

# Classical Liberalism

vs.

## Modern Liberalism and Modern Conservatism

In the history of politics, there is only one fundamental, abiding issue: It is individualism vs. collectivism. Do individuals have the right to pursue their own happiness, as Thomas Jefferson thought and as the Declaration of Independence deemed self-evident? Or do we have an obligation to live our lives for the community or the state, as most societies have claimed throughout most of history?

Yet if this is the paramount political issue, why is it not forthrightly debated in presidential elections and in other contests for public office? The reason is that American political debates tend to be dominated by modern liberalism and modern conservatism — approaches to politics that are properly called “sociologies” rather than “ideologies.”

Modern liberalism is not completely collectivist; nor is it completely individualistic. It has elements of both doctrines. The same is true of conservatism. Neither view provides a coherent approach to politics, built up from first principles. Instead, they both reflect a process that is akin to picking items from a dinner menu. What is chosen is a matter of taste rather than a matter of thought. Just as people with similar tastes in food tend to frequent the same restaurants, people with the same tastes in politics tend to vote for the same candidates.

What that leaves us with are candidates, platforms and political parties whose ideas are inconsistent and often incoherent. The thoughtful voter may sometimes vote for the conservative, sometimes for the liberal and sometimes just abstain.

The classical liberal perspective will not solve this problem, but it will help us better understand it.

### Classical Liberalism as an Ideology

Classical liberalism was the political philosophy of the Founding Fathers. It permeates the Constitution, the Federalist Papers and many other documents produced by the people who created the American system of government. Many emancipationists who opposed slavery were essentially classical liberals, as were the suffragettes, who fought for equal rights for women.<sup>1</sup>

Basically, classical liberalism is based on a belief in liberty. Even today, one of the clearest statements of this philosophy is found in the Declaration of Independence. In 1776, most people believed that rights came from government. People thought they had only such rights as government elected to give them. But following British philosopher John Locke, Jefferson argued that it's the other way around. People have rights apart from government, as part of their nature. Further, people can both form governments and dissolve them. The only legitimate purpose of government is to protect these rights.

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<sup>1</sup> David Boaz, *Libertarianism: A Primer* (New York, N.Y.: Free Press, 1997), ch. 2.

The 19<sup>th</sup> century was the century of classical liberalism. Partly for that reason it was also the century of ever-increasing economic and political liberty, relative international peace, relative price stability and unprecedented economic growth. By contrast, the 20<sup>th</sup> century was the century that rejected classical liberalism. Partly for that reason, it was the century of dictatorship, depression and war. Nearly 265 million people were killed by their own governments (in addition to all the deaths from wars!) in the 20<sup>th</sup> century – more than in any previous century and possibly more than in all previous centuries combined.<sup>2</sup>

All forms of collectivism in the 20<sup>th</sup> century rejected the classical liberal notion of rights and all asserted in their own way that need is a claim. For the communists, the needs of the class (proletariat) were a claim against every individual. For the Nazis, the needs of the race were a claim. For fascists (Italian-style) and for architects of the welfare state, the needs of society as a whole were a claim. Since in all these systems the state is the personification of the class, the race, society as a whole, etc., all these ideologies imply that, to one degree or another, individuals have an obligation to live for the state.

Yet, the ideas of liberty survived. Indeed, almost everything that is good about modern liberalism (mainly its defense of civil liberties) comes from classical liberalism. And almost everything that is good about modern conservatism (mainly its defense of economic liberties) also comes from classical liberalism.

### **Modern Liberalism and Conservatism as Sociologies**

One of the difficulties in describing political ideas is that the people who hold them are invariably more varied and complex than the ideas themselves. Take Southern Democrats, for example. For most of the 20<sup>th</sup> century, right up through the 1960s and even into the 1970s, virtually every Democratic politician in the South was an advocate of segregation and Jim Crow laws. This group included Arkansas Sen. J. William Fulbright (a favorite of the liberal media because of his opposition to the Vietnam War); North Carolina's Sen. Sam Ervin (an ardent constitutionalist and another liberal favorite because his Senate hearings led to the downfall of Richard Nixon); Lyndon Johnson (who as president changed his public views on race and pushed through the Civil Rights Act of 1964); such economic populists as Louisiana Gov. Huey Long and Alabama Gov. George Wallace; West Virginia Sen. Robert Byrd, one-time Ku Klux Klan member and king of pork on Capitol Hill; and small government types, such as South Carolina's Sen. Strom Thurmond (who changed his views on race, began hiring black staffers and then switched parties and became a Republican).

This group held the balance of political power in Congress throughout most of the post-World War II period. To even try to use words like “conservative” and “liberal” when describing them is more likely to mislead than to shed any useful light. With that caution, let us attempt a brief summary.

