potentate?
We need only know that competition is merely the absence of any arbitrary authority set up as a judge over exchange, to realize that it cannot be eliminated. Illegitimate coercion can indeed restrain, counteract, impede the freedom of exchange, as it can the freedom of walking; but it cannot eliminate either of them without eliminating man himself. This being so, the only question that remains is whether competition lends toward the happiness or the misery of mankind - a question that amounts to this: Is mankind naturally inclined toward progress or fatally marked for decadence?

I do not hesitate to say that competition, which, indeed, we could call freedom - despite the aversion it inspires and the tirades directed against it - is essentially the law of democracy. It is the most progressive, the most egalitarian, the most universally leveling of all the laws to which Providence has entrusted the progress of human society. It is this law of competition that brings one by one within common reach the enjoyment of all those advantages that Nature seemed to have bestowed gratis on certain countries only. It is this law, also, that brings within common reach all the conquests of Nature that men of genius in every century pass on as a heritage to succeeding generations, leaving still to be performed only supplementary labors, which they exchange without succeeding in being remunerated, as they would like to be, for the co-operation of natural resources. And if, as always happens at the beginning, the value of this labor is not proportional to its intensity, it is once again competition that, by its imperceptible but constant action, restores a fairer and more accurate balance than could be arrived at by the fallible wisdom of any human officialdom. The accusation that competition tends toward inequality is far from true. On the contrary, all artificial inequality is due to the absence of competition; and if the distance separating a Grand Lama from a pariah is greater than that between the President and an artisan in the United States, the reason is that competition (or liberty) is suppressed in Asia, and not in America. Therefore, while the socialists find in competition the source of all evil, it is actually the attacks upon competition that are the disruptive elements working against all that is good. Although this great law has been misunderstood by the socialists and their partisans, although it is often harsh in its operation, there is no law that is richer in social harmonies, more beneficial in its general results; no law attests more strikingly to the immeasurable superiority of God's plans over man's futile contrivances.

I must at this point remind the reader of that curious but indisputable effect of the social order to which I have already called his attention, for too frequently

the force of habit causes us to overlook it. It may be characterized thus: The total number of satisfactions that each member of society enjoys is far greater than the number that he could secure by his own efforts. In other words, there is an obvious disproportion between our consumption and our labor. This phenomenon, which we can all easily observe, if we merely look at our own situation for an instant, should, it seems to me, inspire in us some sense of gratitude toward the society to which we owe it.

We come into the world destitute in every way, tormented by countless wants, and provided with only our faculties to satisfy them. It would appear, a priori, that the most we could hope for would be to obtain satisfactions equal to our labors. If we possess more, infinitely more, to what do we owe the excess? Precisely to that natural order of society against which we are constantly railing, when we are not actually trying to destroy it.

The phenomenon, in itself, is truly extraordinary. It is quite understandable that certain men should consume more than they produce, if, in one way or another, they usurp the rights of others and receive services without rendering any in return. But how can this be true of all men simultaneously? How can it be that, after exchanging their services without coercion or plunder, on a footing of value for value, every man can truly say to himself: I use up in one day more than I could produce in a hundred years?

The reader realizes that the additional element that solves the problem is the increasingly effective participation of the forces of Nature in the work of production; it is the fact of more and more gratuitous utility coming within the common reach of all; it is the work of heat, of cold, of light, of gravitation, of natural affinity, of elasticity, progressively supplementing the labor of man and reducing the value of his services by making them easier to perform.
Certainly I must have explained the theory of value very badly indeed if the reader thinks that value declines immediately and automatically through the mere act of harnessing the forces of Nature and releasing the labor of man. No, such is not the case; for then we could say, as the English economists do: Value is in direct proportion to labor. The man who uses the help of a gratuitous force of Nature performs his services more easily; but he does not on that account voluntarily surrender any part whatsoever of what he has been accustomed to receive. To induce him to do so, some pressure from without - heavy, but not unjust - is necessary. This pressure is competition. As long as it does not intervene, as long as the man using a force of Nature remains master of his secret, that force of Nature is gratuitous, undoubtedly, but it is not yet

common to all, the conquest of Nature has been achieved, but to the profit of only one man or one class. It is not yet of benefit to all mankind. Nothing has been changed in the world, except that one type of services, although partially relieved of its burden of pains, still brings the full price. We have, on the one hand, a man who asks the same amount of labor as before from his fellow men, while he offers them a reduced amount of his own labor; and, on the other, all mankind, still obliged to make the same sacrifices in time and toil to obtain a commodity that is now produced in part by Nature.

If things were to remain in this state, every new invention would bring into the world a further source of ever spreading inequality. Not only could we not say that value is proportional to labor, but we could not even say that value tends to become proportional to labor. All that we have said in earlier chapters concerning gratuitous utility and the trend toward the enlargement of the communal domain would be illusory. It would not be true that services are exchanged for services in such a way that God's gifts are transmitted, free of charge, from person to person until they reach the ultimate consumer. Everyone who had once managed to exploit any part of the forces of Nature would for all time to come charge for it along with the cost of his labor; in a word, mankind would be organized on the principle of universal monopoly, instead of the principle of an expanding domain of gratuitous and common utilities.

But such is not the case. God has lavished on His creatures the gifts of heat, light, gravitation, air, water, the soil, the marvels of plant life, electricity, and many other blessings too numerous to mention. And even as He has implanted in each man's heart a feeling of self-interest, which, like a magnet draws all things to it; so has He, in the social order, provided another mainspring whose function it is to preserve His gifts as they were originally intended to be: gratis and common to all. This mainspring is competition.

Thus, self-interest is that indomitable individualistic force within us that urges us on to progress and discovery, but at the same time disposes us to monopolize our discoveries. Competition is that no less indomitable humanitarian farce that wrests progress, as fast as it is made, from the hands of the individual and places it at the disposal of all mankind. These two forces, which may well be deplored when considered individually, work together to create our social harmony.

And, we may remark in passing, it is not surprising that individualism, as it finds expression in a man's self-interest when he is a producer, has always revolted

against the idea of competition, has decried it, and sought to destroy it, calling to its aid force, guile, privilege, sophistry, monopoly, restriction, government controls, etc. The immorality of its means discloses dearly enough the immorality of its end. But the amazing, and unfortunate, thing is that political economy - that is, false political economy - propagated with such ardor by the socialist schools, has, in the name of love of humanity, equality, and fraternity, espoused the cause of individualism in its narrowest form and has abandoned the cause of humanity.

from: Frederic Bastiat, Economic Harmonies, trans!. by W. H. Bayers, Irvington-on-Hudson, NY, 1964, S.2B4-290.

Edmund Burke:

THE PRINCIPLE OF REFORM

Edmund Burke (1729-1797) was a British writer and Whig (the precursor to the Liberal Party) parliamentarian. In extremely effective and stylistically outstanding speeches and pamphlets, he advocated far-reaching reform policies. He stood on the side of the Americans in the conflict that led to the independence of the United States, and he completely opposed the corruption and parliamentary influence of King George III. His rejection of the idea that society can be completely planned (a rejection shared by his friend Adam Smith) made him the opponent of every ideologically motivated revolutionary idea, however; he became a bitter enemy of the French Revolution. In his “reflections on the Revolution in France” of 1790, Burke anticipated that the total revolution, as a result of its overestimation of reason in planning, would soon discard its liberal values, and he predicted the rule of terror. But in this work as well he inserted and impressive plea for reform politics, for “a state without the means of some change is without the means of its own preservation.”

Your leaders in France began by affecting to admire, almost to adore, the British constitution; but as they advanced, they come to look upon it with a sovereign contempt. The mends of your National Assembly amongst us have full as mean an opinion of what was formerly thought the glory of their country. The Revolution Society has discovered that the English nation is not free.

It is no wander therefore, that with these ideas of everything in their constitution and government at home, either in church or state, as illegitimate and usurped, or at best as a vain mockery, they look abroad with an eager and passionate enthusiasm. Whilst they are possessed by these notions, it is vain to talk to them of the practice of their ancestors, the fundamental laws of their country, the fixed form of constitution, whose merits are confirmed by the solid test of long experience, and an increasing public strength and national prosperity. They despise experience as the wisdom of unlettered men; and as for the rest, they have wrought under ground a mine that will blow up, at one grand explosion, all examples of antiquity, all precedents, characters, and ads of parliament. They have "the rights of men". Against these there can be no prescription; against these no agreement is binding: these admit no temperament and no compromise: anything withheld from their full demand is so much of fraud and injustice. Against these their rights of men let no government look for security in the length of its continuance, or in the justice and lenity of its administration. The objections of these speculatists, if its forms do not quadrate with their theories, are as valid against such an old and beneficent government, as against the mast violent tyranny, or the greenest usurpation. They are always at issue with governments, not on a question of

abuse, but a question of competency, and a question of title have nothing to say to the clumsy subtilty of their political metaphysics. Let them be their amusement in the schools. - "Ilia se jactat in aula - Æolus, et clauso ventorum carcere regent." - But let them not break prison to burst like a levanter, to sweep the earth with their hurricane, and to break up the fountains of the great deep to overwhelm us.

Far am I from denying in theory, full as far is my heart from with holding in practice (if I were of power to give or to withhold), the real rights of men. In denying their false claims of right, I do not mean to injure those which are real, and are such as their pretended rights would totally destroy. If civil society be made for the advantage of man, all the advantages for which it is made become his right. It is an institution of beneficence; and law itself is only beneficence acting by a rule. Men have a right to live by that rule; they have a right to do justice, as between their fellows, whether their fellows are in public function or in ordinary occupation. They have a right to the fruits of their industry; and to the means of making their industry fruitful. They have a right to the acquisitions of their parents; to the nourishment and improvement of their offspring; to instruction in life, and to consolation in death. Whatever each man can separately do, without trespassing upon others, he has a right to do for himself; and he has a right to a fair portion of all which society, with all its combinations of skill and force, can do in his favour. In this partnership all men have equal rights; but not to equal things. He that has but five shillings in the partnership, has as good a right to it, as he that has five hundred pounds has to his larger proportion. But he has not a right to an equal dividend in the product of the joint stock; and as to the share of power, authority, and direction which each individual ought to have in the management of the state, that I must deny to be amongst the direct original rights of man in civil society; for I have in my contemplation the civil social man, and no other. It is a thing to he settled by convention.

