LIBERALISM:  
POLITICAL AND ECONOMIC*

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I. Two Liberalisms

Political liberalism began in the eighteenth century with the effort to establish a secular state in which religious differences would be tolerated. If religious views include universal principles to apply to all by force if necessary, diverse religions must conflict, perhaps fatally. In a sense, then, political liberalism was an invention to resolve a then current, awful problem. Its proponents were articulate and finally persuasive. There have been many comparable social inventions, many of which have failed, as Communism, egalitarianism, and perhaps socialism have all failed to date. The extraordinary thing about political liberalism is that it seems to have succeeded in its authors' initial hope for it. It may have helped end the turmoil occasioned by religious differences. Political liberalism has since expanded in various ways under other influences, and, if it were not for Islamic fundamentalism with its seemingly coercive theocratic program, we might no longer today associate religious conflict with the core of liberalism in its actual practice.

In contrast to political liberalism, economic liberalism more or less grew. It was analyzed and understood retrospectively rather than prospectively. It came into being without a party or an intellectual agenda. By the time Bernard Mandeville, Adam Smith, and others came to analyze it, they were analyzing characteristics of their own society. Insofar as they had programs, these were for reforms of political practice to end elements of state-sponsored monopoly and protection. But perhaps the large bulk of daily economic activity was already market-driven. Indeed, part of Mandeville's purpose was to give a moral (welfarist) justification for the supposedly immoral greed which drives markets to greater production.

Why such a difference in the intellectual bases of the two liberalisms? The most transparent reason is that the two liberalisms were addressed to logically different problems. In its early days, political liberalism was addressed to how we should collectively resolve what was, after all, es-

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sentially a collective issue. It required a substantial shift in social views. Economic liberalism was addressed to piecemeal, typically small-number interactions that mattered directly only piecemeal to a few in each case, rather than collectively to all or very many at once. Liberal economic practices could arise spontaneously in some contexts and slowly spread to others.

We may eventually choose to have an overarching regime of economic regulation—as in contract law—that is itself a collective resolution. Indeed, as Thomas Hobbes sees the problem, social order is collectively achieved, and therefore we are able to have stable property relations. Although he does not make the argument, we may reasonably suppose he held that either we resolve the problems of property and exchange the same way for all or we do not resolve them. I cannot alone achieve order in the midst of chaos for all others.

But for Hobbes, order was so paramount that he thought we must have absolute authority to keep us in line. Hobbes may have been right in thinking that the problem of weak sovereignty is political activity, which might lead to chaos. But Hobbes went further, concluding that we must even submit to our sovereign’s choice of religious practices, because religious differences cause strife that is grossly disorderly. John Locke supposed we might simply set religious political impulses on the side and let our state regulate only such things as property relations. People might disagree as they will on religion, but they could be prohibited from taking action against one another in furtherance of their beliefs.

Liberalism has come to us bifurcated in another way. It has both welfarist and deontological variants. In the welfarist variant, a liberal principle is judged good for what good it does us. In the deontological variant, the principle may be judged good in its own right, perhaps by intuition, perhaps by deduction from some other principle such as autonomy. As may already be evident, I will generally be concerned with the welfarist tradition. It is only in the welfarist tradition that one might hope to see a coherent joining of political and economic liberalisms. The deontological tradition has manifold conflicting visions within it. Many positions turn on bald intuitions that are not universally or even widely accepted. No deontological position has been developed as extensively as the welfarist position and none has benefited from a comparably rich history of criticism and debate.

II. STRATEGIC STRUCTURES

The problems that the two liberalisms address are strategically quite different. Their role, however, is the same: to make social interaction and life better. To do this well, the major methodological task that each must resolve is to generate information that can direct what the economy and society produce. The liberal market works in such a way that it does not even require aggregate accounting of its achievement, although better information may help agents make better decisions and plans. A liberal polity does require aggregate accounting. Trivially, for example, if it is democratic, it requires accounting of votes. But it may typically require even some central economic accounting, as it might in attempting to correct for nonmarket external effects of various economic activities, such as pollution (much of liberal debate has focused on nuisance law).

For both liberalisms, the role of the state and government seems itself to be collective—in a given polity, we all have the same government. Hence, one might say that government is a collective issue in liberalism, and one might say that one class of relationships in a liberal society is that between the individual and the government. But the issues government addresses need not be collective. For example, for Hobbes the establishment or maintenance of a sovereign is a collective result, but the purpose of this collective resolution is protection of individuals and dyads (pairs of individuals who enter into exchanges). For Locke, government is a device for resolving or managing issues, such as the protection of property. The strategic structures of liberalism that I wish to discuss in the limited space here are those of the issues government is to address, not the structure of creation or maintenance of government itself, or of the relationship of individuals or groups to government.

Hobbes

Let us simplify the problems of political and economic liberalism by characterizing them as merely the maintenance of certain civil and political liberties for political liberalism and the protection of the market for economic liberalism. To see that these need not be logically tied, although they might be causally related, consider the theory of Hobbes, arguably the greatest of all political theorists. Although Hobbes would not count as a major font of liberal thought, he is particularly interesting for understanding liberalism, because he made material, more-or-less economic concerns paramount and he generally deplored political liberty as likely to interfere with the order necessary for economic welfare. Hobbes did not have an articulate economic theory, but only an economic purpose: welfare. Only later, especially in the works of Mandeville and Smith, was there a compelling theory to connect welfare to economic liberty.

Hobbes’s solution of the problem of economic liberalism and related material concerns (preeminently survival, but also stable expectations and material accumulation) entailed wholesale violation of political liberalism. He proposed orderly suppression of political activities by an autocratic sovereign. Contrary to the association more commonly assumed today, Hobbes evidently thought that political liberty is causally associated with the violation of economic liberty. At its extreme, political liberty could produce anarchy and chaotic violence that would destroy economic ac-
tivities. Even modest efforts at political reform can start a society on the slide into chaos.