As reflected on the editorial pages of *The New York Times*, in the *New Republic*, and in *Slate* and other forums, contemporary liberals tend to believe in an almost unrestricted right to abortion and actively encourage stem cell research and sometimes even euthanasia. Yet they

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<sup>2</sup> Rudolph J. Rummel, *Statistics of Democide: Genocide and Mass Murder since 1900* (Berlin-Hamburg-Munster: Lit Verlag, 1998).

think the state should never execute someone, not even a vicious serial killer. As reflected in *National Review*, the *Weekly Standard* and other forums, contemporary conservatives tend to hold the opposite views.

Liberals tend to believe that marijuana consumption should be legal, even for recreational use. Yet they are quite content to have the government deny terminal cancer patients access to experimental drugs. Conservatives tend to hold the opposite opinion.

In elections, most liberals support restricting the role of financial capital (money); but they want no restrictions on real capital (printing presses, radio and TV broadcast facilities) or organizational capital (labor union get-out-the-vote resources). Most conservatives are at least consistent in opposing almost any restriction other than mandatory disclosure.

By and large, conservatives believe in punishment, liberals in rehabilitation. Conservatives believe in tough love; liberals are more likely to coddle. Conservatives tend to favor school choice; liberals tend to oppose it. Many anti-war liberals support the military draft; many pro-war conservatives oppose conscription.

Is there some theory that connects these diverse views and gives them coherence? Perhaps. But it is doubtful that a garden-variety liberal or conservative could produce such a theory. Instead, how a person selects from the menu of policy options is more likely to be determined by where he went to school, where he lives and with whom he socializes. These choices reflect socialization, rather than abstract thought.<sup>3</sup>

There is, however, one difference between conservatives and liberals that is neither random nor chaotic. It is a difference that is systematic and predictable.

Whereas conservatism and liberalism are both outgrowths of classical liberal thought, they differ in what they accept and reject of their intellectual roots. Conservatism tends to accept the classical liberal commitment to economic liberty but rejects many of its applications to the noneconomic realm. Liberalism accepts the classical liberal commitment to civil liberties but largely rejects the idea of economic rights.<sup>4</sup>

As libertarians are wont to say, liberals want government in the boardroom but not in the bedroom. Conservatives want the reverse. Much more is involved, however, than bedrooms and boardrooms.

**The Sociology of Modern Liberalism.** Most liberals — at least mainstream liberals — believe you should be able to say anything you like (other than yelling fire in a crowded theater), no matter how much it offends and, for the most part, no matter how seditious. They also believe you should be able to publish almost anything as a matter of right. But they reject the idea of economic rights. They reject, for example, the notion of a right to freely sell one's services in the labor market. *The New York Times* in particular supports minimum wage legislation that keeps people from working if they cannot produce at least \$7.25 an hour.

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<sup>3</sup> A number of studies have discovered that conservatives and liberals have different personality types. See, for example, Mathew Wolssner and April Kelly-Wolssner, "Left Pipeline: Why Conservatives Don't Get Doctorates," American Enterprise Institute, forthcoming.

<sup>4</sup> Barack Obama, for example, has been described as a "civil liberalism" who nonetheless favors all manner of government intervention into the economy. See Jeffrey Rosen, "A Card Carrying Civil Libertarian," *The New York Times*, March 1, 2008.

Similarly, in the liberal view of the world, the butcher, the baker and the candlestick maker have no fundamental right to enter their chosen professions and sell their goods to the public. The medieval guilds that Adam Smith criticized were in this view not violating any fundamental rights when they restricted entry, controlled prices and output and imposed other monopolistic constraints. The same principle applies to modern special interest legislation.

Liberals are not advocates of special interest legislation per se. But they are apologists for it in the sense they believe that economic regulations should be decided by democratic political institutions, not by court-enforced rights to freedom of contract. So if butchers, bakers and candlestick makers succeed in obtaining special interest favors from government at the expense of everyone else, that is a legitimate exercise of political power.

*The New York Times* believes that you have a right to engage in almost any sexual activity in the privacy of your own bedroom. But the *Times* does not believe you have a fundamental right to rent your bedroom (or any other room) to your sexual partner – or to anyone else for that matter. Indeed, the *Times* is fully supportive of the principle of government regulation of who can rent to whom, for how long, under what circumstances, and at what price.

The liberal's view of rights is closely connected to the issue of trust. The editorial page of *The New York Times* does not trust government to read our mail or listen to our phone calls — even if the caller is talking to young Arab males behaving suspiciously. Yet the *Times* editorial writers are completely comfortable with having government control their retirement income, even though Social Security has been managed like a Ponzi scheme. They are also willing to cede control to government over their (and everyone else's) health care, including the power to make rationing decisions about who lives and who dies!