If civil society be the offspring of convention, that convention must be its law. That convention must limit and modify all the descriptions of constitution which are formed under it. Every sort of legislative, judicial, or executory power are its creatures. They can have no being in any other state of things; and how can any man claim under the conventions of civil society, rights which do not so much as suppose its existence? rights which are absolutely repugnant to it? One of the first motives to civil society, and which becomes one of its fundamental rules, is, that no man should be judge in his own cause. By this each person has at once divested himself of the first fundamental right of

uncovenanted man, that is, to judge for himself, and to assert his own cause. He abdicates all right to be his own governar. He indusively, in a great measure, abandons the right of self-defence, the first law of nature. Men cannot enjoy the rights of an uncivil and of a civil state together. That he may obtain justice, he gives up his right of determining what it is in points the most essential him. That he may secure some liberty, he makes a surrender in trust of the whole of it.

Government is not made in virtue of natural rights, which may and do exist in total independence of it; and exist in much greater dearness, and in a much greater degree of abstract perfection: but their abstract perfection is their practical defect. By having a right to everything they want everything. Government is a contrivance of human wisdom to provide for human wants. Men have a right that these wants should be provided for by this wisdom. Among these wants is to be reckoned the wont, out of civil society, of a sufficient restraint upon their passions. Society requires not only that the passions of individuals should he subjected, but that even in the mass and body, as well as in the individuals, the inclinations of men should frequently be thwarted, their will controlled, and their passions brought into subjection. This can only be done by a power out of themselves; and not, in the exercise of its function, subject to that will and to those passions which it is its office to bridle and subdue. In this sense the restraints on men, as well as their liberties, are to be reckoned among their rights. But as the liberties and the restrictions vary with times and circumstances, and admit of infinite modifications, they cannot be settled upon any abstract rule; and nothing is so foolish as to discuss them upon that principle.

The moment you abate anything from the full rights of men, each to govern himself, and suffer any artificial, positive limitation upon those rights, from that moment the whole organization of government becomes a consideration of convenience. This it is which makes the constitution of a state, and the due distribution of its powers, a matter of the most delicate and complicated skill. It requires a deep knowledge of human nature and human necessities, and of the things which facilitate or obstruct the various ends, which are to be pursued by the mechanism of civil institutions. The state is to have recruits to its strength, and remedies to its distempers. What is the use of discussing a man's abstract right to food or medicine? The question is upon the method of procuring and administering them. In that deliberation I shall always advise to call in the aid of the farmer and the physician, rather than the professor of metaphysics.
The science of constructing a commonwealth, or renovating it, or reforming it,

is, like every other experimental science, not to be taught a priori. Nor is it a short experience that can instruct us in that practical science; because the real effects of moral causes are not always immediate; but that which in the first instance is prejudicial may be excellent in its remoter operation; and its excellence may arise even from the ill effects it produces in the beginning. The reverse also happens: and very plausible schemes, with very pleasing commencements, have often shameful and lamentable conclusions. In state there are often some obscure and almost latent causes, things which appear at first view of little moment, on which a very great part of its prosperity or adversity may most essentially depend. The science of government being therefore so practical in itself, and intended for such practical purposes, a matter which requires experience, and even more experience than any person can gain in his whole life, however sagacious and observing he may be.

from: Edmund Burke, Reflections on the French Revolution and other Essays, ed. A J. Grieve, London 1910, p. 53, 55-59.

John Stuart Mill:

FREEDOM AND EDUCATION

John Stuart Mill (1806-1873), son of the philosopher and historian James Mill, also a liberal, is considered perhaps the most archetypical liberal thinker of 19th century England. In his later economic works, under the influence of his wife, the women's rights advocate Harriet Taylor-Mill, he tended more and more "to feeble compromises" with socialism (according to Ludwig von Moses). Nonetheless, in the following excerpt from his classic essay, "On Liberty" (1859), he proves himself a thorough going liberal, who categorically rejects full state control of education.

A person should be free to do as he likes in his own concerns; but he ought not to be free to do as he likes in acting for another, under the pretext that the affairs of the other are his own affairs. The State, while it respects the liberty of each in what specially regards himself, is bound to maintain a vigilant control over his exercise of any power which it allows him to possess over others. This obligation is almost entirely disregarded in the case of the family relations, a case, in its direct influence on human happiness, more important than all others taken together. The almost despotic power of husbands over wives needs not be enlarged upon here, because nothing more is needed for the complete removal of the evil, than that wives should have the same rights, and should receive the protection of law in the some manner, as all other persons; and because, on this subject, the defenders of established injustice do not avail themselves of the plea of liberty, but stand forth openly as the champions of power. It is in the case of children, that misapplied notions of liberty are a real obstacle to the fulfillment by the State of its duties. One would almost think that a man's children were supposed to be literally, and not metaphorically, a part of himself, so jealous is opinion of the smallest interference of law with his absolute and exclusive control over them; more jealous than of almost any interference with his own freedom of action: so much less do the generality of mankind value liberty than power. Consider, for example, the case of education. Is it not almost a self-evident axiom, that the State should require and compel the education, up to a certain standard, of every human being who is born its citizen? Yet what is there that is not afraid to recognize and assert this truth? Hardly anyone indeed will deny that it is one of the most sacred duties of the parents (or as law and usage now stand, the father), after summoning a human being into the world, to give to that being an education lilting him to perform his part well in life towards others and towards himself. But while this is unanimously declared to be the father's duty, scarcely anybody, in this country, will bear to hear of obliging him to perform it. Instead of his being required to make any exertion or sacrifice for securing education to his child, it is left to his

choice to accept it or not when it is provided gratis! It still remains unrecognised, that to bring a child into existence without a fair prospect of being able, not only to provide food for its body, but instruction and training for its mind, is a moral crime, both against the unfortunate offspring and against society; and that if the parent does not fulfill this obligation, the State ought to see it fulfilled, at the charge, as far as possible, of the parent.

Were the duty of enforcing universal education once admitted, there would be an end to the difficulties about what the State should teach, and how it should teach, which now convert the subject into a mere battle field for sects and parties, causing the time and labour which should have been spent in educating, to be wasted in quarrelling about education. If the government would make up its mind to require for every child a good education, it might save itself the trouble of providing one, it might leave to parents to obtain the education where and how they pleased, and content itself with helping to pay the school fees of the poorer classes of children, and defraying the entire school expenses of those who have no one else to pay for them. The objections which are urged with reason against State education, do not apply to the enforcement of education by the State, but to the State's taking upon itself to direct that education: which is a totally different thing. That the whole or any large part of the education of the people should be in State hands, I go as far as any one in deprecating. All that has been said of the importance of individuality of character, and diversity in opinions and modes of conduct, involves, as of the same unspeakable importance, diversity of education. A general State education is a mere contrivance for moulding people to be exactly like one another: and as the mould in which it casts them is that which pleases the predominant power in the government, whether this be a monarch, a priesthood, an aristocracy, or the majority of the existing generation; in proportion as it is efficient and successful, it establishes a despotism over the mind, leading by natural tendency to one over the body. An education established and controlled by the State should only exist, if it exist at all, as one among many competing experiments, canned on for the purpose of example and stimulus, to keep the others up to a certain standard of excellence. Unless, indeed, when society in general is in so backward a state that it could not or would not provide for itself any proper institutions of education, unless the government undertook the task: then, indeed, the government may, as the less of two great evils, take upon itself the business of schools and universities, as it may that of joint stock companies, when private enterprise, in a shape fitted for undertaking great works of industry, does not exist in the country. But in general, if the country contains a sufficient number of persons qualified to provide education under

government auspices, the same persons would be able and willing to give an equally good education on the voluntary principle, under the assurance of remuneration afforded by a law rendering education compulsory, combined with State aid to those unable to defray the expense.

from: John Stuart Mill, On liberty, London, 1865, P.62/3.

David Hume:

SELF-INTEREST AND JUSTICE

The radical skepticism of David Hume (1711-1776), which was directed against both religion and rationalism, made him an extremely suspect figure for many a contemporary. Today Hume is largely accepted as the most important exponent of the Scottish school of moral philosophy, along with his friend Adam Smith. His political and ethical philosophy, which he first laid out in detail in 1739 in his "Treatise of Human Nature" combined with the utilitarian concept of the human striving for the benefit with skeptical reservation with respect to unqualified planning of social and political structures. Primarily through the reinterpretation of his works by F.A.v. Hayek, the importance of Hume's economic and legal philosophy for modern liberal theory has only recently received its deserved credit.

I HAVE ALREADY HINTED that our sense of every kind of virtue is not natural, but that there are some virtues that produce pleasure and approbation by means of an artifice or contrivance, which arises from the circumstances and necessity of mankind. Of this kind I assert justice to be; and shall endeavour to defend this opinion by a short and, l hope, convincing argument, before I examine the nature of the artifice from which the sense of that virtue is derived.

It is evident that, when we praise any actions, we regard only the motives that produced them, and consider the actions as signs or indications of certain principles in the mind and temper. The external performance has no merit. We must look within to find the moral quality. This we cannot do directly; and therefore fix our attention on actions, as on external signs. But these actions are still considered as signs, and the ultimate object of our praise and approbation is the motive that produced them.

Alter the same manner, when we require any action, or blame a person for not performing it, we always suppose that one in that situation should be influenced by the proper motive of that action, and we esteem it vicious in him to be regardless of it. If we find upon inquiry that the virtuous motive was still powerful over his breast, though checked in its operation by some circumstances unknown to us, we retract our blame and have the same esteem for him as if he had actually performed the action which we require of him.

It appears, therefore, that all virtuous actions derive their merit only from virtuous motives, and are considered merely as signs of those motives. From this principle I conclude that the first virtuous motive which bestows a merit on

any action con never be a regard to the virtue of that action, but must be some other natural motive or principle. To suppose that the mere regard to the virtue of the action may be the first motive which produced the action and rendered it virtuous, is to reason in a circle.

Before we can have such a regard, the action must be really virtuous; and this virtue must be derived from some virtuous motive; and, consequently, the virtuous motive must be different from the regard to the virtue of the action. A virtuous motive is requisite to render an action virtuous. An action must be virtuous before we can have a regard to its virtue. Some virtuous motive, therefore, must be antecedent to that regard.

Nor is this merely a metaphysical subtilty; but enters into all our reasonings in common life, though, perhaps, we may not be able to place it in such distinct philosophical terms. We blame a father for neglecting his child. Why? Because it shows a want of natural affection which is the duty of every parent. Were not natural affection a duty, the core of children could not be a duty; and it were impossible we could have the duty in our eye in the attention we give to our offspring. In this case, therefore, all men suppose a motive to the action distinct from a sense of duty.

