

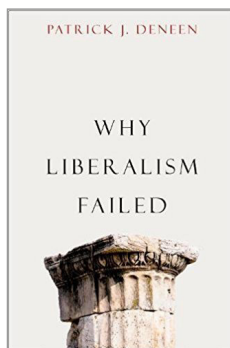
(p.399). As markets are not operating optimally now just as they weren't in 1925, we need a new wisdom of 'well-designed and well-monitored policies [to] bring [markets] closer to the ideal' (p.400). If we fail, populist remedies will multiply and lead to worse outcomes. This is a sobering conclusion. It's just not clear what the 'new wisdom' is.

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Why Liberalism Failed

By Patrick Deneen
New Haven and London,
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Reviewed by Jeremy Shearmur

Why *Liberalism Failed* is a hard-hitting criticism of liberalism in all its forms, from welfare liberalism to libertarianism, written by a conservative American political scientist. Deneen is explicitly critical of that mixture of classical liberal economics and moral traditionalism which has been popular among many American conservatives. His book has been very well-received, and he has been much feted by conservative organisations and publications.

Deneen weaves a striking story out of several different elements. At its heart is the idea that liberalism favours individual autonomy, and that this is not only a starting point in typical liberal political reflection (for example, in social contract theories), but also that liberals (of all kinds) favour the idea of the state as *creating* autonomous individuals. This happens directly and indirectly by way of destroying traditional institutions and

attachments which previously served to constitute people as moral creatures. Deneen's account makes use of some ideas familiar from American conservatism. He favours Classical and Christian ideas about virtue, and the need for people to be shaped as virtuous. (Here he favours an Aristotelian approach to morality and virtue, but does not deal with the problem that it was on the face of it fatally undermined by the shift away from Aristotelianism in science, which offers a picture of nature that is not teleological.) He is also very keen on Edmund Burke and Alexis de Tocqueville.

Deneen's account of liberalism is strongly influenced by Leo Strauss's controversial view that John Locke should be understood as really a Hobbesian. Indeed, Deneen's view of liberalism is a Hobbesian (or economistic) one, in which people are understood as self-interested, and as not having specific characters shaped by various traditions—or if they have, it is seen as being a key task of the state to enable them to acquire the kind of autonomy needed to question it. On Deneen's view of liberalism, nothing is seen as legitimate unless it is chosen by 'autonomous' individuals. He sees liberals as calling on the state to create people as 'autonomous', but then to regulate them, ever more intensively, to restore a modicum of the order in their lives that older—but now illegitimate—institutions once gave them. Liberalism, on his account, is not opposed to but *requires* statism.

This captures an important point about modern welfare liberalism. But modern classical liberals might find this puzzling, for they are anti-statist. Deneen here offers an argument from Karl Polanyi which suggests that state action is needed to remove various traditional (legal) obstacles to free trade. As an extension of this theme, he cites John Stuart Mill as having argued for state action—and even slavery!—to push people into a market economy. The Mill material is indeed striking, but the wider argument is not as strong as Deneen thinks. First, if there are legal obstacles to the development of a market-based society, it seems a bit rich to claim that someone is a statist for calling on government to change this legislation. Second, Deneen does not appreciate liberalism's arguments about the general benefits of participation in an extended market economy.

Deneen does score some important points against welfare liberalism. In some cases—as in Sweden—it seems to have been a deliberate aim of the state to create citizens who are autonomous in almost the sense that Deneen discusses. More generally, our society has shifted to one in which the state and its agents are invited to regulate everything, often in the name of various moralised goals which it is claimed should be realised everywhere in society. Further, individual morality (and responsibility for the consequences of what we do) seem to play ever-diminishing roles.

But one might again say: what of classical liberalism? Here, autonomy is favoured in the sense that there is concern—once people are capable of judgement—about them being forced to comply with arrangements against their will. (Karl Popper’s ‘critical rationalism’ seems to me to offer a really useful account of how one should understand reason in the context of tradition.) But at the same time, classical liberals see individuals as having moral obligations towards others, and as needing to form societies and associations to assist one another. These typically come with rules; but the requirement to comply with these is in no way incompatible with people’s autonomy. There is an important literature (for example, work by E. G. West and James Tooley on education, and David Green and David Beito on welfare) on the way in which such associations—and also commercial provision—played a key role in the past, prior to a takeover by the state. There is every reason to explore how such work might be built on to assist us in dealing with the (rather different) problems of today. What in my view is crucial for classical liberals is that we avoid endorsing state provision or, say, the ever-growing entanglement of charities with the state. If we don’t do this, then we will be moving towards the kinds of arrangements that Deneen outlines as the only options for liberals.

