

**Traditional and Untraditional Liberalism: A Review of
Knud Haakonssen (ed.), *Traditions of Liberalism***

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In August 1987 a remarkable group of internationally-recognised scholars assembled in Sydney for a conference on "The Liberal Tradition". The conference was convened by Dr Knud Haakonssen (of the History of Ideas Unit, The Australian National University) on behalf of the Centre for Independent Studies, and the proceedings have now been published by the C.I.S. under the title *Traditions of Liberalism: Essays on John Locke, Adam Smith and John Stuart Mill*, edited and introduced by Knud Haakonssen with a foreword by Michael James.¹

The nine main papers in this volume are:

1. Shirley Robin Letwin, "John Locke: Liberalism and Natural Law"
2. Alan Ryan, "Locke on Freedom: Some Second Thoughts"
3. William Letwin, "Was Adam Smith a Liberal?"
4. Donald Winch, "Adam Smith and the Liberal Tradition".
5. Knud Haakonssen, "Jurisprudence and Politics in Adam Smith".
6. John Gray, "Mill's and Other Liberalisms".
7. C.L. Ten, "Mill's Defence of Liberty".
8. Philip Pettit, "Liberalism and its Defence: A Lesson From J.S. Mill".
9. Kenneth Minogue, "Theorising Liberalism and Liberalising Theory".

The volume also includes a brief paper by Lauchlan Chipman, "Comments on Shirley Robin Letwin and Alan Ryan".

As the back cover says, this is an "unusual book", given its genesis. The nine contributors have in fact informed their sponsors that Locke, Smith and Mill cannot be used, with historical honesty, to support the case for liberalism, in the modern political sense of that term. The liberalism to be found in the writings of Locke, Smith and Mill is of a much more circumspect, moderate, mixed-economy

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kind. John Gray even goes so far as to describe Mill's writings as "an ill-conceived compound of abstract individualism with proto-socialist utopianism" (p. 185).

If the C.I.S. chose the three subjects (Locke, Smith and Mill) and the nine main speakers in the hope that the Conference would boost the case for political and economic liberalism in Australia today, they must be disappointed. In delivering the final paper of the conference, Kenneth Minogue had to admit:

we find ourselves in a condition where we can stay on good terms with history, or liberalism, but not both. History, it seems, would divorce liberals from Locke, Smith and Mill ... If we as liberals had been in search of ringing declarations of ancestral purity of the "give me liberalism or give me death!" sort, our disillusion could hardly be greater. (p. 185.)

But the C.I.S. states (inside front cover) that it is "concerned with the principles underlying a free and open society" and that one of its policies is to encourage "competition of ideas" - "If ideas are not tested by competition then public policy decisions may undermine rather than support the foundations of a free society."

The publication of this book is testimony to the Centre's preparedness to pursue that policy. The immediate effect will be that some simplistic interpretations of the liberalism of Locke, Smith and Mill will have to be revised, but the remote and lasting benefit will be the stimulus given by *Traditions of Liberalism* to the ongoing search for the meaning of "true liberalism" today.

In the search, one can immediately put aside the disingenuous liberalism of those who preach deregulation and non-intervention, but who rush to the government for "support"² as soon as their own business encounters difficulties. Fortunately, such hypocritical liberalism was not considered worthy of mention in *Traditions of Liberalism*; but it might have given rise to some interesting debate if it had been raised at the Conference, given the presence of some prominent Australian political figures in the audience.

In his paper on "Locke on Freedom", Alan Ryan (Professor of Politics at Princeton University) directs most of his attention to Locke's views on property.

² Invariably, the term used in such a situation is the motherly "support", not the surgical "intervention", nor the Freudian "interference".

The concept of "first appropriation" would probably be a key element in the modern capitalist concept of private property. The right of the first comer, or of the first person to register a claim on a particular area of land or the natural resources within it, is rarely questioned in capitalist economies as constituting a valid right to private and exclusive ownership. But Ryan argues that Locke was not a "first appropriation" theorist. It follows therefore that a liberalism based on a "first appropriation" concept of property is not Lockean liberalism. Ryan points out that under a "first appropriation" regime "those already in lawful possession of the earth could treat all newcomers as trespassers and refuse to allow them to live save on such terms as the owners thought good", and that Locke regarded such ideas as preposterous (p. 46).