Here is a man that does many benevolent actions: relieves the distressed, comforts the afflicted, and extends his bounty even to the greatest strangers, No character can be more amiable and virtuous. We regard these actions as proofs of the greatest humanity. This humanity bestows a merit on the actions. A regard to this merit is, therefore, a secondary consideration and derived from the antecedent principles of humanity, which is meritorious and laudable.

In short, it may be established as an undoubted maxim that no action can be virtuous or morally good, unless there be in human nature some, motive to produce it distinct from the sense of its morality.

But may not the sense of morality or duty produce an action without any other motive? I answer, it may; but this is no objection to the present doctrine. When any virtuous motive or principle is common in human nature, a person who feels his heart devoid of that motive may hate himself upon that account, and may perform the action without the motive, from a certain sense of duty, in order to acquire by practice that virtuous principle, or at least to disguise to himself as much as possible his want of it. A man that really feels no gratitude in his temper is still pleased to perform grateful actions, and thinks he has by that

means fulfilled his duty. Actions are at first only considered as signs of motives; but it is usual in this case as in all others to fix our attention on the signs, and neglect in some measure the thing signified. But though, on some occasions, a person may perform an action merely out of regard to its moral obligation, yet still this supposes in human nature some distinct principles which are capable of producing the action, and whose moral beauty renders the action meritorious.

Now, to apply all this to the present case, I suppose a person to have lent me a sum of money on condition that it be restored in a few days; and also suppose that after the expiration of the term agreed on he demands the sum; I ask, What reason or motive have I to restore the money? It will perhaps be said that my regard to justice, and abhorrence of villainy and knavery, are sufficient reasons for me if l have the least grain of honesty or sense of duty and obligation. And this answer, no doubt, is just and satisfactory to man in his civilized state, and when trained up according to a certain discipline and education. But in his rude and more natural condition, if you are pleased to call such a condition natural, this answer would be rejected as perfectly unintelligible and sophistical. For one in that situation would immediately ask you, Wherein consists this honesty and justice, which you find in restoring a loan and abstaining from the property of others? It does not surely lie in the external action. It must, therefore, be placed in the motive from which the external action is derived. This motive can never be a regard to the honesty of the action. For it is a plain fallacy to say that a virtuous motive is requisite to render an action honest, and, at the same time, that a regard to the honesty is the motive of the action. We can never have a regard to the virtue of an action, unless the action be antecedently virtuous. No action can be virtuous, but so for as it proceeds from a virtuous motive. A virtuous motive, therefore, must precede the regard to the virtue; and it is impossible that the virtuous motive and the regard to the virtue con be the same.

It is requisite, then, to find some motive to ads of justice and honesty, distinct from our regard to the honesty; and in this lies the great difficulty. For should we say that a concern for our private interest or reputation is the legitimate motive to all honest actions: it would follow that wherever that concern ceases, honesty can no longer have place. But it is certain that self-love, when it acts at its liberty instead of engaging us to honest actions, is the source of all injustice and violence; nor can a man ever correct those vices without correcting and restraining the natural movements of that appetite.

But should it be affirmed that the reason or motive of such actions is the regard

to public interest, to which nothing is more contrary than examples of injustice and dishonesty - should this be said, I would propose the three following considerations as worthy of our attention. First, public interest is not naturally attached to the observation of the rules of justice, but is only connected with it, after an artificial convention for the establishment of these rules, as shall be shown more at large hereafter. Secondly, if we suppose that the loan was secret, and that it is necessary for the interest of the person that the money be restored in the same manner (as when the lender would conceal his riches), in that case the example ceases, and the public is no longer interested in the actions of the borrower, though I suppose there is no moralist who will affirm that the duty and obligation ceases. Thirdly, experience sufficiently proves that men in the ordinary conduct of life look not so for as the public interest, when they pay their creditors, perform their promises, and abstain from theft, and robbery, and injustice of every kind. That is a motive too remote and too sublime to affect the generality of mankind, and operate with any force in actions so contrary to private interest as are frequently those of justice and common honesty.

In general, it may be affirmed that there is no such passion in human minds as the love of mankind, merely as such, independent of personal qualities, of services, or of relation to ourself. It is true, there is no human and indeed no sensible creature whose happiness or misery does not in some measure affect us when brought near us and represented in lively colours; but this proceeds merely from sympathy, and is no proof of such an universal affection to mankind, since this concern extends well beyond our own species. An affection betwixt the sexes is a passion evidently implanted in human nature; and this passion not only appears in its peculiar symptoms, but also in inflaming every other principle of affection, and raising a stronger love from beauty, wit, kindness, than what would otherwise flow from them. Were there an universal love among all human creatures, it would appear after the same manner. Any degree of a good quality would cause a stronger affection than the same degree of a bad quality would cause hatred; contrary to what we find by experience. Men's tempers are different, and some have a propensity to the tender, and others to the rougher affections; but in the main, we may affirm that man in general, or human nature, is nothing but the object both of love and hatred, and requires some other cause which, by a double relation of impressions and ideas, may excite these passions. In vain would we endeavour to elude this hypothesis. There are no phenomena that point out any such kind affection to men, independent of their merit and every other circumstance. We love company in general; but it is as we love any other amusement. An

Englishman in Italy is a friend; an European in China; and perhaps a man would be beloved as such, were we to meet him in the moon. But this proceeds only from the relation to ourselves, which in these cases gathers force by being confined to a few persons.

If public benevolence, therefore, or a regard to the interests of mankind, cannot be the original motive to justice, much less can private benevolence or a regard to the interests of the party concerned be this motive. For what if he be my enemy and has given me just cause to hate him? What if he be a vicious man and deserves the hatred of all mankind? What if he be a miser and can make no use of what I would deprive him of? What if he be a profligate debauchee and would rather receive harm than benefit from large possessions? What if I be in necessity and have urgent motives to acquire something to my family? In all these cases, the original motive to justice would fail, and, consequently, the justice itself, and along with it all property, right, and obligation.

A rich man lies under a moral obligation to communicate to those in necessity a share of his superfluities. Were private benevolence the original motive to justice a man would not be obliged to leave others in the possession of more than he is obliged to give them, At least, the difference would be very inconsiderable. Men generally fix their affections more on what they are possessed of than on what they never enjoyed; for this reason it would be greater cruelty to dispossess a man of anything than not to give it him. But who will assert that this is the only foundation of justice?

Besides, we must consider that the chief reason why men attach themselves so much to their possessions is that they consider them as their property, and as secured to them inviolably by the laws of society. But this is a secondary consideration and dependent on the preceding notions of justice and property.

A man's property is supposed to be fenced against every mortal, in every possible case. But private benevolence is, and ought to be, weaker in some persons than in others, and in many or indeed in most persons must absolutely fail. Private benevolence, therefore, is not the original motive of justice.
From all this it follows that we have no real or universal motive for observing the laws of equity but the very equity and merit of that observance; and as no action can be equitable or meritorious, where it cannot arise from some separate motive, there is here an evident sophistry and reasoning in a circle. Unless, therefore, we will allow that nature has established a sophistry, and rendered it necessary and unavoidable, we must allow that the sense of justice

and injustice is not derived from nature, but arises artificially, though necessarily, from education and human conventions.

I shall add, as a corollary to this reasoning, that since no action can be laudable or blamable, without some motives or impelling passions distinct from the sense of morals, these distinct passions must have a great influence on that sense, it is according to their general force in human nature that we blame or praise. In judging of the beauty of animal bodies, we always carry in our eye the economy of a certain species; and where the limbs and features observe that proportion which is common to the species, we pronounce them handsome and beautiful. In like manner, we always consider the natural and usual force of the passions, when we determine concerning vice and virtue; and if the passions deport very much from the common measures on either side, they are always disapproved as vicious. A man naturally loves his children better than his nephews, his nephews better than his cousins, his cousins better than strangers, where everything else is equal. Hence arise our common measures of duty, in preferring the one to the other. Our sense of duty always follows the common and natural course of our passions.

To avoid giving offence, I must here observe that when I deny justice to be a natural virtue, I make, use of the word natural only as opposed to artificial. In another sense of the word, as no principle of the human mind is more natural than a sense of virtue, so no virtue is more natural than justice. Mankind is an inventive species; and where an invention is obvious and absolutely necessary, it may as properly be said to be natural as anything that proceeds immediately from original principles, without the intervention of thought or reflection. Though the rules of justice be artificial, they are not arbitrary. Nor is the expression improper to call them lows of nature, if by natural we understand what is common to any species, or even if we confine it to mean what is inseparable from the species.

from: David Hume, A Treatise of Human Nature (1739); quoted from: David Hume, Moral and Political Philosophy, ed. M. D. Aiken, New York 1948, S.49-55.

Friedrich August von Hayek:

THE FICTION OF SOCIAL JUSTICE

Frederich August von Hayek (1899-1992), winner of the Nobel Prize for Economics in 1974, was perhaps the most important liberal thinker of this century. Following in the footsteps of his teacher Ludwig von Mises, he refuted the theory of socialism with arguments from economic theory. In his classic book, The Road to Serfdom, which was published in England in 1944, he attacked totalitarian ideologies, of both leftist and rightist persuasion, and called attention to their structured similarities. This elicited outrage, especially in the socialist camp. The same holds for his criticisms of the welfare state, which, with its increasing state economic intervention, would undermine the basis of every free society. In later works, such as The Constitution of Liberty (1960), he developed a philosophical apology for the free society, an apology that went beyond the bounds of pure economics and was primarily oriented to legal ideas. This becomes particularly clear in the following excerpt from a lecture held in 1976, in which, building upon Hume's arguments, he subjects the concept of social justice to a critical examination. It is no wonder that, after the collapse of communism in Eastern Europe, Hayek clubs formed there spontaneously in honor of this warner against socialistic tyranny.

To discover the meaning of what is colled 'social justice' has been one of my chief preoccupations for more than 10 years. I have failed in this endeavour - or, rather, have reached the conclusion that, with reference to a society of free men, the phrase has no meaning whatever. The search for the reason why the word has nevertheless for something like a century dominated political discussion, and has everywhere been successfully used to advance claims of particular groups for a larger share in the good things of life, remains, however, a very interesting one. It is this question it which I shall here chiefly concern myself.