**The Sociology of Modern Conservatism.** Most conservatives — at least mainstream conservatives — believe in economic rights. Individuals should be able to freely sell their labor to any buyer or enter almost any profession and sell goods and services to the market as a matter of freedom of exchange. Any restrictions on these rights are justified only if there is some overriding general welfare concern.

Conservatives are far more willing than liberals to restrict freedom of thought and expression, however. For example, some believe that anyone should be able to make a flag (with wages and working conditions determined in a free labor market) and anyone should be able to sell a flag (fetching whatever price the market will bear), but they are quite willing to impose government controls on what can be done with the flag, including how it can be displayed, whether it can be worn, etc.

Is flag desecration obnoxious, reprehensible and unpatriotic? Of course. But the First Amendment was not written to protect the views of the majority. It was written to protect dissent.

Many conservatives, given a free hand, would impose additional government restrictions on our noneconomic liberties. In the past, conservatives were quite willing to control the books and magazines we read, the movies we watch, etc. These were the same people who believed that what went on in the workplace was none of the government's business.

At the time of its founding, America was one of the few countries in the world that did not have a state religion. This was no accident or oversight. The founders themselves were a religiously diverse group. Thomas Jefferson removed all mystical (spiritual) references from the

*Bible* and bequeathed us the *Jefferson Bible*. Tom Paine's *Age of Reason* was a wholesale attack on Christianity. And although the overwhelming majority at the time were Christian, America's second and third presidents (Jefferson and Adams) were Deists and some argue that Washington was as well.<sup>5</sup>

The founders clearly did not intend to remove religion from the public square. They did intend for the American system of government, at least at the federal level, to be pluralistic and tolerant with respect to religion. This is in contrast to some modern conservatives who would like to use the power of the state to impose their religious views on the culture.

**Conservatism, Liberalism and the Courts.** As noted in "[What Is Classical Liberalism?](#)", the U.S. Supreme Court has increasingly sided with the liberal view of rights over the conservative view. Throughout the 20<sup>th</sup> century, Court rulings strengthened substantive First Amendment rights, as well as procedural rights related to most noneconomic liberties. At the same time, the Court weakened (indeed, eliminated) constitutional protections for substantive economic rights.

As a result, you have today an almost unrestrained constitutional right to say whatever you want to say. In any attempt by government to limit your speech, the Court will start with the presumption that you are exercising your First Amendment rights and the burden of proof will be on government to show why there is a compelling public interest in restraining you.

On the other hand, you have virtually no constitutionally protected rights to acquire and own property or engage in voluntary exchange. There is almost no constitutional constraint on government's power to prevent you from entering virtually any profession or to regulate what you produce, how you produce it, or the terms under which you sell your output to others. In any conflict over government's economic regulatory power and your freedom of action, the Court will presume the government is acting within its authority and you will face a very strong burden to prove otherwise.

**Platonic Roots of Conservative and Liberal Sociologies.** The distinction between economic and civil liberties actually has its roots in philosophy. It rests on an idea that goes all the way back to Plato. Whether the distinction is between consciousness and reality, mind and body, mental and physical, spiritual and material, etc., all philosophers in the Platonic tradition have focused on two fundamentally different dimensions of human life. And following Plato, they have all believed that the world of thought is somehow more important, more moral, and more pure than the world of everyday affairs, and certainly more so than the world of commerce.

What follows from that distinction? Actually not very much. One could argue (as liberals do) that unimpeded thought and the benefits that flow from it are too important to be left to politicians to regulate the way they regulate commodities. Or one could argue (as conservatives do) that culture and mores and the ideas that nurture and support them are too important to be left to the vagaries of a laissez faire market for ideas.

**The Impossibility of Consistent Conservative and Liberal Thought.** Regardless of one's view of the mind-body dichotomy, the case for freedom of thought is not stronger than, weaker than, or any different from the case for freedom of contract. Just as there are externalities in the world of commerce, so there are externalities in the world of ideas. Just as

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<sup>5</sup> David L. Holms, *The Faith of the Founding Fathers* (Oxford: Oxford University Press, 2006).

public goods exist in the economy, so there are public-good type ideas in the culture. For every argument against a laissez faire economy, there is an equally persuasive argument against laissez faire cultures, laissez faire mores and a completely free market for ideas.

Or if the case for government intervention is stronger in one realm than in the other it is not clear where the stronger case lies. This helps us understand why consistent classical liberalism makes no distinction between freedom of thought and freedom of commerce. Both are subsumed under the general notion that people have a right to pursue their own happiness in any realm.