In brief, Hobbes’s solution of the economic problem is as follows.\footnote{For a fuller account, see Russell Hardin, “Hobbesian Political Order,” Political Theory, vol. 19, no. 2 (May 1991), pp. 156–80.} What we all need to enable us to construct good lives for ourselves is police protection for stable expectations and enforceable agreements. With these, we can escape the constant fear that others will take from us, and the associated incentive to harm others preemptively; we can have property; and we can faithfully enter into exchanges,\footnote{Hobbes speaks of enforcing promises. The vocabulary of exchange is a later efflorescence.} even over time. As a result, we can make our own lives better. This is a very simple set of requirements, which many possible forms of government could meet. Indeed, given how little we know about the workings of different forms of government, we cannot even say with great confidence that one form is better than others. Hobbes thought the balance favors monarchy, unless we already have some other form. It is often assumed that the basis of his theory is consent, because he spoke of a social contract to resolve the problem of anarchy. But he also spoke of conquest and other usurpations of accidental history as means for achieving sovereignty that works. What really matters is only this: that government provide order.

The order we want is an order that allows each of us to enter into exchanges with others as we choose and not to be coerced or harmed by others. We want orderly dyadic relations. Such relations will tend to be very productive in the long run in ways that Mandeville, Hume, and Smith focused on in their own visions of economic liberalism. This is the core of the problem Hobbes’s theory was intended to resolve: dyadic Prisoner’s Dilemma interactions in which order and general benefit require that only certain moves be allowed. The allowed moves are those in which both parties gain from an exchange, not those in which one party takes and the other loses. We may split this category into two: dyadic exchange and individual property ownership. Some theorists make exchange a part of ownership, but one might read Hobbes as making ownership derivative from protecting against coerced exchange or theft. In any case, the problem Hobbes resolved was the protection of each individual in potential interaction with each other.

Our problem of sovereignty, when we have such a problem, is not itself a Prisoner’s Dilemma. The problem is to succeed in achieving coordination on one of the possible forms of government that could give us order in our dyadic relations. In Hobbes’s sociology, achieving this order is a pure coordination problem in which we all share the same interest. There is no conflict over ways for achieving order that would be better for me and others that would be better for you. This is a striking vision to anyone who thinks of politics as inherently about conflict of interests (or who thinks of Hobbes as the preeminent conflict theorist). Perhaps Hobbes implicitly agreed that that is what politics more broadly is about, but also supposed government should stay out of such politics and concern itself with order. His actual argument, however, is merely the following two steps. First, if we are in a state of anarchy, as during civil war, our ignorance of the likely details of various governments lets each of us treat some set of these as indifferently equally good and as enormously better than continued anarchy. Second, if we are under a working government that some now know to be not as much in their interests as some other might be, still we should all recognize that any effort to improve it a little bit has too great a risk of tipping us into anarchy. Hence, again, we all share an identical interest in maintaining the current regime, so that we face merely a pure coordination with a single universally best outcome, the easiest of all strategic interactions to resolve if all are properly informed.

There have been many apparent Hobbesians in political power. Such military coup leaders as Park in South Korea and Pinochet in Chile, and the current leadership of China, may have cared primarily about economic development and performance and may have been intent on abridging political liberties in order to maintain a firm hand on the order that they believed would bring economic prosperity.

Hobbes has given us an economic justification for having a regime or even for keeping the regime we have. But we cannot use that justification to argue for what a regime ought to do, because once we delve below the level of justifying the grand regime, we cannot suppose many of the important problems are merely pure coordinations. Eventually, economic and political concerns merge in many areas. The finer points of contract or other law may not be matters of mere coordination. Adopting any particular rule may systematically advantage one class of parties over another. Hence, in its detail, law is not a simple matter of coordination even if the choice of what form of general regime to have was, as Hobbes argued, such a simple matter. Having a political system available to resolve the details of law may be a matter of mere coordination. But the issues that system itself faces are typically not merely coordination problems. For example, in an issue on which law is unsettled, settling it one way or another is likely to benefit one class of parties relative to another class or to apportion benefits in one way rather than another. The recommendation of Coasean law and economics in many contexts is to assign an unsettled right in the way that is productively most beneficial overall— for example, by assigning the right in the way that minimizes transaction costs.\footnote{For a clear statement and argument, see A. Mitchell Polinsky, An Introduction to Law and Economics, 2d ed. (Boston: Little, Brown, 1989), p. 13.} One might imagine it eminently reasonable \textit{ex ante} to adopt this
principle for settling new problems, and we might all happily coordinate on this rather than any other rule. Yet in an actual application of the principle, there is no longer a matter of pure coordination. I may lose much of what you gain.

*Locke*

Both liberalisms can be achieved through collective devices—indeed, they may require collective devices. But the issue in early political liberalism is itself collective, whereas the issue in economic liberalism is not. Locke shared much of Hobbes’s vision of the need for collective protection of property and exchange and was an economic liberal. But he was also greatly exercised by the political problems of religious diversity. Locke supposed, in part for epistemological reasons familiar from later utilitarian social theorists, that the best way to organize society was on weakly democratic principles. If people participate in their own governance, their interests are likely to be better addressed.

This requirement is inherently collective. It is not merely about dyadic relations, but about group relations, as when, for example, religious beliefs create group interests. The problem is how to incorporate groups into the polity. For a Hobbesian, or even a traditional monarchist, this was not a problem: religious groups need not be incorporated, they need only be controlled or suppressed. But for Locke, incorporation was inherently required by democratic commitment. Locke’s way of incorporating religious groups was itself, however, almost Hobbesian. He simply required that they leave their religion out of politics. By implication, Catholics could not be incorporated in England. Because their religion gave them an alternative political authority outside England, their religion was inherently political.