But I must at first briefly explain, as I attempt to demonstrate at length in volume 2 of my Law, Legislation and Liberty, about to be published, why I have come to regard 'social justice' as nothing more than an empty formula, conventionally used to assert that a particular claim is justified without giving any reason. Indeed that volume, which bears the sub-title The Mirage of Social Justice, is mainly intended to convince intellectuals that the concept of 'social justice', which they are so fond of using, is intellectually disreputable. Some of course have already tumbled to this; but with the unfortunate result that, since 'social' justice is the only kind of justice they have ever thought of, they have been led to the conclusion that all uses of the term justice have no meaningful content. I have therefore been forced to show in the same book that rules of just individual conduct are as indispensable to the preservation of a peaceful society of free men as endeavours to realise 'social' justice are incompatible

with it.

The term 'social justice' is today generally used as a synonym of what used to be called 'distributive justice'. The latter term perhaps gives a somewhat better idea of what can be meant by it, and at the same time shows why it con have no application to the result of a market economy: there con be no distributive justice where no one distributes. Justice has meaning only as a rule of human conduct, and no conceivable rules for the conduct of individuals supplying each other with goods and services in a market economy would produce a distribution which could be meaningfully described as just or unjust. Individuals might conduct themselves as justly as possible, but as the result for separate individuals would be neither intended nor foreseeable by others, the resulting state of affairs could neither be coiled just nor unjust.

The complete emptiness of the phrase 'social justice' shows men in the fact that no agreement exists about what social justice requires in particular instances; also that here is no known test by which to decide who is right if people differ, and that no preconceived scheme of distribution could be effectively devised in a society whose individuals are free, in the sense of being allowed to use their own knowledge for their own purposes. Indeed, individual moral responsibility for one's actions is incompatible with the realisation of any such desired overall pattern of distribution.

A little inquiry shows that, though a great many people are dissatisfied with the existing pattern of distribution, none of them has really any clear idea of what pattern he would regard as just. All that we find are intuitive assessments of individual cases as unjust. No one has yet found even a single general rule from which we could derive that is 'socially just' in all particular instances that would fall under it - except the rule of 'equal pay for equal work'. Free competition, precluding all that regard for merit or need and the like, on which demands for social justice are based, tends to enforce he equal pay rule.

The reason why most people continue firmly to believe in 'social justice', even after hey discover that they do not really know what the phrase means, is that they think if almost everyone else believes in it, there must be something in the phrase. The ground for this almost universal acceptance of a belief, the significance of which people do not understand, is that we have all inherited from an earlier different type of society, in which man existed very much longer than in the present one, some now deeply ingrained instincts which are inapplicable to our present civilisation. In fact, man emerged from primitive

society when in certain conditions increasing numbers succeeded by disregarding those very principles which had held the old groups together.

We must not forget that before the last 10,000 years, during which man has developed agriculture, towns and ultimately the 'Great Society', he existed for at least a hundred times as long in small food-sharing hunting bands of 50 or so, wit a strict order of dominance within the defended common territory of the band. The needs of this ancient primitive kind of society determined much of the moral feelings which still govern us, and which we approve in others, it was a grouping in which, at least for all males, the common pursuit of a perceived physical common object under the direction of the alpha male was as much a condition of its continued existence as the assignment of different shares in the prey to the different members according to their importance for the survival of the band. It is more than probable that many of the moral feelings then acquired have not merely been culturally transmitted by teaching or imitation, but have become innate or genetically determined.

But not all that is natural to us in this sense is therefore necessarily in different circumstances good or beneficial for the propagation of the species. In its primitive form the little band indeed did possess what is still attractive to so many people: a unitary purpose, or a common hierarchy of ends, and deliberate sharing of means according to a common view of individual merits.

It has been suggested more than once that the theory explaining the working of the market be called catallactics from the classical Greek word for bartering or exchanging - katalattein. I have fallen somewhat in love with this word since discovering that in ancient Greek, in addition to 'exchanging', it also meant 'to admit into the community' and 'to change from enemy into friend'. I have therefore proposed that we call the game of the market, by which we can induce the stranger to welcome and serve us, the 'game of catollaxy'.

The market process indeed corresponds fully to the definition of a game which we find in The Oxford English Dictionary. It is 'a contest played according to rules and decided by superior skill, strength or good fortune'. It is in this respect both a game of skill as well as a game of chance. Above all, it is a game which serves to elicit from each player the highest worthwhile contribution to the common pool from which each will win an uncertain share.

The game was probably started by men who had left the shelter and obligations of their own tribe to gain from serving the needs of others they did not know

personally. When the early neolithic traders took boatloads of flint axes from Britain across the Channel to barter them against amber and probably also, even then, jars of wine, their aim was no longer to serve the needs of known people, but to make the largest gain. Precisely because they were interested only in who would offer the best price for their products, they reached persons wholly unknown to them, whose standard of life they thereby enhanced much more than they could have that of their neighbours by handing the axes to those who no doubt could also have made good use of them.

The result of this game of colallaxy, therefore, will necessarily be that many have much more than their fellows think they deserve, and even more will have much less than their fellows think they ought to have. It is not surprising that many people should wish to correct this by some authoritative act of redistribution. The trouble is that the aggregate product which they think is available for distribution exists only because returns for the different efforts are held out by the market with little regard to deserts or needs, and are needed to attract the owners of particular information, material means and personal skills to the points where at each moment they can make the greatest contribution. Those who prefer the quiet of an assured contractual income to the necessity of taking risks to exploit ever changing opportunities feel at a disadvantage compared with possessors of large incomes, which result from continual redisposition of resources.

High actual gains of the successful ones, whether this success is deserved or accidental, is an essential element for guiding resources to where they will make the largest contribution to the pool from which all draw their share. We should not have as much to share if that income of an individual were not treated as just, the prospects of which induced him to make the largest contribution to the pool. Incredibly high incomes may thus sometimes be just. What is more important, scope for achieving such incomes may be the necessary condition for the less enterprising, lucky, or clever to get the regular income on which they count.

The inequality, which so many people resent, however, has not only been the underlying condition for producing the relatively high incomes which most people in the West now enjoy. Some people seem to believe that a lowering of this general level of incomes or at least a slowing down of its rate of increase - would not be too high a price for what they feel would be a juster distribution. But there is an even greater obstacle to such ambitions today. As a result of playing the game of catallaxy, which pays so little attention to justice but does

so much to increase output, the population of the world has been able to increase so much, without the income of most people increasing very much, that we can maintain it, and the further increases in population which are irrevocably on the way, only if we make the fullest possible use of that game which elicits the highest contributions to productivity.

I am told that there are still communities in Africa in which able young men, anxious to adopt modern commercial methods, find it impossible thereby to improve their position, because tribal customs demand that they share the products of their greater industry, skill or luck with all their kin. An increased income of such a man would merely mean that he had to share it with an ever-increasing number of claimants. He can, therefore, never rise substantially above the average level of his tribe.

The chief adverse effect of 'social justice' in our society is that it prevents individuals from achieving what they could achieve - through the means for further investment being taken from them. It is also the application of an incongruous principle to a civilisation whose productivity is high, because incomes are very unequally divided and thereby the use of scarce resources is directed and limited to where they bring the highest return. Thanks to this unequal distribution the poor get in a competitive market economy more than they would get in a centrally directed system.

All this is the outcome of the, as yet merely imperfect, victory of the obligatory abstract rule of individual conduct over the common particular end as the method of social co-ordination - the development which has made both the open society and individual freedom possible, but which the socialists now want to reverse. Socialists have the support of inherited instincts, while maintenance of the new wealth which creates the new ambitions requires an acquired discipline which the non-domesticated barbarians in our midst, who call themselves 'alienated', refuse to accept although they still claim all its benefits.

from: Friedrich August von Hayek, New Studies in Philosophy, Politics, Economics and the History of Ideas, London 1978.

John Gray:

THE OPPONENTS OF LIBERALISM

John Gray, who was born in 1948, is one of England's leading contemporary liberal thinkers. He teaches philosophy at Oxford. His book Liberalism (1986), presented here in excerpts, represents one of the few systematic treatments of the topic that has appeared for some time. Mention should also be made of his monographs on Hayek and Miss, and of his treatise "Limited Government: A Positive Agenda" which appeared in 1989.

Liberalism - and most especially liberalism in its classical farm - is the political theory of modernity. Its postulates are the most distinctive features of modern life - the autonomous individual with his concern for liberty and privacy, the growth of wealth and the steady stream of invention and innovation, the machinery of government which is at once indispensable to civil life and a standing threat to it - and its intellectual out-look is one that could have originated in its fullness only in the post-traditional society of Europe after the dissolution of medieval Christendom. Despite its dominance as the political theory of the modern age, liberalism has never been without serious intellectual and political rivals. In their different ways, conservatism and socialism alike are no less responses to the challenges of modernity, whose roots may be traced back to the crises of seventeenth-century England, but which crystalize into definite traditions of thought and practice only in the aftermath of the French Revolution. Both conservative and socialist thinkers suggest genuine criticisms of the liberal out-look and of liberal society which can be understood and addressed only in the historical context in which all three traditions came to birth.

Conservatives have sometimes disdained the theoretical reflection on political life, implying that political knowledge is first and last the practical knowledge of a hereditary ruling class as to how affairs of state are to be conducted – a form of knowledge that is bet left inarticulate, uncorrupted by rationalist systematizing. The nineteenth and twentieth centuries are nevertheless replete with conservative thought of a sort that is fully as systematic and reflective as any found I the liberal tradition, and rich with insights of which liberal thought can make profitable use. We find in the writings of Hegel, Burke, de Maistre, Savigny, Santayana and Oakseshott – all of them conservatives, if only in sharing a common spirit of reaction against the excesses liberal rationalism - many incisive criticisms which liberal thought neglects at its peril. Such conservative criticisms are invaluable corrections of the characteristic liberal illusions, but they often embody forms of nostalgia and quixotism which no

liberal support, and they sometimes express dear misconceptions of the character of liberalism itself. So let us consider what it is that distinguishes a conservative view of man and society, and what the conservative view can offer to the liberal.