Any attempt to argue for differential rights fails on close examination. As noted, most liberals favor minimum wage laws that prevent common laborers from working if they cannot produce goods and services worth, say, \$7.25 an hour. Yet these very same pundits would recoil in horror at the idea of a law which prevents people from being authors, playwrights and artists unless they can produce a minimum annual income. On what basis can one argue for economic freedom for musicians, painters and novelists while denying it to everyone else? There is no basis.

There is an even more fundamental problem with applying Platonic distinctions to politics. Although in theory we can separate mind and body, spiritual and material, etc., in practice these realms are not separable. Freedom of speech is a meaningless right without the economic right to acquire space, buy a megaphone and invite others to hear your message. Freedom of press is a meaningless right if one does not have the economic right to buy paper, ink and printing presses. Freedom of association is a meaningless right if one cannot own property or rent property or otherwise acquire the right to use the premises where a group can assemble.

The idea that political rights are meaningless without economic rights was made abundantly clear in recent presidential elections in Russia, where international chess star Garry Kasparov sought to challenge President Vladimir Putin's hand-picked successor. Russian law requires that each candidate be endorsed at a meeting of at least 500 citizens. Yet under pressure from Putin, every landlord in Moscow refused to rent Kasparov's group a hall where they could hold a meeting. Unable to acquire the economic right to exercise his political right, Kasparov was forced to withdraw from the race.

**Conservatism, Liberalism and the Reform of Institutions.** Classical liberals were reformers. Throughout the 19<sup>th</sup> century, they reformed economic and civil institutions — abolishing slavery, extending the right to vote to blacks and eventually to women, expanding the protections of the Bill of Rights to state and local governments and creating a largely free market economy. Indeed, part of the notion of what it meant to be a “liberal” was to favor reform.

In the 20<sup>th</sup> century, those with a zeal for reform continued calling themselves “liberals,” even as they abandon the belief in economic freedom, while those who resisted reform took to mantel of “conservatism.” In the words of *National Review* publisher, William F. Buckley, conservatives were “standing athwart history and crying Stop!”

This aspect of the two sociologies is most unfortunate. As the last century grew to a close it became obvious all over the world that economic collectivism did not work. Communism didn't work, socialism didn't work, Fascism didn't work and the welfare state didn't work. So in the economic realm the great need is to privatize, deregulate, and empower individual citizens.

The natural people to lead this reformation are conservatives, who profess belief in the goals. Yet conservatives have lacked in the needed skills, having spent the better part of a century on defense. This may explain why so often needed reforms have been implemented in other countries by parties of the left. Even in the United States, the effort to deregulate our most oppressive regulatory agencies began under President Jimmy Carter and had the support of such liberal stalwarts as Sen. Edward Kennedy.

## **Other Varieties of Liberalism and Conservatism**

Not all liberals think alike. Nor do all conservatives. Two strands of these sociologies deserve special attention, particularly in light of the contrast with classical liberalism.

**Liberal Aberration: Political Correctness and the Emergence of Group Rights.** A variation of modern liberalism is popular among faculties at college campuses. Its adherents reject not only the idea of individual economic rights, but also the idea of individual rights as such. Instead, they believe that people enjoy rights and incur obligations as members of groups.

On this view, a black American should enjoy rights that are denied to white Americans — not because of some injury or harm one has done to the other or because of some contract, but merely because one is black and one is white. Similarly, Native American Indians should have rights that a black does not have. A woman should have rights that a man does not have.

Adherents of this view believe there is no such thing as an individual right to freedom of speech or expression or association. What rights or privileges you have depend on what group you are a member of, and the state may properly enforce such distinctions. For example, speech that is permissible if the speaker is black might be actionable if the speaker were white, Asian or Hispanic, depending on how the speech affects the sensibilities of other blacks. Or if blacks or Hispanics, say, form groups and exclude others, that is generally permissible; but the same actions by a group of whites or any of the European ethnic groups would probably be proscribed.

Assigning rights and responsibilities to groups rather than individuals is at the heart of collectivism. Political correctness is a sort of barnyard version of collectivism. In this sense, the type of liberalism that is popular on college campuses is far more consistent than mainstream liberalism. This version of liberalism rejects individualism as such.