Locke’s economic liberalism was intellectually messier than his political liberalism. It focused on property, which was a very broad notion for Locke, including one’s body and life, as well as external material holdings. It is a loose category that he used very loosely. His readers may fail to read the term as broadly as Locke did, however, because his central discussion, of coming to own something by mixing one’s labor with it, is largely about external holdings. Although there are welfarist sentiments laced through his argument, his principle justification of ownership seems to be deontological. Subject to the constraint that I leave enough for others, I own what I work over. In his own time, Locke seems to have thought this theory could apply to America but not to England. In our time, it cannot apply to anything but philosophical history and, until a few decades ago, the South Pole. Locke was the first major philosopher to advocate both economic and political liberalism, but he made no claim for their being logically or empirically related. Such claims reach their fullest development in the work of Ludwig von Mises and Friedrich Hayek after the rise of the Soviet state.

*Mill*

Hobbes was centrally concerned with dyadic economic relations. Locke added his concern with large group political relations. In his *On Liberty*, John Stuart Mill turned the focus of political liberalism back down to the individual. He argued forcefully for the protection of various civil liberties. Sometimes he defended these on grounds of their general effect on others. For example, one reason for protecting your right of free political speech is that your exercise of this right increases the chance that others will know what they need to know to make their own political choices. Apart from the strategic move to collective resolution on individual and small-number problems, this may be the most remarkable move in the long development of welfarist liberalism. In this Benthamite move, collective benefits are secured through protection of individual liberties. I might actively want to have my liberty, but this is not enough. I must also want to have it on the condition that all others also have it. Only then is the systematic protection of the liberty justified.

In addition to this collective-level defense of political liberties, Mill sometimes defended such liberties for reasons of the individual alone. For example, as did Hobbes and Locke, Mill argued from epistemological failings. Mill supposed we should presume each individual has inherent epistemological advantages in knowing what is in her interest. The presumption could be shown false in certain cases (such as the cases of children and the mentally incompetent), but it is very strong in many other cases. But Mill asserted the individual’s right to be left without interference even more strongly than this presumption. Perhaps he had a theory of human welfare that gave autonomy central place. Or perhaps he had a deontological vision of individual liberty.

Mill was even more democratic than Locke, and he shared Locke’s concern with political liberalism at the level of incorporating, rather than suppressing, various groups, such as fundamentalist religious groups. And he was a master of political economics who shared Hobbes’s basic concern to enable exchange and prosperity. However, the changing economic structure of his time, at the height of the Industrial Revolution, made economic liberalism seem to be no longer merely a dyadic matter. He began to analyze it at the group level, as in his discussions of unions.

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5 Locke, ever careful, wrote of Mahometans rather than Catholics (*ibid.*, pp. 51–52). Also, atheists could not be trusted because they could not bind themselves with an oath whose violation would bring punishment after death (*ibid.*, p. 52).
and of restrictions on the length of the workday. It would be wrong to say that the problems Mill saw so clearly were entirely new in the factories of his time. For example, there had been sailing vessels with significant numbers of crew members even in Hobbes’s time, and Mill’s argument could have applied as well to them as to later factories. But there was growth in the pervasiveness and prominence of collective issues in the market in the centuries between Hobbes and Mill.

The complex view

Although the problems addressed by political and economic liberalism are quite different in structure, the form of resolution in many areas is the same for both problems. Political liberalism involves enforced laissez faire with respect to religious views and practices and with respect to opportunities for participation in political decisions. Economic liberalism seems to work best when it too involves enforced laissez faire to a large extent. Libertarian anarchists sometimes have a very optimistic view of the prospects for cooperative exchange without enforcement, while Hobbes seems to have had a very pessimistic view. Hobbes’s actual view may have been relatively modest, despite his violent vision of the state of nature. He supposed that, without enforcement, the few who would take adverse advantage of others would finally drive others to be too defensive to enter into beneficial relations that they could readily have sustained without the threat of the few.

Political liberalism therefore has a complex structure. It was collective (Locke’s modal concern in his treatment of religious toleration) and individual (the great concern of Mill’s On Liberty). Before the utilitarians, it was almost entirely addressed to individuals either alone or in aggregate, but Benthamite utilitarians began to focus their greatest concern on the aggregate or total welfare. This was not even a plausible idea for Hobbes and Locke. Economic liberalism is also complex. It has a threefold focus: individual, dyadic, and collective. It is individual as in Hobbes’s and virtually all Anglo-Saxon views of the value to the individual of the stability of property. (Indeed, even a Crusoe on a frontier wants no theft, even when he has no expectation of exchange or collective benefit.) It is dyadic as in Hobbes’s and the later political economists’ concern with exchange, which dominated the nineteenth-century heyday of the rights of contract.

III. Collective Resolution

Locke and Mill more or less take for granted that the defense of political liberties is a matter for government. That is, the resolution of both the collective and the individual problems is itself collective, as was Hobbes’s resolution of his individual-level and dyadic problems. Why should collective resolution be so readily favored for resolving all of these classes of issues? For dyadic problems of economic liberty and individual problems of political liberty, it seems natural strategically to resort to collective devices to correct problems that cannot be corrected dyadically or individually. But it is not merely that it makes strategic sense to resolve dyadic problems by going to the collective level. More important is that the principle of a strong form of collective protection is mutually advantageous. For Locke’s collective issue in the incorporation of groups, it is a defining characteristic of a resolution that it be collective. The collective issues in economic liberalism that interest Mill are issues in part because they are governed by contract and other laws that derive from dyadic principles. Those laws are centrally, collectively enforced; to change them by enabling collectives to enter into contracts requires collective devices.