In its intellectual response to the revolution of 1688 and 1789, conservative thought in England and France, and everywhere thereafter, is distinctive in conceiving the central fact of political life to be the relation of subjects to rulers. For the conservative, relations of authority are aspects of the natural form of social life, not to be accounted for in liberal fashion by any contract among individuals, and still less by reference to moral beliefs of the kind which comprise socialist movements. The stuff of political life is made up of historical communities and is composed of many generations of human beings, shaped by the peculiar traditions of their region and country. Conservative thought proclaims its scepticism of the generic humanity and abstract individuality it sees celebrated in liberalism and insists that the human individual is a cultural achievement rather than a natural fact. As we read it in the works of de Maistre and Burke, conservative thought has as its central terms, authority, loyalty, hierarchy and order - rather than equality, liberty or mankind. The emphasis is on the particularities of political life instead of any universal principles it may be supposed to exemplify. Often, though not always, it is suggested that the role of general ideas in political life is that of an epiphenomenon - a reflection of deeper forces of sentiment, interest and passion. As against liberalism and socialism, then, conservative thought is particularist, and suspicious of the pursuit of equality. It is also sceptical and pessimistic and, in its reaction to the Industrial Revolution, prone to see breakdown and the desolation of old ways and to distrust the opportunities of improvement and liberation wrought by the spread of invention and machinery. Nineteenth-century English conservatism spawned an entire school of historical interpretation and social criticism, which pictured industrialism as bringing about a collapse in popular living standards and disrupting ancient relations of hierarchy in which rulers acknowledged an obligation to the common people. In the political writings of Benjamin Disraeli - perhaps the most influential nineteenth-century English anti-liberal thinker because of his massive political presence, but evincing attitudes shared by many others such as Carlyle, Ruskin and Southey - this hostility to the social implications of the Industrial Revolution generated a nostalgic and fantastic philosophy of Tory paternalism, in which national government performed the duties once discharged by the local nobility.

In many ways socialist thought echoes conservative voices in lamenting the

dislocation of ancient folkways brought about by commerce and industry. Friedrich Engels's study of the conditions of the English working class' is notable as much for its arcadian representation of pre-industrial life as for its account of contemporary deprivation and misery. Both conservative and socialist writers tend to see in English life, somewhere between the sixteenth century and the nineteenth, a Great Transformation (in Karl Polanyi's terminology) in which communal social forms were shattered by the force of individualism and rising new classes. Unlike conservatives, socialists were for the most part optimists about the social consequences of industrialism and, indeed, regarded the abundance which industry made possible as a necessary condition of progress to the classless egalitarian society. But like conservatives and unlike liberals, socialists mostly repudiated the abstract individualism they found in liberal thought and rejected liberal ideas of civil society in favor of conceptions of moral community. If socialists were always more hopeful than conservatives about the political prospect, in nineteenth-century England and Europe they were at one with conservatives in representing the liberal age as an episode, a transitional phase in social development.

The weaknesses of socialist and conservative thought lie partly in their interpretation of history and partly in the extremely hazy vision of a post-liberal order which their writings contain. Both socialists and conservatives, overreacting to the visible hardships of industrialism, exaggerated its destructive aspects and understated its beneficial impart on the living standards of the people. The early decades of the nineteenth century witnessed a substantial and continuous expansion in population, in the consumption of luxuries and in incomes, which is scarcely to be reconciled with the historical mythology of popular immisertion expressed in Marxist and many conservative writings. Further, at least in the English case, the idea of commerce and industry bringing about a vast rupture in social order seems plainly groundless. As far back as we can go, England was a predominantly individualist society, in which the characteristic institutions of feudalism were weak or absent. Conservative and socialist thinkers and publicists in the nineteenth century seem to have misread the history of the society from which their models of social change were chiefly derived.

It is in their conception of an anti-liberal alternative order that the most radical weakness of socialist and conservative ideas is to be found, By the mid-nineteenth century, individualist patterns of economic and social life had spread over most of Europe (including Russia) and there nowhere remained a traditional social order of unbroken communal ties for conservatives to defend. Where

conservatism was a political success - as it was with Disraeli and Bismarck - it achieved this victory by a pragmatic domestication of individualist life and set in motion nothing like the anti-liberal revolution of which Disraeli and other romantic conservatives dreamt. When the liberal order broke down in Europe in 1914, it was replaced over most of the continent by a brutal, farcical and (in Germany) genocidal modernism which cut loose from Western moral and legal traditions and produced a Hobbesian anomie (rather than a reconstitution of communal bands) whenever its policies were implemented. In turn, twentieth-century history shows no example of a successful anti-liberal conservative movement, and the greatest of conservative statesmen - de Gaulle and Adenauer, for example - have adopted a managerial and realist attitude to modern society which accepts its intractable individualism as an historical fate that wise policy may contain but not reverse.

Socialist hopes of a new form of moral community have fared little better than conservative visions of a renovation of communal life. Expectations of proletarian international solidarity were rudely shattered by the First World War, and the ensuing victory of socialism in an illiberal and revolutionary form in Russia inaugurated a novel political system, but one which had more in common with subsequent National Socialist experiments in totalitarian control than with any socialist ideal. Socialist projects and movements have everywhere come to grief on the stubborn realities of distinctive cultural, national and religious traditions and, beyond them, of the pervasive and ineradicable individualism of modern social life. For all the fashionable socialist rhetoric of alie-nation, socialist movements have been most enduring and successful when they have sought to temper individualist society rather than to transform it. Just as the only viable form of conservatism appears to be liberal conservatism, so socialism has achieved a measure of success only insofar as it has absorbed the essential elements of liberal civilization.

As offering alternatives to liberal society, conservatism and socialism must be judged failures, yet each provides insights of which the liberal intellectual tradition can make good use. Perhaps the most valuable conservative insight is in its critique of progress - that the advance of knowledge and technology may be deployed as easily for cruel and mad purposes, as in the Holocaust and the Gulag, as for purposes of improvement and liberation. Twentieth-century experience has supported conservative distrust of the belief of the nineteenth-century liberals (a belief that was not shared by the Scottish founders of classical liberalism) that human history manifests a steady trajectory of progress, arrested and sometimes retarded, but irresistible in the end. It is dear

now that the only support for the liberal hope comes, not from imagined historical laws or tendencies, but solely from the vitality of liberal civilisation itself. Again, time has proved well-founded conservative suspicions of a mass society whose large numbers are emancipated from the guidance of ancient cultural traditions. The vital truth that the maintenance of moral and cultural traditions is a necessary condition of lasting progress - a truth acknowledged by such liberal thinkers as Tocqueville and Constant, Ortega y Gosset and Hayek - must be accounted a permanent contribution of conservative reflection.

In recent decades, conservative thought has exhibited a diminished hostility to market institutions, and has increasingly come to see in market freedoms a support for the spontaneous order in society which conservatives cherish. By contrast, socialist thought has been slow to come to terms with the indispensability of market institutions, seeing in them symptoms of waste and disorder and a culpable failure of rational planning. There has indeed emerged a school of market socialist thought, owing at least as much to John Stuart Mill as it does to Marx, which conceives the central productive institution of the socialist economy to be the worker cooperative, with resources being allocated among cooperatives by market competitions. In its realistic acceptance of the market's allocative role, the new school of socialist thought represents a welcome departure from conventional socialist confidence in the prospects of central economic planning. But it confronts several hard problems which in combination prove fatal to the market socialist project. There is first the difficulty, noted by the distinguished Keynesian economist J. E. Meade, that breaking up the economy into worker-managed enterprises involves sacrificing important economies of scale. Further, the fusion of job-holding with capital-sharing in the workers cooperative has, as Yugoslav experience demonstrates, the unfortunate consequence of generating unemployment among young workers and encouraging workers in cooperatives to act like family partnerships in slowly consuming capital. If experience is any guide, worker-managed economies are likely to be sluggish, deficient in technological innovation and highly inequitable in the distribution of job opportunities they generate. Finally, all market socialist schemes confront the radical problem of allocating capital. By what criteria are the central state banks to allocate capital to the different worker cooperatives? In market capitalist systems, the provision of venture capital is recognized as part of entrepreneurship - a creative activity insusceptible of formulation in hard and fast rules. When the provision of capital is concentrated in the state, as it is in most if not all market socialist proposals, what rate of return is to be demanded, and how is the State Investment Bank to be disciplined for its losses? In any practically realizable form, the market

socialist scheme is open to the crippling objection that the centralization of capital in government would be bound to trigger a political competition for resources in which established industries and enterprises would be the winners and new, risky and weak enterprises the losers. In other words, market socialism would merely intensify the harmful distributional conflict theorized by public choice analysts in the context of mixed economies.

These defects in market socialist proposals suggest that there is no feasible alternative to market competition as the allocative institution for capital, labor and consumer goods in a complex industrial society. The most compelling aspect of the socialist criticism of economic liberalism lies, accordingly, not in any aspect of the market mechanism, but in the imperfections from the standpoint of justice of the initial allocation of resources. All real societies present a distribution of capital and income which results from many factors, including previous acts of injustice in the form of violations of property rights, restrictions on contractual liberty, and inequitable uses of economic power. In all likelihood, Nozick goes too far in recommending a stringent egalitarian principle for the redistribution of income as a rectificatory response to the historic burden of past injustices, and there is no justification for attempting to bring about any pattern of income or wealth distribution. The aim of policy ought not to be the imposition of any such pattern, since respect for liberty dictates acceptance of the disruption of patterns by free choices, but instead to compensate for past departures from equal liberty. This is not best achieved by an egalitarian policy of income redistribution.

A more appropriate response to the reality of injustice in the distribution of capital is a redistribution of capital itself, perhaps in the form of a negative capital tax which would supply the propertyless with a patrimony of wealth which would compensate them for the effects of previous injustices. It would be a virtue of such a redistributional policy, from a classical liberal viewpoint, if it could be financed by the sale of state assets and so need not entail further governmental encroachment on private capital. Whether or not this proposal be accepted as practicable, it is a valid insight of socialist thought, and one recognized most fully by the theorists of the Public Choice School, that a restoration of economic freedom presupposes in justice a redistribution of capital holdings.

Conservative and socialist attacks on liberalism have a vital role in alerting us to the shortcomings of liberal thought and society. Above all, they should help us resist the temptation to suppose that liberal society is ever to be identified with

its contingent historical forms. If conservative reflection teaches us to be cautious in our attitude to our inheritance of moral and cultural traditions, socialist thought compels recognition of the truth that the moral defense of liberty requires rectification of past injustices by a renegotiation of established rights. The defense of liberal society requires, in short, that liberal thought and practice be ready to adopt conservative and radical perspectives when these may be demanded by liberal goals and by the historical circumstance in which liberal societies find themselves.

from: John Gray, Liberalism, Milton Keynes 1986, S, 82-89 (by permission of Open University Press).