Such consistency, however, exists only in the abstract. In practice, politically correct liberalism is anything but consistent. For example, the standard justification for giving group A more rights than group B is some injustice committed by B's ancestors against A's ancestors. Yet among the black students at Harvard University (all of whom presumably qualify for racial preferences), only one-third are unambiguous descendants of slaves. More than half are immigrants! Harvard and many other prestigious universities are assigning privileges to students not based on past grievances but on skin color alone.<sup>6</sup>

**Conservative Aberration: Protectionism and the Rise of Tribal Politics.** There is a strand of conservatism that rejects the thinking of mainstream economists for the last 200 years. As represented most visibly by columnist and sometime presidential candidate Pat Buchanan,

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<sup>6</sup> Sara Rimer and Karen W. Arenson, "Top Colleges Take More Blacks, but Which Ones?" *New York Times*, June 24, 2004.

this group of thinkers wants government to impose tariffs and quotas and other restrictions to prevent foreigners from competing with domestic companies and their workers.<sup>7</sup>

Yet as Adam Smith explained more than two centuries ago, trade does not reduce the number of jobs. Instead it changes the nature of work people do. Furthermore, trade is income enhancing. It makes citizens better off, on the average, than they otherwise would have been – although some individual incomes may fall as others rise in the process. So what Buchanan’s agenda is really about is not saving jobs or protecting incomes. It’s about saving some jobs at the expense of other jobs and preventing some people’s income losses at the expense of other people’s income gains.

Conservatives who hold these beliefs view the world from the right in exactly the same way as some trade unionists view the world from the left. They believe that people are entitled to their jobs for no other reason than that’s what they happen to be doing. They are entitled to their current incomes for no other reason than that’s what they happen to be earning.

Readers of “[What Is Classical Liberalism?](#)” will have no difficulty seeing that Buchanan’s views are a small scale version of the economic views of Franklin Roosevelt. Whereas Buchanan focuses on trade, Roosevelt understood that jobs and incomes are threatened by exchange as such. Whereas Buchanan wants to freeze in place the international economy, Roosevelt wanted to freeze in place the domestic economy. The motives are the same. The vision is the same. And although these views today sometimes parade under the “progressive” label (at least when the advocate is on the political left), they are anything but progressive. The desire to freeze economic relationships and prevent the kind of creative destruction that is essential in all growing economies is the epitome of “reactionary” thought.

Buchanan is not only an economic protectionist, he is also a cultural protectionist who wants to stop the flow of immigration. There are legitimate (classical liberal) reasons to be concerned about illegal immigration — not the least of which is the practice of subsidizing it with free education, free medical care and other public services. Buchanan’s main objection is different. He wants government to protect the culture from immigrants. Also, Buchanan would go much further than most other conservatives in restricting freedom of expression. Although they are viewed as poles apart, Buchanan actually has a lot in common with the politically correct crowd on college campuses. He believes, for example, that Christians, Muslims and Jews should not have to tolerate irreverent insults to their beliefs and has even hinted that it may be permissible to outlaw blasphemy.

## **Historical Roots of Conservatism and Liberalism**

Where do conservatism and liberalism come from? Strangely, this is a question that is rarely asked. It is even more rarely answered.

In American politics these days, it is increasingly common for those on the left to call themselves “progressives” rather than “liberals.” The term is apt in the sense that much of modern liberalism has its roots in the Progressive Era, which flourished in the first several decades of the 20<sup>th</sup> century. Interestingly, much of contemporary conservatism also finds its roots in that era. In fact it’s probably fair to say that while the best of modern liberal and

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<sup>7</sup> Patrick J. Buchanan, *Day of Reckoning: How Hubris, Ideology, and Greed Are Tearing America Apart* (New York, N.Y.: Thomas Dunne Books, 2007).

conservative ideas are extensions of classical liberalism, their worst ideas are products of progressivism.<sup>8</sup>

To many people, the term “Progressive Era” evokes fond caricatures of Teddy Roosevelt and such reforms as safe food, the elimination of child labor and the eight-hour work day. Yet real progressivism was much more profound and far more sinister. Here is how Jonah Goldberg describes the World War I presidency of Woodrow Wilson:<sup>9</sup>

The first appearance of modern totalitarianism in the Western world wasn't in Italy or Germany but in the United States of America. How else would you describe a country where the world's first modern propaganda ministry was established; political prisoners by the thousands were harassed, beaten, spied upon, and thrown in jail simply for expressing private opinions; the national leader accused foreigners and immigrants of injecting treasonous “poison” into the American bloodstream; newspapers and magazines were shut down for criticizing the government; nearly a hundred thousand government propaganda agents were sent out among the people to whip up support for the regime and its war; college professors imposed loyalty oaths on their colleagues; nearly a quarter-million goons were given legal authority to intimidate and beat “slackers” and dissenters; and leading artists and writers dedicated their crafts to proselytizing for the government?