Collective devices might have greater stability than spontaneous devices. But they may also have potential for far greater effective variance, so that a collective regime might be capable of extraordinary harm. One might suppose that the great value of democratic politics lies in its supposed capacity to produce the best leadership when needed through competitive elections, as though Condorcet’s jury or truth theorem were applicable to government as it might be to juries. (This theorem says, roughly, that the likelihood that the majority of a jury will find the truth in their deliberations rises with the number of jurors.) But juries seek factual truth with interests ostensibly ruled out of court. Governments seek compromise in the face of conflicting interests, and there is little reason to suppose they find a relevant truth.

The real magic of liberal democracy often lies in its tendency—sometimes overcome—to decentralize decisions, to make its government less capable of acting, not more capable. That magic is analogous to the magic of the market. Decentralized decision making in the market, however, solves a virtually impossible information problem, as Hayek and the Austrian school argue.\(^9\) Many complain of the inefficacy of contemporary democratic governments in the face of domestic and international problems, especially problems of welfare and distribution. But the benefits of this incapacity may arguably outweigh its costs. The diffusion of power in liberal democratic forms of government often blocks the capacity for decisions that ignore the interests of many. Under an autocratic regime, the issue of abortion, for example, might be relatively quietly and effectively settled even in a society with diverse views. Under liberal democracy, the issue of abortion may not be settled for generations, because views cannot be quietly blocked or overridden. An anarchist might well conclude that democratic liberalism is a reasonably good second best.

A mild form of this difference may even be exhibited by more centralized democratic regimes as compared to the relatively decentralized federal regime of the United States. In the centralized British system, it was relatively easy to require seat belts in autos at the overall national level. In the United States, libertarian objections to such legal requirements on behavior could be focused at the state level to slow down the adoption of seat-belt laws. In the face of a well-organized and well-financed industrial lobby, on the other hand, national governments in both the United States and the United Kingdom have been unable to take very strong action against tobacco and its use. The decentralized American system, however, allows effective action to be taken at lower levels of government.\(^10\)

Economic liberty evidently leads to the growth of powerful commercial organizations, especially firms. Given their power and relative autonomy, these may become the locus of protection of other liberties for some members (even as they may also have become a source of problems for liberalism). Hence, economic liberty may compete with and therefore constrain government in its regulation of liberties. Twentieth-century trends that increasingly bring property under governmental regulation undercut this constraining power of property.\(^11\) Historically, we have tended to assume that liberties—political and economic—must be defended by central government against the particularist values of various local groups and interests. This assumption may usually be correct. But it is an empir-

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\(^13\) It would be anachronistic to call their view Benthamite, but Mandeville and Smith clearly valued economic liberty for its general effects on all.

the good of our characters. But such consumption will happen to some extent even in a more primitive economy. The difference between the very primitive economy, or anarchy as Hobbes supposed it must be, and a very productive economy surely is predominantly good, even on Bell’s view. But if it is good, then the justification of authority that makes the system work is simply that it is good. Hence, consumption can give a moral grounding for political authority that is used to enhance opportunities for economic exchange and production.

It follows that the early economic and political liberalisms were moral positions. They addressed problems of welfare. The actual content of the resolution of the political problem matters, whereas the choice of resolutions of the economic problem could vary over many possibilities, all roughly as good as far as economic liberalism is concerned. Hence, our choice is merely a matter of coordination on one of the acceptable forms. This is Hobbes’s argument for government. Recall that the central problems he was concerned to resolve were survival and the economic problem. In his simple vision, government is strictly external to the economy. It facilitates and enables us to engage in economic activities.

The welfarist core

To use modern terminology that was not his, Hobbes’s defense of maintaining order is essentially utilitarian, not deontological. Government has no value in its own right; it is merely a means to the end of human welfare. It is therefore subordinate to economics. In his welfarism, Hobbes is consistent with most of the Anglo-Saxon liberal tradition. The concern of the Levealers with political equality, Locke’s theory of property, and some of Mill’s justifications of political liberties were not apparently welfarist. But the general tendency to a utilitarian reading of the law, over the nineteenth and twentieth centuries seems to have been preceded and accompanied by welfarist readings of the purpose of constitutional law. Perhaps merely as a result of the intellectual tastes of the era, therefore, the welfarist view of liberty is much more richly developed than any other.

Another part of the Anglo-Saxon tradition is a commitment to pragmatic skepticism, as in Hobbes’s supposition that we cannot really know enough to choose one particular form of government over another as more in our interest. Pragmatic skepticism also plays a more clearly fun-

damental role in welfarist liberalism. We may simply concede many value commitments to other people: if you like chocolate then chocolate is good for you, at least insofar as it contributes to your pleasure. There may be other considerations that trump this one in a particular instance, but your liking of chocolate makes your consumption of it prima facie good.

For some apparent value commitments, however, we cannot so readily concede. Some values, such as religious values, depend on beliefs about what is true. If I believe god’s will is that people X should be destroyed, then I may also believe it is good for people X to be destroyed. If you question my prior belief about what god wills, however, you automatically question the inference I have drawn about the goodness of an action or policy. If we note that there are dozens of religions with contrary visions of what is good or right, and if we can find no way to establish the truth of one of these, we have reason, with Locke, simply to be skeptical. This is a central move in Locke’s argument on religious toleration. We should not impose religious views on others when we have such strong, in-principle grounds for skepticism about the correlation of religious truth with political leadership. Unfortunately, this argument can plausibly only convince someone who shares Locke’s protestant individualist stance with respect to religious beliefs. In application to the Catholic or Muslim who rejects this stance, the argument is question-begging.