John Prince-Smith:

THE FREEDOM OF TRADE

John Prince-Smith (1809-1874), although born in England, became a Prussian citizen in 1830; ultimately, he became a member of Prussian parliament. From 1871-73 he was a member of the new German Rechstag. As the spiritual forefather of the Free-Trade Party, which he founded, and of the congress of German Economists, he was probably the most influential exponent of free-trade ideals in 19th century Germany. It was there that his works (such as his book 'Trade Wars', which appeared in 1843) were widely read. Most notably, he made the thought of the English Manchester School, and the writings of Bastiat and Say, the leading French exponents of free trade, popular in Germany. The following text was taken from a speech he delivered n Cologne in 1860.

Therefore, the issue of the importance and the authority of state power with regard to international economic life is actually part of the issue of free trade. The view concerning this issue that is so widespread and established must of necessity have a central effect upon views concerning state institutions and international policy. The question of free trade is a question of international political significance.

To thoroughly answer this question, we must first consider the economic system in its primary simplicity; and in spite of all complexity of economic life, its principle is of sublime simplicity.

The economic purpose, increase of the means of satisfying needs, is achieved through division of labour. And division of labour is brought about through the opportunity for exchange. The establishment of a market, by which of course is meant every facilitation of exchange, is the great step through which all other economic development is set in motion. The market is the one great economic institution that determines and governs all economic life; it assigns to each his branch of work, measures to each the compensation for his work. It creates a community among those who conduct business independently; it brings about unity in freedom, and it preserves freedom in unity. The market is the central organ, the heart, which powers the circulation of economic life, which takes in a stream of nutrition and speeds it on to all the limbs. But the life principle of the market, the condition for its organic play, is freedom.

Division of labour is the separation of the producer from the consumer. It enables every product to be produced not by him who happens to wish to consume it, but by those who are best able to produce it, by those who

continuously practice a single action to develop a special skill, who acquire the suitable tools, machines and other equipment for the one business, and who are most favourably positioned in terms of natural local conditions. Now when each person works for the market, he must also draw on the market for his own needs, as a compensation for that which he, as it were, has delivered to a common storehouse. But where does he have the guarantee that this compensation will be a just one, that the measure of his enjoyments will exactly correspond to the measure in which he has contributed to the market's stockpile of the means of enjoyment? How is it even possible to determine the extent to which a single action has contributed to the overall result? For example, how should the relationship be calculated between the work of one man who, using his savings, manufactured a plough and the work of him who used the plough to plough the furrow? To which extent each of the two contributed to the achievement of the harvest, and which respective share, accordingly, each is then due?

The market answers this question both easily and unerringly. In the market, each ware or bit of work is sold at the best possible price. The seller receives the greatest amount that anyone is willing to pay him voluntarily. The buyer, on the other hand, pays the smallest amount for which anyone will give him the ware in question. The compensation for every bit of work is regulated by means of a voluntary agreement between the producers, who need to sell certain stocks, and the consumers, who wish to satisfy their needs as plentifully as possible. Of course, the compensation for various bits of work, which is normed by the market, can prove to be very different in different cases. But it is each person's responsibility to choose, from among all the activities available to him, that one for which the market compensation is the richest. If a person has knowledge, skill and the required equipment, then he can put all his energies towards one of the best-paying production branches and be successful. If he lacks these things, then his choices are limited; he must be satisfied with a less well-paid form of work, less well-paid because it is simply the refuge of the many who have few resources. But if, as is often said, a producer is unable to succeed with his business - if, namely, the customary market replacement for his product does not suffice to replace the investment expended in production - then this proves that his work is uneconomical, for his work consumes things worth more than what it produces; it thus reduces the sum of the market values, rather than increasing it. But the free market does not permit this. The free market does not give such a person the means to continue with work that is damaging to the public as a whole. Such a producer will be forced to change his method of work; he must expend greater effort and use better equipment in

order to produce more products with the same investment, or he must take up another business; or, if he is unable to do either of these things, he must appropriately reduce his consumption, and endure neediness as the natural consequence of his limited production capability.

This, gentlemen, is the basic law of economic organisation, the only possible condition under which the economic purpose, increase and just distribution of the means of satisfying needs, can be secured. All solidarity is basically foreign to the economic community; it cannot, and must not, guarantee subsistences. it cannot provide anyone with any other right than free access to the market, for the market is the only common thing that it possesses. Everything in the market is individual property. The economic community could subsidise individuals who wish to consume more than the market compensation for their work only by curtailing the compensation it gives others for their work, and this would violate its primary basic law.

To introduce coercion into economic traffic would mean putting arbitrariness in the place of justice, toppling the balance between production and consumption - violating the economic life principle, which is freedom. And yet some individuals are greatly tempted to employ state authority to falsify the play of economic traffic. For example, if certain producers are able to have competitors excluded from the market, through mandatory licensing, trade ordinances or fines, under the name of protective tariffs, then the market will suffer an artificial lack of the products of the monopolists, and the consumers will have to pay more for these products than they otherwise would. The injustice of such state intervention in order to provide advantage to the one, at the expense of the other, is glaring enough. But the economic inefficiency of this is even more glaring. For in order to forcefully provide a larger share of the market to certain individuals, the market's overall supply must be reduced. Such injustice can occur only at public expense. And in general, state authority has no other means at its disposal to divert economic traffic from its free course than the creation of scarcity. The economic purpose, namely the greatest possible increase and the justest distribution of the means of satisfying needs, is ensured most completely through unconditional freedom of trade, and no state intervention is required to achieve this. State authority can change the economy's free course only by prohibiting that which is economically efficient, and mandating that which is economically inefficient. We have found the truth of this confirmed everywhere we have examined the effect of state intervention in economic movement; in limitation on trades, in taxes on interest, in limitations on banks, in limitation on freedom of movement, and in the limitation

of free authority over property. We will also find such confirmation when we examine the restrictions on trade.

The demand for freedom of trade is, as already stated, the demand for unlimited division of labour between the inhabitants of different states. Now since the division of labour, this basic source of economic plentitude, is greatest in relationship to the diversity of production capabilities of the inhabitants of different states, it should have been expected that everyone would have recognised the overwhelming benefit of the division of labour between the inhabitants of different climates and localities, whose respective productivity has been developed in manifold ways through particularities of customs, habits and natural capabilities. It should have been natural for this obvious economic moment of unification of peoples separated by state to result in the recognition that the economic community is basically completely separate from the community of nations, and that it has its own independent basis; that, while the state simply has the task of protecting property and persons, of repressing violent disturbances within its own borders, the economic community, under the protection of state order, should encompass all those who, no matter in which state they live, can contribute to the increase of the means of satisfying needs. Then for which conceivable reason should exclusion take place? If it is absolutely to our own advantage to permit all those who say "ja' to provide us the desired means of satisfying needs, in return for a compensation we freely provide, shall this basic economic relationship be completely reversed with regard to those to say ‘oui’ or 'yes'? And shall the economic community's basic relationship be so modified through simple difference of nationality that exchange with foreign countries is to be avoided for the very reason that these countries sell cheaply; i.e. that for a given compensation these countries offer us more of a means of satisfying needs than we could produce for the same amount of compensation in our own country? It is hardly understandable why members of enlightened nations who devote their entire lives to economic traffic, and who also concern themselves extensively with affairs of state, should for only a moment fail to recognise the harmfulness of trade limitation; why they should have so little insight into the economic system and the state's task, that they are unable to distinguish more clearly the actions and provinces of the two; -this would hardly be comprehensible, were not people, unfortunately, so caught up in state antagonism, and so blinded by national jealousy that they are unable to see clearly into circumstances. The concept of common economic interests with hated foreigners, with state enemies and political rivals, is so repellant to the national mood that passion doses reason to it; yes, so completely is reason benighted by passionate national aversion that

people permit themselves to be misled concerning their most obvious own benefit, by reasons that cannot stand before unprejudiced criticism, let us briefly examine some of the main arguments that have been advanced to justify restriction of trade through the so-called protective tariff system.

The attempt is made first of all to present trade restriction as a punishment against "foreigners", and to convince us that the matter is simply a conflict between the interests of domestic and foreign producers. In truth, however, the conflict is between the interests of domestic producers and domestic consumers. If certain domestic producers wish to cut off foreign competition, then the more plentiful supply from abroad is in the interest of all domestic consumers. It is said that a tariff is applied to foreign iron, foreign wool etc. But what does this mean other than that a tariff is erected directly in front of the domestic consumers of the foreign iron or wool?

But restriction of trade is said to be necessary in order to keep domestic labour at work. But keeping domestic labour at work depends only on the amount of domestic capital. When the protective tariff is used to artificially inject capital into certain branches of business, the capability of those branches to employ workers is not increased. But since consumption must be made more expensive in order to bring forth these artificial branches of business, the result is a hindering of the growth of capital, and of the increase of work for the labour force. Nothing is more misguided than the idea that the state should be able to develop its national industry by means of so-called protection of non-competitive business; for what is lacking is not business for our capital, what is lacking is capital for our business. To develop their business, our competitive industries would be gladly invest any amount of capital they could be provided with, and to employ the appropriate numbers of workers to do so.

The more expensive consumption resulting from the protective tariff is said to be only a temporary sacrifice, an educative tool. Under the so-called protection, the artificially fostered industry is supposed to be able to develop natural roots and to become competitive in time - to be able to do without the protective tariff after a while. This would then become a purely commercial speculation in which initially the costs must be compared with the purpose. But this occurs so seldomly that we have no protected industry in which the sacrifice made by the consumers is not many times the amount of all the capital invested in the industry in question, and still the time is unforeseeably far off when additional sacrifice will no longer be required. There is no worse tool for educating an

industry to competitiveness, i.e. to efficiency, thriftiness and activity, than to give it prices with which it can continue to exist without developing such characteristics.

Sometimes it is admitted that only freedom of trade is truly economically efficient; but then it is stated it should be introduced only if it is proclaimed simultaneously by all states. This is an unattainable goal, as is well known. But the impossibility of attaining freedom of trade all at once is not a reason for not giving ourselves as much of it as possible. Even if we do not yet have complete freedom to sell abroad what we want to sell, this is still no reason for denying ourselves the freedom to at least buy what we want from abroad. When we lift an import tariff, we make an economic concession to ourselves first and foremost, and not simply to foreign countries. Freedom of trade can be brought about only when each nation stops demanding concessions of others, and decides to make such concessions itself; freedom of trade can become general only through unilateral action.