Some readers may be inclined to dismiss these tyrannies as unfortunate excesses of wartime, much as Abraham Lincoln suspended habeas corpus and trampled on other constitutional liberties during the Civil War. The difference is that Lincoln truly believed in Jeffersonian democracy and classical liberal principles. Wilson, by contrast, was our first Ph.D. in the White House, and in his books and other writings he made clear his complete rejection of the ideas of Jefferson and classical liberalism; as Ronald Pestritto notes, liberty in his view, was “not found in freedom from state actions but instead in one's obedience to the laws of the state.”<sup>10</sup>

Wilson was by no means alone. He was at the epicenter of an intellectual trend that swept the Western world in the early part of the last century. In Russia there was Bolshevism. In Italy, Fascism. In America, Britain and other parts of Europe, the new ideas were called progressivism. There were, of course, many differences — political, moral and otherwise — in the content of these isms and huge differences in resulting policies. But all had one thing in common: they saw classical liberalism as *the* intellectual enemy and they disliked liberalism far more than they disliked the ideas of each other.

At the time of the Wilson presidency, progressives did not view the exercise of state power and the violation of individual rights as a war-time exception to be set aside in times of peace. To the contrary, Herbert Croly (founding editor of the *New Republic*), John Dewey

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<sup>8</sup> See Ronald J. Pestritto, “Liberals, Conservatives and Limited Government: Are We All Progressives Now?” Unpublished manuscript, January 28, 2008.

<sup>9</sup> Jonah Goldberg, *Liberal Fascism: The Secret History of the American Left from Mussolini to the Politics of Meaning* (New York, N.Y.: Doubleday, 2007), pp. 11-12.

<sup>10</sup> Ronald J. Pestritto, *Woodrow Wilson and the Roots of Modern Liberalism* (Lanham, Md.: Roman & Littlefield, 2005), p. 55.

(father of progressive education), Walter Lippman (perhaps the century's most influential political writer), Richard Ely (founder of the American Economic Association) and many others saw war as an opportunity to rid the country of classical liberalism and the doctrine of *laissez faire*.

In fact, the primary domestic objective of progressives was to create in peacetime what Wilson had accomplished during war. They were able to do so a little more than a decade later. Franklin Roosevelt was Assistant Secretary of the Navy under Wilson, and when he led Democrats back to the White House in 1932 he brought with him an army of intellectuals and bureaucrats who shared the progressive-era vision. Indeed, most of the "alphabet soup" of agencies set up during the Great Depression were continuations of various boards and committees set up during World War I.

Perhaps because of World War II, the revelations of all the gory details of the Nazi Holocaust, and the subsequent Cold War, it quickly became inconvenient, if not acutely embarrassing, for historians and other commentators to remind people of the state of intellectual relations before hostilities broke out. At that time, it was commonplace for intellectuals on the left to be enamored of Lenin's communist regime in Russia. And almost everyone who was enamored of Lenin was also an admirer of Mussolini's Fascist government in Italy. For example, General Hugh "Iron Pants" Johnson, who ran Roosevelt's National Recovery Administration (NRA) kept a picture of Mussolini hanging on his wall. The admiration was often mutual. Some writers for publications in Nazi Germany and Fascist Italy wrote of their fascination with Roosevelt's New Deal.

What was the political philosophy that all these very diverse people shared? Basically, the idea that nations are "organic entities in need of direction by an avant-garde of scientific experts and social planners," who would "erode the 'artificial,' legal or cultural boundaries between family and state, public and private, business and the 'public good.'"<sup>11</sup> As Goldberg explains:<sup>12</sup>

The reason so many progressives were intrigued by both Mussolini's and Lenin's "experiments" is simple: they saw their reflection in the European looking glass. Philosophically, organizationally, and politically the progressives were as close to authentic, homegrown fascists as any movement America has ever produced. Militaristic, fanatically nationalist, imperialist, racist, deeply involved in the promotion of Darwinian eugenics, enamored of the Bismarckian welfare state, statist beyond modern reckoning, the progressives represented the American flowering of a transatlantic movement, a profound reorientation toward the Hegelian and Darwinian collectivism imported from Europe at the end of the nineteenth century.

What was the progressives' approach to economic policy? Given Teddy Roosevelt's attacks on "the trusts" and the muckraking novels of Upton Sinclair and Ida Tarbell, one might be inclined to think that progressives were anti-business. Yet nothing could be further from the truth.

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<sup>11</sup> Goldberg, *Liberal Fascism*, pp. 247 and 297.

<sup>12</sup> *Ibid.*, p. 12.