Mill’s relatively libertarian views have a similar grounding in skepticism. I cannot know that your tastes and preferences are in truth inferior to mine. There may be some objective truths about welfare, such as that smoking or drinking wine laced with lead is dangerous to your health, and that you most likely value your health. But your preference for reading great literary classics and mine for attending the latest junk movie, while potentially subject to revision after debate and a bit of testing, just are our preferences. A welfarist thinks making people better off is good. Since individuals are the subject of welfarist concern, the welfarist must concede that the individual must have substantial say about what is her good. Hence, the welfarist Mill makes a Hobbesian argument for the defense of political liberties. To do so coherently, one need only reject Hobbes’s dismal sociology.

Both liberalisms were de facto directed at welfare in large part. Economic liberalism, with its defense in Hobbesian theory and in increasingly utilitarian thinking from Mandeville to Hume and Smith, is conspicuously welfarist. Political liberalism, with its avoidance of especially destructive religious conflicts, enables individuals to seek their own values. But material welfare is not all that matters even to a welfarist. Welfarists may benefit, and may think that others also benefit, from political criticism, cultural developments, and general freedom from being monitored and controlled by someone else. Hobbes was evidently motivated by such

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15 The Levealers pushed for egalitarianism and democracy during the seventeenth-century English Revolution. Not surprisingly, they appealed both to welfarist considerations—society will be better off—and to deontological considerations that sound like natural rights.


18 See Locke, Letter Concerning Toleration.
values in his own life. Locke came closer to expressing concern for such values.

At some point, these values seem to involve both economic and political liberties. If they do, then an economic liberal must finally also be a political liberal. Why might Hobbes not be? Perhaps only for the sociological reason that he thought political liberties must threaten economic prospects by leading to civil war. But perhaps he also lacked the more extensive value theory that puts economic and civil liberty benefits into a joint account of welfare—this move comes later in the hands of the utilitarian economists of the nineteenth century. Or perhaps both he and Locke looked upon a society much less wealthy than modern industrial capitalism and naturally, therefore, weighed material considerations relatively more heavily than we might. Without the wherewithal to secure life and well-being, few people will be mightily concerned with civil liberties that they have neither the time nor the resources to take up. One may be forgiven for suspecting that, when Milton Friedman thinks the people of developing and poor nations should be “free to choose,” he is more concerned that they be free to choose which car to buy than to choose which government to have. And perhaps Friedman, like a modern Hobbes, can reasonably retort that material well-being is the sine qua non of political liberty for the masses.

Deontological additions

Hobbes’s theory requires only one general normative notion: some variant of welfarism that we may call Hobbesian efficiency.¹⁹ In his Second Treatise of Government, Locke introduced one and plausibly two normative notions that are not welfarist. First, he presented a deontological rights theory of appropriation under certain conditions (conditions that may generally not be relevant for any society that might take interest in Locke’s theory), so that his nascent economic liberalism is, unlike Hobbes’s, not strictly welfarist. Second, Locke was a nascent democrat, and his commitment to limited democratic principles may well have been an immediate deontological concern. It is plausible, however, to read his theory of government as welfarist. In bringing the focus of political lib-

¹⁹ For further discussion of Hobbesian efficiency and its normative limits, see Hardin, “The Morality of Law and Economics.” The concept of Hobbesian efficiency is related to Pareto efficiency (it is Pareto efficient to make a change in distribution that makes one or more individuals better off and none worse off). Hobbesian efficiency is an early grasp of the core concern in Pareto efficiency in contexts of choosing between government and anarchy (which, in Hobbes’s view, entails chaos and grievous losses to all). It yields a resolution only because Hobbes supposes that we know too little to distinguish between the benefits we would receive from one form of government (e.g., monarchy) and those from another form (e.g., oligarchy). Hence, epistemological constraints play as strong a role for Hobbes as they do for Locke in his arguments for religious toleration.

erty back around to the individual, Mill also often seems to have had a deontological commitment to “this one inviolable principle” of liberty.

In much of current discussion, political liberalism is seen as a matter of neutrality with respect to life values or plans of life. The notion of a plan of life must seem preposterous to many people who wonder how they got where they are, while wondering where they will go from there. Life is what happens while we are making other plans—and it is often much saner than the plans. But if we can escape the florid rhetoric of the life-plans crowd from Mill forward,²⁰ most of us may grant that we are moderately strongly committed to various values. Is the point of liberal protection to let us foster or fulfill those values? This might be a reasonable inference even from Hobbes if we have rejected his dismal political sociology. But clearly, liberalism was not driven by neutrality in earlier times. In particular, it was deployed, as by Locke, to support the suppression of some manifestations of religious belief. Standard Anglo-Saxon skepticism about others’ minds and their pleasures might lead us for epistemological reasons to plump for letting them decide their own good, as Mill does. Some of the present commitment to neutrality, however, seems deontological rather than merely welfarist. It is morally grounded with Locke’s theory of the appropriation of property. I have the value, and by god therefore it’s my right to have it or it’s right that I have it.

In contemporary writings, political and economic liberalism are often held separate, either explicitly or implicitly. For example, the recent spate of writings on the liberal’s supposedly foundational concern with neutrality is almost entirely about political liberalism. Economic liberalism, through most of its variants, is not neutral with respect to values. It tends strongly to favor welfarist values that can be enhanced through production and exchange. Economic liberals may be neutral with respect to who gets welfare, but they are not neutral on what counts as the central value, which is welfare. If other values are to come into consideration, most of the writers in the long Anglo-Saxon tradition of economic liberalism would have to bring these other values in by treating them as components of welfare. They might even have to make Mill’s move of treating these other values as he did free speech—that is, of making them valuable as means to greater welfare.