Then it is also said that one must produce everything in one's own country, so that supplies will be ensured during time of war; i,e. the calamities of severed trade and of more expensive consumption, which are among war's greatest evils, should be imposed voluntarily in peacetime as well! On the contrary, in peacetime the cheapest possible supply must be sought, so that in time of war the means will be available to endure the price increases. What is more, the international web of relationships occurring through freedom of trade is the most effective means of preventing wars. If we would only attain the point at which people would see a good customer in every foreigner, then people would be much less inclined to shoot at foreigners.

There are many other arguments for tariff protection; I will not devote further time to counting them up here. All of them, like the ones mentioned, are calculated in the interest of unclear prejudice.

But now, gentlemen, the purpose and striving of the men of free trade, who have understood the matter in its basic implications, is to moderate the national antipathies, to protect reason from the slavery of blind passion, to educate the nations to recognition of their common economic interest, and, thereby, to dull the sword of unhappy state conflict; -in general, to strengthen the economic interest of unification and peace, as a counterweight to the divisive and antagonistic national principle; to elevate this interest to the governing force in the coexistence of civilised nations, to so regulate and strengthen the

relationships of enlightened neighboring peoples through mutual bands that they cannot be arbitrarily torn at any moment; to redeem the civilised world, wherever possible, from the infinitely mounting pressure of permanent arming for war; to overcome a world political condition that is currently as unbearable as it is unmaintainable in the long run. For obviously, gentlemen, in the current state of affairs, the national powers are distancing themselves more and more from their purpose: instead of providing security to their territories, they are eliciting attacks through their mutually antagonistic stance, attacks against which their defence institutions afford only unreliable protection.

Instead of guaranteeing peace to the economic community placed under their charge, a peace which is an absolute requirement for that community's flourishing, they subject that community to a laming concern. To an ever greater extent, they absorb capital and labour. They call for sacrifices from the economic community, which would be excessive even if they truly served the purpose for which the state actually exists: the strengthening of peaceful order and freedom for the protection of the economic community.

Strengthening of peaceful international relationships, which must be brought about through freedom of trade, is much more important than the direct economic gain of cheap supply of means of satisfying needs. Political reform throughout the world, much more than simple economic reform, is the great goal the principle men of free trade also strive for and for which they wish to enthuse the public. The greatness of this goal also increases their courage, in comparison with the difficulty of achieving it, The goal is not unattainable; for it lies on the path of necessary progress, And its realisation does not lie in the far-off future; for recognition of it is being propagated more strongly each day. It simply requires, like all great things, untiring effort, the effort which comes from deep conviction.

We are well aware that a reshaping, now, in the current deadlocked stance of the states toward each other, could be achieved only through an extraordinary motive power - that a quite extraordinary lever would be required to divert the state powers to another path. But I ask you, gentlemen, what power is it then that shapes human institutions? It is human perception. And what is the lever that reshapes even the most powerful institutions? It is widely changing perception. Well, gentlemen, we are working on changing the general perception of the stance of the nationally separated peoples to each other. Let us work to promulgate a generally clear perception of the world economic community, whose unity cannot be divided up by national boundaries, if each person's

economic well-being, if the well-being of the general culture, is not to be violated. Let us promulgate the view that with peaceful trade, nations competing in economic production cannot do otherwise than to be mutually beneficial; that the advantage of exchange, in its very nature, can never be one-sided; that through free trade one people can never become rich at the expense of another; and even that the profit, relatively seen, is always most important for the economically weaker party, i.e. for the people least advanced in industry. If we promulgate this view, then we gain a strong counterweight to the national antipathies; we dispel many a passionately held prejudice and motivate the nations to view each other with new eyes, with the eyes of reason, -with a proper appreciation of common economic interests as opposed to the supposed special interests of the state,

Let us, therefore, elevate the spirit of the people to the height of our economic principle. From there we will give it a view of wide-open spaces, of the open air. The world seems much more beautiful, much richer, much more peaceful from the heights. The panoramic view from a raised standpoint clears the perception - and cleanses the mood! [Thunderous Applause.)

Cited from: Karl Diehl/ Paul Mombert (ed.), Ausgewahite Lesestucke zum Studium der politischen Okonomie, 3rd edition, Vol. IX, Gera 1923, p, 191-199. [Translation: Sabrina Ferrari-Frankland & Ca.)

Ortega y Gosset:
THE TYRANNY OF THE MASSES

Jos, Ortega y gasset (1883-1955) one of Spain's greatest liberals voluntarily gave up his chair of philosophy at Madrid University in order to go into exile when the civil war ended the republic. His book, La Rebelion de las Massas (The Rebellion of the Masses), which appeared in the 1930's, and from which the following excerpt was taken, warns in memorable words the threat to freedom through totalitarian mass movements.

WE TAKE it, then, that there has happened something supremely paradoxical, but which was in truth most natural; from the very opening-out of the world and of life for the average man, his soul has shut up within him. Well, then, I maintain that it is in this obliteration of the average soul that the rebellion of the masses consists, and in this in its turn lies the gigantic problem set before humanity to-day.

The mass-man regards himself as perfect, The select man, in order to regard himself so, needs to be specially vain, and the belief in his perfection is not

united with him consubstantially, it is not ingenuous, but arises from his vanity, and even for himself has a fictitious, imaginary, problematic character, Hence the vain man stands in need of others, he seeks in them support for the idea that he wishes to have of himself. So that not even in this diseased state, not even when blinded by vanity, does the 'noble' man succeed in feeling himself as in truth complete. Contrariwise, it never occurs to the mediocre man of our days, to the New Adam, to doubt of his own plenitude. His self-confidence is, like Adam's, paradisiacal. The innate hermetism of his soul is an obstacle to the necessary condition for his discovery of his insufficiency, namely: a comparison of himself with other beings. To compare himself would mean to go out of himself for a moment and to transfer himself to his neighbour. But the mediocre soul is incapable of transmigrations - the supreme form of sport.

We find ourselves, then, met with the same difference that eternally exists between the fool and the man of sense. The latter is constantly catching himself within an inch of being a fool; hence he makes an effort to escape from the imminent folly, and in that effort lies his intelligence. The fool, on the other hand, does not suspect himself; he thinks himself the most prudent of men, hence the enviable tranquillity with which the fool settles down, instals himself in his own folly. Like those insects which it is impossible to extract from the orifice they inhabit, there is no way of dislodging the fool from his folly, to take him away for a while from his blind state and to force him to contrast his own dull vision with other keener forms of sight. The fool is a fool for life; he is devoid of pores. This is why Anatole France said that the foal is much worse than the knave, for the knave does take a rest sometimes, the foal never.

It is not a question of the mass-man being a foal. On the contrary, to-day he is more clever, has more capacity of understanding than his fellow of any previous period. But that capacity is of no use to him; in reality, the vague feeling that he possesses it seems only to shut him up more within himself and keep him from using it. Once for all, he accepts the stock of commonplaces, prejudices, fag-ends of ideas or simply empty words which chance has piled up within his mind, and with a boldness only explicable by his ingenuousness, is prepared to impose them everywhere.

The varying degrees of culture are measured by the greater or less precision of the standards. Where there is little such precision, these standards rule existence only grosso modo; where there is much they penetrate in detail into the exercise of all the activities.

Anyone can observe that in Europe, for some years past, “strange things” have begun to happen. To give a concrete example of these "strange things" I shall name certain political movements, such as Syndicalism and Fascism. We must not think that they seem strange simply because they are new. The enthusiasm for novelty is so innate in the European that it has resulted in his producing the most unsettled history of all known to us. The element of strangeness in these new facts is not to be attributed to the element of novelty, but to the extraordinary form taken by these new things. Under the species of Syndicalism and Fascism there appears for the first time in Europe a type of man who does not want to give reasons or to be right, but simply shows himself resolved to impose his opinions. This is the new thing: the right not to be reasonable, the "reason of unreason". Here I see the most palpable manifestation of the new mentality of the masses, due to their having decided to rule society without the capacity for doing so. In their political conduct the structure of the new mentality is revealed in the rawest, most convincing manner; but the key to it lies in intellectual hermetism. The average man finds himself with "ideas" in his head, but he lacks the faculty of ideation. He has no conception even of the rare atmosphere in which ideas live. He wishes to have opinions, but is unwilling to accept the conditions and presuppositions that underlie all opinion. Hence his ideas are in effect nothing more than appetites in words, something like musical romanzas.

To have an idea means believing one is in possession of the reasons for having it, and consequently means believing that there is such a thing as reason, a world of intelligible truths. To have ideas, to form opinions, is identical with appealing to such an authority, submitting oneself to it, accepting its code and its decisions, and therefore believing that the highest form of intercommunion is the dialogue in which the reasons for our ideas are discussed. But the mass-man would feel himself lost if he accepted discussion, and instinctively repudiates the obligation of accepting that supreme authority lying outside himself. Hence the "new thing" in Europe is "to have done with discussions", and detestation is expressed for all forms of intercommunion which imply acceptance of objective standards, ranging from conversation to Parliament, and taking in science. This means that there is a renunciation of the common life based on culture, which is subject to standards, and a return to the common life of barbarism. All the normal processes are suppressed in order to arrive directly at the imposition of what is desired. The hermetism of the soul which, as we have seen before, urges the mass to intervene in the whole of public life, also inevitably leads it to one single process of intervention: direct action.

When the reconstruction of the origins of our epoch is undertaken, it will be observed that the first notes of its special harmony were sounded in those groups of French syndicalists and realists of about 1900, inventors of the method and the name of "direct action". Man has always had recourse to violence; sometimes this recourse was a mere come, and does not interest us here. But at other times violence was the means resorted to by him who had previously exhausted all others in defence of the rights of justice which he thought he possessed. It may be regrettable that human nature tends on occasion to this form of violence, but it is undeniable that it implies the greatest tribute to reason and justice. For this form of violence is none other than reason exasperated. Force was, in fact, the ultima ratio. Rather stupidly it has been the custom to take ironically this expression, which dearly indicates the previous submission of force to methods of reason. Civilisation is nothing else than the attempt to reduce force to being the ultima ratio. We are now beginning to realise this with startling clearness, because "direct action" consists in inverting the order and proclaiming violence as prima ratio, or strictly as unica ratio. It is the norm, which proposes the annulment of all norms, which suppresses all intermediate process between our purpose and its execution. It is the Magna Charta of barbarism.