As the leftist historian Gabriel Kolko has documented, the Interstate Commerce Commission (ICC) — our first federal regulatory agency — was dominated by, and served the interest of, the railroads. Similarly, the regulatory apparatus created by the Meat Inspection Act of 1906 served the interests of large meat packers. Safety standards were invariably already being met — or were easily accommodated — by large companies. But the regulations forced many small enterprises out of business and made it difficult for new ones to enter the industry. This same pattern — of regulatory agencies serving the interests of the regulated — was repeated with the establishment of almost all subsequent regulatory agencies as well. For this reason, Kolko called the entire Progressive Era the “triumph of conservatism.”<sup>13</sup>

The practices Kolko described were elevated to a refined science by Wilson’s War Industries Board (WIB) during World War I. Trade associations were allowed to organize along industry lines — controlling output, setting prices and effectively functioning as an industry-by-industry system of cartels. By the time Franklin Roosevelt established the NRA during the Depression years, planners could draw not only upon the experience of the Wilson-era WIB, but also on the far more extensive experience of Mussolini’s Italian economy — which was organized in the same way.

There are even more eerie transatlantic parallels. The symbol of the NRA was the Blue Eagle, which businesses were expected to hang on their doors to show compliance with NRA rules. Newspapers in both America and Germany compared the Blue Eagle to the swastika and the German Reich eagle. A quasi-official army of informants and even goon squads helped monitor compliance. Nuremberg-style Blue Eagle rallies were held, including a gathering of 10,000 strong at Madison Square Garden. A New York City Blue Eagle parade was larger than the ticker-tape parade celebrating Charles Lindbergh’s crossing of the Atlantic.<sup>14</sup>

Through the NRA, the federal government — backed by the full force of criminal law — intruded into virtually every transaction. An immigrant dry cleaner spent three months in jail for charging 35 cents to press a suit when the code required a minimum charge of 40 cents. Another case — one that went all the way to the Supreme Court — involved immigrant brothers who ran a small poultry business. Among the laws they were accused of violating was a requirement that buyers of chickens not select the chicken they were buying. Instead the buyer needed to reach into the coop and take the first chicken that came to hand. (The reason: buyers would be tempted to take the best chicken, leaving less desirable options for other buyers.)<sup>15</sup>

In *Schechter Poultry Corp. v. United States* (the so-called “sick chicken” case), a unanimous Supreme Court declared the NRA unconstitutional. Roosevelt responded by trying to intimidate the justices and by asking Congress to expand the number of justices so that he could pack the court with judges more to his liking. Although he lost the battle, Roosevelt eventually won the war. Today it is highly unlikely that an NRA would be declared unconstitutional.

The interests of progressive era intellectuals was not limited to economics. They saw the state as properly involved in almost every aspect of social life. Herbert Croly envisioned a state

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<sup>13</sup> Gabriel Kolko, *The Triumph of Conservatism: A Reinterpretation of American History, 1900-1916* (New York, N.Y.: Free Press, 1963).

<sup>14</sup> Goldberg, *Liberal Fascism*, pp. 153-155.

<sup>15</sup> Amity Shlaes, *The Forgotten Man: A New History of the Great Depression* (New York, N.Y.: Harper Collins, 2007), ch. 8.

that would even regulate who could marry and procreate. In this respect, he reflected the almost universal belief of progressives in eugenics. These days, there is a tendency to think that interest in racial purity began and ended in Hitler's Germany. In fact, virtually all intellectuals on the left in the early 20<sup>th</sup> century believed in state involvement in promoting a better gene pool. These included H.G. Wells, George Bernard Shaw, Sidney and Beatrice Webb (founders of Fabian Socialism), Harold Laski (the most respected British political scientist of the 20<sup>th</sup> century) and John Maynard Keynes (the most famous economist of the 20<sup>th</sup> century). Pro-eugenics articles routinely appeared in the leftwing *New Statesman*, the *Manchester Guardian* and in the United States in the *New Republic*.<sup>16</sup>

One of the ugliest stains on American public policy during the 20<sup>th</sup> century was the internment of 100,000 Japanese Americans during World War II by the Roosevelt Administration. Another stain is the resegregation of the White House under Wilson. One writer argues that these acts were consistent with the personal racial views of the presidents and that the Democratic party has a long history of racial bias it would like to forget.<sup>17</sup> But similar views appeared in early editions of the conservative, pro-Republican *National Review* as well.<sup>18</sup>

The worst excesses on the right in the 20<sup>th</sup> century are usually associated with Senator Joe McCarthy; the hearings of the House Un-American Activities Committee (HUAC), including pressuring Hollywood actors to reveal their political activities and name the identities of their colleagues; and domestic surveillance of political enemies.