Incidentally, it seems clear that even in what one might argue is his commitment to economic liberalism, Hobbes has little in common with many contemporary libertarians. Libertarian theory is often deontologically grounded in intuitions about specific rights, such as rights of property ownership and rights to voluntary dyadic exchange. For Hobbes, rights have force or interest only if they are positively backed by a coer-

CIVIC GOVERNMENT. Moreover, although it is somewhat tendentious to claim Hobbes has a clear position on an issue he did not explicitly recognize, he seems to have been moved to value property and exchange for their welfare effects, not for their prior rightness in some other sense.

Libertarians often argue from dyadic relations exclusively, not allowing any move that trumps these. This is supposed to follow from a deontological commitment to consent or autonomy. We might more readily think we should move, with Hobbes, from the overall achievement of, say, order or welfare to the dyadic-level achievement of exchange. For Hobbes, the social construction of welfare obviously overwhelmingly trumps what individuals can accomplish. If Hobbes is right about his implicit sociological claim here, then libertarian economic liberalism is, at its base, wrong. It, too, must be pragmatically grounded in the larger social achievement. Moreover, we might wonder with Mill why dyadic agreements must trump collective concerns, as in early state interventions in unionized worker relations with business.

One way to characterize the difference between utilitarianism and libertarianism is to say that the utilitarian would consider the value of the overall result of dyadic choosing to be itself a potential matter for collective choice. Some libertarians would commonly rule out such a move. In his paradox of liberalism, Amartya Sen virtually defines liberalism as a matter of what at most dyads would do. In this paradox, each of two players has one right only, and the only additional choice rule is a requirement of unanimity that, whenever both agree, their choice will be the social choice. With these radically limited choice rules, we can still produce what Sen takes to be a paradoxical result, as follows.

You have the single right to have pink walls; I have the single right to have next Sunday free from labor. I hate your pink walls so much, however, that I am willing to spend Sunday painting them chartreuse. You hate chartreuse and have a right to keep your walls pink, but you would enjoy seeing me work all day. We agree to my painting your walls. But that violates your right to pink walls and my right to the day off. Or so Sen perversely argues. Most commentators on this result seem to find no paradox. In ordinary life—no theorist’s cute contrivance—I have a right to keep my money from you and you have the right to keep your car from me, and yet we may both happily engage in a trade. Hence, the usual liberal economic right to exchange is strategically an instance of Sen’s supposed paradox (if there are no other people affected by our exchange). Any liberalism that would make voluntary exchange paradoxical is of no interest. Sen’s earliest examples of his paradox typically blend material and nonmaterial welfare considerations. In later defenses, Sen implicitly argues that it matters what the content of the violated rights is. He then resorts to particular intuitions about rights that presumably are not grounded in welfare and that he thinks should trump individuals’ willingness to trade in their violation. This move puts us in the land of whimsy. Heaven help us if I have the trumping intuition that no one should have pink walls. You say my intuition does not trump? You’re wrong.

V. CAUSAL AND CONCEPTUAL LINKS

Political and economic liberalism may not be conceptually tied; they make different contributions to welfare, and they might make their contributions independently. But they can be strategically tied together with either one playing a causal role in determining the other. For example, those who want political liberalism may resort to economic moves, such as strikes, to force a regime to liberalize politically. Moreover, a regime that is committed to high levels of economic productivity and growth may find little point in using illiberal political devices to maintain power when political suppression leads to economic disruptions.

One of Hobbes’s seemingly most outlandish claims is that any kind of sovereign government—monarchy, oligarchy, democracy—would do for order. Yet this claim seems to be true enough for economic liberalism, which has arisen under quite varied regimes. Or perhaps the claim is only true during early stages of economic development. Marxist regimes which assumed that economic liberalism was the source of problems they wished to resolve have, of course, been openly hostile to economic liberalism. But that is a result of their ideological position on economic liberalism and not of their authoritarian political structure per se. Economic liberalism has come to be associated with liberal political regimes in the views of many theorists other than Marxists. But, to the limited extent that the association holds, that is generally because the liberal political regimes have followed the prior establishment of liberal economic regimes.

24 Political philosophy ranges from the sublime to the ridiculous.
25 If elaborated this way, Sen’s paradox requires a fourth condition. In addition to having two individual rights and the principle of dyadic agreement (Sen speaks of unanimity), he now adds the random intuition about the wrongness of a particular outcome. That these conditions cannot universally be satisfied is no paradox. For discussion of further problems with Sen’s paradox, see Russell Hardin, Morality within the Limits of Reason (Chicago: University of Chicago Press, 1980), pp. 108–13. In particular, Sen speaks of unanimity when what he means is agreement of two people in a two-person society. In such a society, rights talk is pointless.
Today, we may have opportunity to watch the reverse order, with liberalizing politics in Eastern Europe before liberalizing economics. Many observers evidently think it an open question whether liberal economics must follow liberal politics. Why? Because more-or-less democratic politics may work against long-term collective interests. One who thinks that in the long run free trade will be mutually beneficial may also think that for the nearer term protection is in our interests. Or the producers in a declining industry may be able, through democratic politics, to secure their jobs through protections and subsidies that violate liberal economic principles.

It is a common misunderstanding of the Pareto principle—itself supremely liberal—to conclude that if all exchange is consensual, no one will be made worse off by generally free exchange. Suppose that in one state of affairs no one is worse off and one or more are better off than in a second state of affairs. Vilfredo Pareto supposed that the first state of affairs is unarguably superior to the second. Consensual exchange seemingly should produce only better-off people unless there are external costs of production imposed on others, for example, through pollution. But if I have a modest restaurant and you open another across the street from me, within days your superior cooking may drive me under. All exchanges that take place in this sad story may be fully consensual. My loss is that I participate in too few of them, although I once participated in many. The dismal fate of my restaurant may await most entrepreneurial activities. These lines were written just as American Airlines not so inadvertently drove Braniff under by making its fares extremely competitive for the summer of 1992. America did not need to violate the Pareto principle, narrowly conceived, for Braniff to lose badly.