Ryan bases his opposition to a "first appropriation" interpretation of Locke on Locke's statement that the private appropriation of the earth is justified as long as "there is enough and as good left in common for others". Ryan concludes therefore that, for Locke, the rights of first appropriators are not unlimited, and that first appropriators "have a duty to see that the non-owners can live by working... Ownership on such terms violates none of the rights of the non-owners, who may secure their share of the good things of life by labour" (p. 46).

But, without doing violence to the text, Locke's sufficiency limitation is capable of a much stronger and more radical interpretation than Ryan has given it. From the statement that private ownership of the earth is justified only if "there is enough and as good left in common for others", it would surely be logical and legitimate to conclude that private ownership of the land and other natural (non-man-made) resources should be equal. Given that interpretation - which distances Locke even further from modern liberal philosophy - those who are non-owners of natural resources and who are therefore forced to work for the owners in order to secure their share of the good things of life, and those who are owners of natural resources but whose share is less than equal, would, contrary to Ryan's view, suffer a violation of their equal rights.

Although Locke was concerned to justify the property rights of the individual, he also recognised that in some real sense property is communitarian - "God ... has given the world to men in common". His portrayal of the property rights of the individual is far from individualistic, and is quite foreign to the individualistic approach to private property which is a feature of most modern liberalisms.

This anti-individualistic theme in Locke is also emphasised by Shirley Letwin. She does not explicitly consider the question of property rights in Locke, but argues that Locke did not see human beings as "intrinsically private" and "self-enclosed" personalities, and that "his picture of the human world is far

from individualistic" (p. 13). For this and other reasons she concludes that "Locke has left an unfortunate legacy for liberalism" (p. 27).

All of the nine contributed papers make for fascinating and indeed essential reading for anyone seriously interested in attempts to define liberalism, but economists in general and historians of economic thought in particular, might be a little disappointed with the relative lack of time and space given to specifically economic matters. Only one of the nine contributors is a practising professor of economics - Donald Winch, Professor of the History of Economics at Sussex University - but he was concerned on this occasion to emphasise the political context of the *Wealth of Nations* and to criticise those economists who depoliticise Adam Smith and try to convert the *Wealth of Nations* into a textbook on macroeconomics. William Letwin, Professor of Political Science at L.S.E., goes into some detail on Smith's economic policies, arguing that the "liberal image of Smith must however be modified when we come to the last book of *The Wealth of Nations*" (p. 68), in which Smith gives government a quite extensive role. Quoting Smith's statement that political economy "prepares to enrich both the people and the sovereign", William Letwin asks:

Would this way of speaking not jar the ear of any consistent liberal? Granted that a society fashioned on liberal lines must have a government, and that the government's indispensable functions must be financed, still the last thing that a liberal would wish is that the government should be "enriched"; rather, as Gladstone is supposed to have said, should its diet be confined to cheese-parings (p. 68).

William Letwin warns that this might have been simply an unfortunate turn of phrase on Smith's part, but then proceeds to outline Smith's views on the proper functions of government - under the headings of defence, justice, public works, education and religion. The list is extensive, especially for a government committed to not intruding in the economy.

William Letwin could, however, have gone further in his account of Smith's interventionism. He could, for example, have pointed out that, contrary to some modern anti-interventionists who seek to privatise postal and telecommunication services, Smith advocated government ownership of the Post Office. And the reason why he advocated government ownership of the Post Office is very relevant to any attempt to define Smith's liberalism. The reason was - not that the Post Office would never generate a profit and would therefore never be undertaken by private entrepreneurs - but that the Post Office would generate a profit and would therefore be a desirable means of raising revenue to enable government to pursue its legitimate and necessary functions.

The pro-government side of Smith is also strengthened by an analysis of his views on the management of canals and roads. Canals can safely be left in private hands, because by their very nature there is a close nexus between the interests of the operator and the interests of the users. If the canals and the locks are not kept navigable, the operator will not receive any canal dues. But the nexus in the case of roads is not close. The keeper of a toll road could allow it to fall into considerable disrepair, much to the discomfort and cost of users, but provided it did not become completely untrafficable, he could still collect the tolls. Roads therefore, according to Smith, should not be managed by private persons, but should be controlled by trustees. In other words, Smith argued that, through the invisible hand and the profit motive, private ownership or management would ensure an efficient system in the case of canals but not in the case of roads. And it is significant that in reaching this distinction Smith argued not dogmatically on the basis of the relative *a priori* merits of laissez-faire and government control, but pragmatically on the basis of the circumstances of each case.

Thus any sincere attempt to link modern political liberalism to the teachings of Adam Smith should recognise that his views on government intervention were pragmatic rather than dogmatic, and that in his system there can be a legitimate economic role for government. Moreover, that role exists as a principle in itself, not just as an exception to the principle of laissez-faire.