It is important, however, to appreciate that if classical liberals take a course of action which is opposed to statist liberalism, then we will need to do some tough intellectual work against the spirit of the age. We must be willing to defend the idea that freedom will mean that different groups of people will do things in different ways, and with different

outcomes. Classical liberals need to articulate, once again, what rights they take people to have (and why), and to reject the extension of rights to embrace everything that people might feel subjectively entitled to. We will also need to argue *why* there is nothing wrong with inequality as such, and that inequality is a quite different matter from people being in dire need. (While there is obviously a lot of room for argument about this, it would seem to me that if we think there is a general social responsibility here, there is a case for considering a ‘basic income’ paid, from taxation, to everyone. A key advantage of this is that it would minimise the degree of state control involved over people’s conduct, while at the same time offering a practical solution to the problem of what happens to people who for one reason or another do not comply with the rules of mutual aid associations.)

In Deneen’s view, liberalism is hopeless. He sees it as leading to misery, class division (between a minority who are effective in the exercise of autonomy and those who are not), and a regulatory and intrusive state. He holds liberalism responsible for the major ills of the modern world: the problems of the higher education system, of technology’s adverse impacts, of environmental degradation, the 2008 financial crisis, political illiteracy and, it would seem, the election of Trump (compare pp. 156 and 161)! While liberalism has some positive features, he wishes to trace these to an earlier intellectual heritage from the classical and medieval period.

But what might be said of Deneen’s positive views? They seem to me feeble. An initial problem is his Aristotelian view of virtue, which I have discussed above. A second is that he wishes to see the state and its institutions as properly in the business of educating us in virtue. A third is that he seems to have no conception of morality independent of institutional practices. Traditions and institutions are important, and it makes little sense just to repudiate them. But here we surely have to discriminate. Some inherited institutions and practices are fine; others stand in need of reform; others are problematic and may need to be rejected and replaced. While in other cases we may see that there are problems, but not be sure what to do about them. An uncritical

endorsement of traditionalism and localism—to which Deneen gets close—is also problematic. Think only of the practices, traditions and—one must stress, also laws (and failure to enforce other laws)—of the Jim Crow era in the United States (and of parallels in Australia). They—and their heritage—play an important role in explaining the statist orientation of some liberals keen for reform.

In more positive terms, Deneen does not say much other than echoing suggestions about the trying out of alternative ideas in experimental non-liberal communities, which he develops with acknowledgement to Rod Dreher's *The Benedict Option*. This explored the creation—after the fashion of Benedictine monasteries in the chaos following the Roman Empire—of small communities in which alternative ideas and ways of life can be tried out. (As Dreher makes clear, he developed his own ideas on the basis of suggestions in Alasdair MacIntyre's *After Virtue*, to which it is odd that Deneen does not refer here.) Such experimentation, while worthy, would seem to be ephemeral to the large-scale market economies upon which we all currently depend. And should it be successful, such groups would face the problem—which Francis Newman raised in the 1850s in relation to utopian socialism—of how economic relations between the different non-market communities are to be coordinated without markets.

One general problem raised by Deneen's book is posed by the relationship between virtue and social problems that appear at a macro level. These problems are, clearly, the consequences of our actions. It is not adequate, however, to invoke virtue as a constraint on our actions as a remedy. Virtue is important for the development of our selves and our relations with others at a micro level, and there are interesting questions about how it is best cultivated among the uncertainties—for example, about location and employment conditions—that arise within market economies. But there is no special reason why the

constraints on our conduct that traditional ideas about virtue suggest should be desirable in their macro-level consequences. (There was a lively discussion during the 18th century, initiated by Bernard de Mandeville's claims that macro-level problems would come about if people were to become virtuous!) More seriously, to put the matter round the other way, what is required in order to resolve particular macro-level problems is not necessarily something that would make sense, in its own terms, as an account of virtuous individual conduct.

This is one reason why classical liberalism has stressed the significance of people being given incentives to do the right thing. This points towards people acting in ways that have the specific consequences that are required (to stress the point again, they are not actions which will necessarily make sense as matters of virtue), while at the same time respecting their freedom of choice. Hayek's arguments about the importance of a common-law approach, and of regulations being couched in completely general terms, are really important here—not least because to choose, instead, discretionary regulation is a primrose path to tyranny. Another way to go would be for individuals to choose to submit themselves to rules designed to bring about particular macro-level effects: people choosing to live in the Disney-designed town of Celebration in Florida was a striking example of this.*

All told, the book, while interesting—but also infuriating because of his misrepresentations of liberalism—is well worth reading. It should also point today's classical liberals towards important work that needs to be done if we are not to follow welfare liberals down the path of ever-greater state regulation.

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* See Jeremy Shearmur, 'Living with a Marsupial Mouse: Lessons From Celebration, Florida', *Policy* 18:2 (Winter 2002), 19-22, <https://www.cis.org.au/app/uploads/2015/04/images/stories/policy-magazine/2002-winter/2002-18-2-jeremy-shearmur.pdf>