It is well to recall that at every epoch when the mass, for one purpose or another, has taken a part in public life, it has been in the form of "direct action". This was, then, the natural modus operandi of the masses. And the thesis of this essay is strongly confirmed by the patent fact that at present when the overruling intervention in public life of the masses has passed from casual and infrequent to being the normal, it is" direct action" which appears officially as the recognized method.

All our communal life is coming under this regime in which appeal to "indirect" authority is suppressed. In social relations "good manners" no longer hold sway. Literature as “direct action” appears in the form of insult. The restrictions of sexual relations are reduced.

Restrictions, standards, courtesy, indirect methods, justice, reason! Why were all these invented, why all these complications created? They are all summed up in the word civilisation, which, through the underlying notion of civis, the citizen, reveals its real origin. By means of all these there is an attempt to make possible the city, the community, common life. Hence, if we look into all these constituents of civilisation just enumerated, we shall find the same common basis. All, in fact, presuppose the radical progressive desire on the part of each

individual to take others into consideration. Civilisation is before all, the will to live in common. A man is uncivilised, barbarian in the degree in which he does not take others into account. Barbarism is the tendency to disassociation. Accordingly, all barbarous epochs have been times of human scattering, of the pollution of tiny groups, separate from and hostile to one another.

The political doctrine which has represented the loftiest endeavour towards common life is liberal democracy. It carries to the extreme the determination to have consideration for one's neighbour and is the prototype of "indirect action", liberalism is that principle of political rights, according to which the public authority, in spite of being all-powerful, limits itself and attempts, even at its own expense, to leave room in the State over which it rules for those to live who neither think nor feel as it does, that is to say as do the stronger, the majority. Liberalism - it is well to recall this to-day - is the supreme form of generosity; it is the right which the majority concedes to minorities and hence it is the noblest cry that has ever resounded in this planet, it announces the determination to share existence with the enemy; more than that, with an enemy which is weak. It was incredible that the human species should have arrived at so noble an attitude, so paradoxical, so refined, so acrobatic, so antinatural. Hence, it is not to be wandered at that this same humanity should soon appear anxious to get rid of it. It is a discipline to difficult and complex to take firm root on earth.

Share our existence with the enemy! Govern with the opposition! Is not such a form of tenderness beginning to seem incomprehensible? Nothing indicates more dearly the characteristics of the day than the fad that there are so few countries where an opposition exists. In almost all, a homogeneous mass weighs on public authority and crushes down, annihilates every opposing group. The mass - who would credit it as one sees its compact, multitudinous appearance? - does not wish to share life with those who are not of it. It has a deadly hatred of all that is not itself.

from: Jose Ortega y Gasset, The Revolt of the Masses, authorized translation, New York/London 1957, p. 68-77,

Robert Nozick:
UTOPIA
Robert Nozick is probably the most important contemporary American-philosophical exponent of

radical individualism. His book, “Anarchy State and Utopia”, which appeared in 1974, witheringly, thoroughly and precisely critisised all concepts of distributive justice, thus strongly contributing to a renaissancer of classical liberalism in the U.S. For Nozick, who employs a theory inspired by John Locke of inalienable rights protected by contract, only the minimal state has true legitimacy.

No state more extensive than the minimal state can be justified. But doesn't the idea, or ideal, of the minimal state lack luster? Can it thrill the heart or inspire people to struggle or sacrifice? Would anyone man barricades under its banner? It seems pale and feeble in comparison with, to pick the polar extreme, the hopes and dreams of utopian theorists. Whatever its virtues, it appears clear that the minimal state is no utopia. We would expect then that an investigation into utopian theory should more than serve to highlight the defects and shortcomings of the minimal state as the end of political philosophy. Such an investigation also promises to be intrinsically interesting. Let us then pursue the theory of utopia to where it leads.

It would be disconcerting if there were only one argument or connected set of reasons for the adequacy of a particular description of utopia. Utopia is the focus of so many different strands of aspiration that there must be many theoretical paths leading to it. Let us sketch some of these alternative, mutually supporting, theoretical routes.

The first route begins with the fact that people are different. They differ in temperament, interests, intellectual ability, aspirations, natural bent, spiritual quests, and the kind of life they wish to lead. They diverge in the values they have and have different weightings for the values they share. (They wish to live in different climates - some in mountains, plains, deserts, seashores, cities, towns.) There is no reason to think that there is one community which will serve as ideal for all people and much reason to think that there is not.

Wittgenstein, Elizabeth Taylor, Bertrand Russell Thomas Merton, Yogi Berra, Allen Ginsburg, Harry Wolfson, Thoreau, Casey Stengel, The Lubavitcher Rebbe, Picasso, Moses, Einstein, Hugh Heffner, Socrates, Henry Ford, Lenny Bruce, Baba Ram Doss, Gandhi, Sir Edmund Hillary, Raymand Lubitz, Buddha, Frank Sinatra, Columbus, Freud, Norman Mailer, Ayn Rand, Baron Rothschild, Ted Williams, Thomas Edison, H. L Mencken, Thomas Jefferson, Ralph Ellison, Bobby Fischer, Emma Goldman, Peter Kropatkin, you, and your parents. Is there really one kind of life which is best for each of these people. Imagine all of them living in any utopia you've ever seen described in detail. Try to describe the society which would be best for all of these persons to live in, Would it be agricultural or

urban? Of great material luxury or of austerity with basic needs satisfied? What would relations between the sexes be like? Would there be any institution similar to marriage? Would it be monogamous? Would children be raised by their parents? Would there be private property? Would there be a serene secure life or one with adventures, challenges, dangers, and opportunities for heroism? Would there be one, many, any religion? How important would it be in people's lives? Would people view their life as importantly centered about private concerns or about public action and issues of public policy? Would they be single-mindedly devoted to particular kinds of accomplishments and work or jack-of-all-trades and pleasures or would they concentrate on full and satisfying leisure activities? Would children be raised permissively, strictly? What would their education concentrate upon? Will sports be important in people's lives (as spectators, participants)? Will art? Will sensual pleasures or intellectual activities predominate? Or what? Will there be fashions in clothing? Will great pains be taken to beautify appearance? What will the attitude toward death be? Would technology and gadgets play an important role in the society? And so on.

The idea that there is one best composite answer to all of these questions, one best society for everyone to live in, seems to me to be an incredible one. (And the idea that, if there is one, we now know enough to describe it is even more incredible.) No one should attempt to describe a utopia unless he's recently reread, for example, the works of Shakespeare, Tolstoy, Jane Austen, Rabelais and Dostojewski to remind himself of how different people are. (It will also serve to remind him of how complex they are.)

Utopian authors, each very confident of the virtues of his own vision and of its singular correctness, have differed among themselves (no less than the people listed above differ) in the institutions and kinds of life they present for emulation. Though the picture of an ideal society that each presents is much too simple (even for the component communities to be discussed below), we should take the fact of the differences seriously. No utopian author has everyone in his society leading exactly the same life, allocating exactly the same amount of time to exactly the same activities. Why not? Don't the reasons also count against just one kind of community?

The conclusion to draw is that there will not be one kind of community existing and one kind of life led in utopia. Utopia will consist of utopias, of many different and divergent communities in which people lead different kinds of lives under different institutions. Some kinds of communities will be more attractive to most than others; communities will wax and wane. People will leave some for

others or spend their whole lives in one. Utopia is a framework for utopias, a place where people are at liberty to join together voluntarily to pursue and attempt to realize their own vision of the good life in the ideal community but where no one can impose his own utopian vision upon others. The utopian society is the society of utopianism. (Some of course may be content where they are, not everyone will be joining special experimental communities, and many who abstain at first will join the communities later, after it is clear how they actually are working out.) Half of the truth I wish to put forth is that utopia is meta-utopia: the environment in which utopian experiments may be tried out; the environment in which people are free to do their own thing; the environment which must, to a great extent, be realized first if more particular utopian visions are to be realized stably.

"So is this all it comes to: Utopia is a free society?" Utopia is not just a society in which the framework is realized. For who could believe that ten minutes after the framework was established, we would have utopia? Things would be no different than now. It is what grows spontaneously from the individual choices of many people over a long period of time that will be worth speaking eloquently about. (Not that any particular stage of the process is an end state, which all our desires are aimed at. The utopian process is substituted for the utopian end stare of other static theories of utopias.) Many communities will achieve many different characters. Only a fool, or a prophet, would try to prophesy the range and limits and characters of the communities after, for example, 150 years of the operation of this framework.

Aspiring to neither role, let me dose by emphasizing the dual nature of the conception of utopia being presented here. There is the framework of utopia, and there are the particular communities within the framework. Almost all of the literature on utopia is, according to our conception, concerned with the character of the particular communities within the framework, The fact that I have not propounded some particular description of a constituent community does not mean that (I think) doing so is unimportant, or less important, or uninteresting. How could that be? We live in particular communities, it is here that one's nonimperialistic vision of the ideal or good society is to be propounded and realized. Allowing us to do that is what the framework is for. Without such visions impelling and animating the creation of particular communities with particular desired characteristics, the framework will lack life. Conjoined with many persons' particular visions, the framework enables us to get the best of all possible worlds.

The position expounded here totally rejects planning in detail, in advance, one community in which everyone is to live yet sympathize with voluntary utopian experimentation and provides it with the background in which it can flower; does this position fall within the utopian or the anti utopian camp? My difficulty in answering this question encourages me to think the framework captures the virtues and advantages of each position. (If instead it blunders into combining the errors, defects, and mistakes of both of them, the filtering process of free and open discussion will make this clear.)

The framework for utopia that we have described is equivalent to the minimal state. This morally favored state, the only morally legitimate state, the only morally tolerable one, we now see is the one that best realizes the utopian aspirations of untold dreamers and visionaries, it preserves what we all can keep from the utopian tradition and opens the rest of that tradition to our individual aspirations. Recall now the question with which this chapter began. Is not the minimal state, the framework for utopia, an inspiring vision?

The minimal state treats us as inviolate individuals, who may not be used in certain ways by others as means or tools or instruments or resources; it treats us as persons having individual rights with the dignity this constitutes. Treating us with, respect by respecting our rights, it allows us, individually or with whom we choose, to choose our life and to realize our ends and our conception of ourselves, insofar as we can, aided by the voluntary cooperation of other individuals possessing the same dignity. How dare any state or group of individuals do more. Or less.

from: Robert Nozick, Anarchy, State, and Utopia, New York 1974, p. 297/309312/332-334.