Some of the most spectacular losses among major corporations are losses of entire industries as the technological capacities and demands of economies change rapidly. Among the most productive enterprises in Eastern Europe and the former Soviet Union are very large firms in industries that a shortsighted Stalin thought important in the more advanced economies of his time, and on which he improved by making his even larger in scale. Those industries have been in decline for decades in the West, and they will plausibly go through even more rapid decline in the East. Declining industries include steel manufacturing, coal mining, and agriculture in Poland, Czechoslovakia, and much of the former Soviet Union (as well as in much of the industrial world). Hence, the Eastern economies must make a twofold transition: from a discarding central organization to a market organization, and from obsolescent industries to dynamic industries. Most discussion of their problem in the American press focuses on the former transition, while the latter may be the greater obstacle if they try to make a gentle, piecemeal conversion.

Economically threatened groups have long pushed through anti-liberal economic policies in democratic societies, yet we would generally think those societies have tended to maintain basically liberal economies. In the Eastern European experiments of our time, the protectionist politics of groups does not merely threaten to reduce the quality of economic liberalism. Rather, group politics over economic issues threatens to block the introduction of economic liberalism. That would be a perverse causal connection between political and economic liberalism.

There may also be a causal connection between domestic and international possibilities that drive all nations toward market devices in order to stay comparatively viable. For example, the educated elite, who might have options elsewhere, may leave if their nation chooses egalitarianism, collective ownership, or other major policies that block entrepreneurial possibilities. Such policies may virtually require anti-liberal policies on freedom of political activity or on migration, in order to block the options of voice and exit in a personally disagreeable context. Hence, anti-liberal economics may lead to anti-liberal politics. In a nation that was isolated and autarkic, this result need not follow. But for a nation with economic and personal ties to a larger competitive world, it might follow with a vengeance. For example, a nation that gives up 1 or 2 percent of its potential annual rate of economic growth in order to achieve egalitarian distributions might find itself reduced to relative poverty in a generation or two.27

At its extreme, we may wonder whether Hobbesian political absolutism, by suppressing political liberties, might boost economic performance. It may sound incredible today, but around 1960, when military juntas took power in both nations, Burma and South Korea had similarly impoverished per-capita incomes. (General Ne Win seized control of the government of what was then Burma in 1958, and General Park ended relatively democratic government in 1960 in South Korea.) After thirty years of autocracy, South Korea has very nearly entered the ranks of the wealthy industrial world, while destitute Burma (now Myanmar) has plausibly even declined from its earlier position.28 During that same period, North Korea, with its autocratic Communist regime, may have achieved greater equality than South Korea. But if it did, it may have done so at a very high cost in productivity. Both these comparisons may be poor cases for present purposes, because South Korea’s growth may have been stimulated very much by its special relationship with the United States or by some other special feature. Many Korean observers, however, think that the authoritarian imposition of order, plus protection of economic liberties, did the trick. Debate largely turns on whether specific, ingenuitarian,

entrepreneurial policies hastened or slowed economic growth. In any case, autocratic governments that are hostile to political liberties can evidently have dramatically different economic effects: per-capita GNP was $200 in Burma in 1986, $3,450 in South Korea in 1988, and $1,180 in North Korea in 1985.29

Against the vision of a resplendent autocracy, note that autocracy is not typically a choice. It is more nearly like life. It is what happens to us when the autocrat comes in from the wings, typically with military force. Hitler and Khomeini were unusual cases of autocrats who were relatively popular choices.

VI. ONE UNIFIED LIBERALISM?

Do the long lines of welfarist liberalism in English political and economic thought cohere? In particular, is the complex liberalism of Mill consistent with the earlier political liberalism of Locke and with the economic liberalism that grew from Hobbes to Smith? To answer such questions we must look to the major turns in the development of liberal thought. First, there were the strategic focuses of various liberalism, from Hobbes’s economic individuals and dyads and Locke’s political collectives, through to Mill’s political individuals and economic collectives. Then there has been the sometimes acute, sometimes mild concern with religious toleration, which often brings in a value that might give welfareists trouble. Finally, there have been historical changes in capacities for addressing many of the economic issues that drove Hobbes and Locke. With rising wealth, political and economic concerns seem to have merged, perhaps inextricably.

Strategic complexity

Recall Sen’s paradox of liberalism.30 Through all of his examples, the move he necessarily makes is to set off the dyadic-level right of exchange against individual-level liberties analogous to those Mill ardently defends. We may need both, and collective-level protections as well. The whole point of dyadic-level or collective-level liberties or rights is to secure results that cannot be secured with individual-level liberties alone.

One could conclude that the welfarist-strategic account of liberalism is at most a part of our concern, that various deontological rights and liberties could trump welfarist conclusions. There would be no paradox in such a position, although its actual working might make severe demands on intuition to resolve the weighing of numerous concerns. Liberalism does not trivially founder by definition on the mere fact that this is the range of problems it must address. Welfarist liberalism might face insurmountable obstacles of measurement of welfare effects and might therefore be uncomfortably indeterminate. Welfarist liberals would do well to cultivate a reasonable tolerance for ambiguity. Such tolerance may be the defining psychological difference between modern welfarists and intuitionist deontologists.

Religious toleration again

Hobbes and Locke both confused the issue of the separation of material and nonmaterial welfare when they addressed religion. Hobbes willingly supposed we must suppress, kill, or banish certain fundamentalist believers. The very issue of survival that Hobbes invoked to justify government he oddly ignored for the fundamentalist. Locke similarly rules religious issues off the political agenda, while counting material issues as acceptable subject matter for a political theory. Their moves against certain fundamentalists are not a matter of mere coordination or of mutual advantage—it is not to the advantage of the fundamentalist to be depoliticized, suppressed, or killed. Implicitly, Hobbes and Locke made substantive value claims that the economic well-being of most people outweighs the religious values of some people. This argument would not survive even in implicit form if they were addressing a severely divided society.