Constructive political debate in the Smithian tradition of liberalism should therefore not dogmatically deny the role of government, but seek to identify pragmatically those areas which are better served by government than by the private sector. Instead of arbitrarily condemning all government enterprise as socialist, we should recognise that pragmatically-determined government enterprise is part of Smithian liberalism, not socialism.

Probably the most difficult and certainly the most invidious task of the conference was that allocated to Kenneth Minogue, Professor of Government at the London School of Economics and Political Sciences. Having recognised the significant non-liberal elements in the writings of Locke, Smith and Mill, Minogue as the concluding speaker at the conference was faced with the difficult task of extracting from the proceedings some answers to the central problem of how to characterise the liberal tradition. He is unwilling to abandon Locke, Smith and Mill as liberal ancestors, preferring to maintain that they are "major figures in the liberal tradition", despite the fact that "none of them is actually a liberal, and at least two of them are in important ways pernicious" (p. 187). But he looks for liberalism not in the writings of Locke, Smith and Mill, but in the flux of liberal practice. He claims that liberalism is not a philosophy of action, nor an ideology, nor the kind of thing that can be "caught in a formula" (p. 189). Rather, he opts for a Bergsonian or Sartrean existentialist solution. He defines

"identity" as "a fluid and flexible thing, a kind of sustaining sameness amid the ceaseless novelty of circumstance... something that people can seldom quite describe ... [something that is] revealed in the course of a concern with other things". He asserts that the identity of liberalism is therefore "historical, fluid and not formulisable" (pp. 189-90), and that "little of substance is necessarily entailed by liberalism itself" (p. 196).

This non-essentialist search for the identity of liberalism is not entirely compelling. It defines identity as "a fluid and flexible thing", but that very definition is itself *a priori*, essentialist, non-fluid and inflexible. It also comes close to saying that "liberalism" is "what people who call themselves liberal say it is", which is equivalent in circularity to the economists' favourite definition of an economist: "An economist is a person who does what I do".

An alternative, and in some ways more satisfactory, approach would have been to accept that the liberalism of Locke, Smith and Mill is traditional liberalism - recognising that these three are, in Minogue's words, "major figures in the liberal tradition" - and then to identify those areas in which what passes for liberalism today differs from the traditional variety.

In many respects, today's liberalism can be shown to be untraditional - which is not necessarily to condemn it. Some might wish to argue that traditional liberalism of the Locke-Smith-Mill variety is no longer appropriate for today's circumstances, and should not command unthinking allegiance simply because it is traditional. But, on the other hand, it could also be argued that modern liberalism is not widely seen to be providing viable solutions to current problems, precisely because it has lost sight of some of the important elements of traditional liberalism.

Minogue does in fact consider this traditional - *versus* - untraditional approach:

Alternatively, we might decide that our present view of liberalism ought to be amended in such a way as to bring these figures [Locke, Smith and Mill] back into the fold (p. 188).

but rejects it on the grounds that it would be circular and self-defeating:

But what is our present view of liberalism? To adopt this alternative would seem to be not only circular, but also to adopt the self-defeating move of trying to understand the known in terms of the unknown. (p.188).

In his search for the fluid being of liberalism, Minogue identifies some negative and some positive characteristics. One of the negative characteristics is that liberalism is not to be identified with *laissez-faire*, or a minimal state - a characteristic which many self-styled Liberals will probably find difficult to accept. The prosperity of Britain in the eighteenth and nineteenth centuries is often attributed solely or mainly to the government's *laissez-faire* policy, but Minogue argues that "this prosperity was less a direct aim of governmental practice than the by-product of an institutional framework that had emerged from a specific view of human life" (pp. 190-1).

The positive characteristics which Minogue sees in the fluid identity of liberalism include a concern for "constitutionality and due process":

Central to the modern state is a deeply entrenched concern for constitutionality and due process. Liberals may be identified as pre-eminently the custodians of that concern. By contrast, conservatives and socialists who do certainly share this concern are those disposed to press the criterion of *salus populi*, the one in defence of traditions, the other in attempting to benefit the poor (p. 193).

One might have wished for more clarification of this point. Given that all three groups share a concern for constitutionality and due process, in what sense can it be said that only one of the three groups is the "custodian" of that concern, or that one of the three is more eminent in its custodianship than the others? Also, are we to conclude that liberalism is never disposed to press the criterion of *salus populi*?