Yet all of these activities have roots in the Progressive Era as well. Joe McCarthy started his political life as a Democrat (and later switched to be a Republican) in Wisconsin — the most pro-progressive state in the union. As Goldberg observes, “Red baiting, witch hunts, censorship and the like were a tradition in good standing among Wisconsin progressives and populists.” The HUAC was founded by another progressive Democrat, Samuel Dickstein, to investigate German sympathizers. During the “Brown scare” of the 1940s, radio journalist Walter Winchell read the names of isolationists on the radio, calling them “Americans we can do without.” Even American communists in this period supplied the names of “German sympathizers.”<sup>19</sup>

Civilian surveillance under American presidents in the modern era (for example under Republicans Richard Nixon and George W. Bush and under Democrats John Kennedy and Lyndon Johnson) are extensions of what went on earlier in the century. However, modern surveillance does not begin to compare in magnitude to what went on during the Wilson and Roosevelt presidencies.

## **The Need for a Neoclassical Synthesis**

The use of the word “progressive” by modern liberals is appropriate — to the degree that it reminds us of the historical and intellectual roots of much of liberal thinking. But there is another sense in which the word is very misleading. In general, there is nothing truly progressive

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<sup>16</sup> Goldberg, *Liberal Fascism*, ch. 7.

<sup>17</sup> Bruce Bartlett, *Wrong on Race: The Democratic Party's Buried Past* (New York, N.Y.: Palgrave Macmillan, 2008).

<sup>18</sup> Paul Krugman, *The Conscience of a Liberal* (New York, N.Y.: W.W. Norton, 2007), pp. 101-104.

<sup>19</sup> *Ibid.*, pp. 224-225.

about modern progressives. That is, nothing in their thinking is forward looking. Invariably, the social model they have in mind is in the distant past. Many explicitly admit they would like to resurrect Roosevelt's New Deal.<sup>20</sup>

In this sense, most people on the left who use the word "progressive" are actually reactionaries. And the problem is not only on the left. In general, the greatest intellectual danger we face is from reactionaries on the left and right.

Reactionaries (mainly on the left, but sometimes also on the right) want to freeze the economy — preserving the current allocation of jobs and the incomes that derive from those jobs. Although their current focus is on opposition to globalization and international trade, consistency requires them to oppose virtually all of the "creative destruction" that Joseph Shumpeter said was inevitable in any dynamic, capitalistic economy.

Reactionaries (mainly on the right, but sometimes also on the left) want to freeze the culture. They see new ideas, different religions and different cultures as threats to their world view. Rather than allow ideas, religions and mores to compete in a pluralistic, tolerant society, they want to use the power of government to force their ideas on others.

Against these threats to liberty, the basic classical liberal understanding of rights is a powerful defense. I may disagree with the wage you work for, the conditions you work under, the hours you work and even the profession you have chosen. But in a free labor market, you do not have to ask my permission (or the permission of anyone else) in order to exercise your right to work. The same principle applies to the world of ideas. In a free society, you should not have to ask my permission (or anyone else's permission) to write a book, read a book, give a speech, hear a speech, read a magazine, watch a movie or listen to rock music.

The intellectual framework developed in the 18<sup>th</sup> and 19<sup>th</sup> centuries, however, is not sufficient.<sup>21</sup> Two hundred years ago there were no weapons of mass destruction — no nuclear arms, no biological or chemical weapons. There was also no threat of global warming, and mankind's ability to harm the environment was much more limited than today.<sup>22</sup> Also, there are today new frontiers. How do we determine who gets what satellite space in upper earth orbit, or who has rights to minerals on the floor of the sea? The ideas of John Locke may illuminate our search for answers, but they do not offer simple solutions.

To meet these newer challenges, what is needed is a neoclassical synthesis — a political theory that incorporates the best of modern conservatism and modern liberalism and discards the worst. I call such a theory neoclassical liberalism because it builds on the foundation laid by the founding fathers and brings the spirit of their concept of liberty into the 21<sup>st</sup> century.

We shall develop these ideas in future essays.

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<sup>20</sup> See, for example, Krugman, *Conscience of a Liberal*.

<sup>21</sup> John C. Goodman, "Do Inalienable Rights Allow Punishment," *Liberty*, Vol. 10, Issue 5, May 1997; and John C. Goodman, "N-Space: the Final Frontier," *Liberty*, Vol. 13, Issue 7, July 1999.

<sup>22</sup> For an example of how a naïve application of the 18<sup>th</sup> century view of rights applied to modern problems can lead to silliness, see Murray Rothbard's views on pollution; Murray Rothbard, "Law, Property Rights and Air Pollution," *The CATO Journal*, Vol. 2, No. 1, spring 1982.