There is a conundrum in the liberal guarantee of freedom of religion. For example, the discussion of the establishment of religion and the freedom of religious practice in the First Amendment to the United States Constitution seems to be internally contradictory. Each person may worship as her beliefs dictate—this sounds like neutrality. But the state will not support any religion.31 If one’s beliefs dictate that one have a religious state (some of the original American colonies were religious states with the death penalty for such minor infractions as taking the deity’s name in vain), what is one to do?

One might suppose Mill faced a similar problem when he pushed economic liberalism into collective issues of the rights of groups, as opposed merely to the rights of individuals involved in the market. But, insofar as he had a utilitarian value theory for aggregating welfare, he could escape the automatic inconsistency that troubles the arguments of Hobbes and Locke.

Historical changes

The separation of economic and political liberalism makes less sense in very productive modern societies than it once did. Why? Because the sep-

30 Discussed above in Section IV under “Deontological additions.”
31 Nor can there be any religious test required as a qualification for any office or public trust in the United States (Article 6 of the Constitution).
oration of contributions to welfare into the relevant material and nonmaterial categories makes less sense than it once did and less sense than it might still make in much less productive societies today. The change derives from a combination of causal and conceptual changes.

Conceptually, my valuations of matters covered by political liberties are not decoupled from my valuations of material benefits. This is trivially true for valuations of political liberties to try to affect economic policy in my own interest. But it is true more generally in any value theory with roughly the form of the indifference-curve utility theory. At some point in the increasing consumption of, say, bread, I will finally be willing to trade off some further bit of bread for some nonmaterial good. Despite this fact, however, the level of my consumption of such things as bread may be so low that I never reach the point of willingness to trade off bits of them for many nonmaterial goods. If I am very well off—I get all the bread I could want—I would even trade a great lot of it for Beluga caviar or a night at the opera. Suppose my government says that Mikhail Baryshnikov cannot do modern dance, because such dance is a manifestation of bourgeois decadence. Now I, who have no worry about the adequacy of my food, housing, and clothing, and who can afford to indulge my cultural tastes, may suffer a direct loss from this lack of political liberty. It affects what I can consume, just as taking money away from me affects what I can consume. Many of the peasants who made up the vast bulk of the populations of Europe until this century would have suffered no direct loss from comparable restrictions on political liberty in their time.

Unfortunately, if we see political and economic liberalism as joined in our value theory, then we no longer have available an a priori argument such as Locke and early defenders of religious toleration used. Material and nonmaterial interests were relatively decoupled in seventeenth-century England. These finally blend with nonmaterial interests, and an effort to hold them separate for the citizen of a modern, wealthy state may be wrongheaded. We cannot hive off religion and let government and social choice focus entirely on material interests. Hence, separate programs of economic and political liberalism make less sense in very productive modern societies. Material and nonmaterial interests were always coupled in principle in our value theory or our value commitments. Their coupling now intrudes more frequently or urgently into our opportunities. We now want additional liberty of, say, life-style and other choices, in part because such choices are now broadly affordable.

Hobbes, writing in a period of grim turmoil, put survival as the individual’s first concern in having government. Locke, taking survival for granted even in a state of nature, put material interests first. It would be silly to suppose that survival and material interests would not be major concerns in justifying states, but nonmaterial interests play a stronger role as the other concerns are increasingly well addressed. But that means—if we may generalize from observed phenomena—that conflicts over what governments ought to do and to protect may get worse in many areas, even while the grand economic policy conflict of this century seems to have been almost universally settled in favor of the market. With survival and material interests comfortably secured, we can afford to fight it out over religious and other divisive issues. David Braybrooke argues that welfare policy should be designed to let needs be satisfied in order that wants might flourish. Hobbes presumably would shudder at the thought of what might follow in the train of this flourishing.

VII. Concluding Remarks

In the end, perhaps a unified welfarist liberalism is an incoherent program. The unification of economic liberalism, which is most focused at the dyadic level, and political liberalism, which is focused at the collective and individual levels, may demand too much complexity. But if that is true, the incoherence is more than merely in liberalism. First, it is in the conflict between society and the individual. Our relations are too intertwined for a theorist to cut out a part of our problem and analyze it alone, as Hobbes, Locke, and others have tried to do. And, second, the incoherence is in our plausible value theories, welfarist and nonwelfarist. Unless we can appeal, as Hobbes, Locke, and Mill did at crucial moments, to our fundamental ignorance of parts of our problem, we may not be able to prune the thicket enough to untangle it.

Historically, the two liberalisms were not related ideologically. Hobbes was a nascent liberal in economics but not in politics. Indeed, Hobbes’s solution of chaotic anarchy was an all-powerful sovereign, a solution that might well achieve economic order but that violates liberal political values. For Hobbes the point of politics was to secure order that economy might flourish. It is prima facie a contingent matter just how far toward political liberalism or how far away from it a society can go without harming economic relations. In our time, economic relations are commonly attacked in the name of political liberties (and other, nonliberal concerns, such as fundamentalist religious beliefs) or through the institutions of political liberalism, which can offer losing economic groups an alternative

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35 One could add Mandeville, Hume, Smith, and others in the long lines of economic and political liberalism to this list.
route to welfare. The most striking case of this phenomenon in our time may occur in the Eastern European and former Soviet nations. But, finally, it seems increasingly difficult to hold separate the values that Hobbes, Locke, and other early writers cavalierly separated. If our vision is welfarist and, at the same time, subjectivist, we cannot a priori rule particular values, such as social, communal, or religious commitments, out of someone’s welfare.

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