Another positive characteristic of liberalism - identified by Minogue's observation of the practice of liberalism - is its Christian rather than classical inspiration:

liberalism has nothing at all to do with Christian dogmatics, but the individualism on which it rests clearly descends from a Christian conception of the soul and its destiny on earth ... liberalism unmistakably emerges from a Christian matrix, however keen latter-day liberals may have been to invent a better, rather grandparental, classical and rationalist ancestry (p. 194).

Minogue also holds that liberalism is "monarchical rather republican", - adding that "republican virtue is an impossibility in modern liberal democratic states. They are too big and plural." Given more time and space, Minogue might usefully have elaborated on the various meanings of "republic", and explained why modern society cannot be both liberal and republican.

Despite his assertion that liberalism is fluid and non-formulisable, Minogue comes close to a fixed and formulised definition of the liberal tradition when he says:

let me suggest that the liberal tradition is a political practice in which reason is brought to bear upon political and social arrangements so that they can be continuously modified according to what individuals judge ought to be done (pp. 195-6).

He adds that "the inner impulse of liberalism is to apply this critical dissatisfaction to everything - including the presupposition of liberalism itself" (p.196).

But one is tempted to ask whether this might not be a case of special pleading on behalf of some idealised form of liberalism. Unless we are playing definitional games (i.e. unless we are confusing "All liberals are rational and critical" with "All rational and critical are liberals"), to claim that liberals alone are rational and critical (or more so than others) seems to be somewhat presumptuous.

Economists in particular, and I suspect the C.I.S. conference participants in general, would have liked to hear from the speakers, or from the floor, some discussion of the relationship between liberalism, whether defined *a priori* or by historical practice, and liberalism as it is currently practised, particularly in Australia. A starting point for such a discussion could well have been found in Minogue's apt statement:

One formulation of conservatism is Viscount Falkland's "if it is not necessary to change, then it is necessary not to change". A parallel liberalism might be: "If it is not necessary to regulate, then it is necessary not to regulate" (p. 196).

But, probably to the concern of deregulationists (Labor and Liberal) in the audience, Minogue went on to make the following very important concession to interventionism:

But such minimality cannot be incorporated as a constitutive chance of liberalism itself. It is not merely that there can be no absolutely decisive *area* of privacy specified ... from which civil judgment must be excluded; it is rather that in unpredictable circumstances such as war, a highly active government might well be required. This, I take it, is

why Hobbes was parsimonious in setting the limits to powers of the sovereign (p. 196).

The unpredictability of the circumstances does not seem to be the critical factor. A highly-active government might be required whether the outbreak of war is predictable or unpredictable. The intervention of a highly-active government must surely depend on a pragmatic judgment about the relative adequacy and appropriateness of private sector or public sector involvement.

But if a pragmatic criterion is used to determine the relative roles of the private and public sectors, there is no reason why this criterion should be applied only to war. Public sector relief for natural disasters, or for a predictably ageing and needy population, might also be consistent with, and required by, a philosophy of pragmatic liberalism. And the same argument could be extended to economic disasters. In Australia at the moment the alarming size of our external debt (largely incurred by the private sector), and the growing rate of inflation (fuelled not by government spending, which is declining; nor by publically-determined wages, which are rising more slowly than prices), could be regarded as economic disasters which the private sector seems incapable of coping with, and which will probably become worse unless "highly-active government" intervenes. If I understand Minogue correctly, liberalism cannot set abstract limits to the role of government, and there could well be circumstances in which strong government action would be consistent with and required by a true liberalism, even though it might be mistakenly condemned by some liberals as socialism.

If we accept the Locke-Smith-Mill version as the traditional and true liberalism, and use it as a yardstick to judge current liberalism, then *Traditions of Liberalism* clearly shows that the current craze for deregulation and privatisation is an extremist aberration, by comparison with the more moderate, more pragmatic traditional liberalism.

Having not found unreserved support for modern liberalism in Locke, Smith and Mill, Minogue suggests that the true origins of liberalism might be found in Hobbes. But if the private part of our mixed economy proves to be responsible for pushing the entire economy into crisis, then the dreaded Leviathan will not be the State; the dreaded Leviathan will be laissez-faire.

The CIS and Knud Haakonssen are to be commended for their vision and their efforts in organising the conference and publishing the *Traditions of Liberalism*. In view of the current debates on Australia's economic crisis - debates whose central issues appear to be deregulation, privatisation, and the role of government - *Traditions of Liberalism* could not have been more opportune. It should become a landmark and a standard reference in the "competition of ideas" on these issues.

