

Opinion **Geopolitics**

Liberalism will endure but must be renewed

It is a work in progress, not a utopian project

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Martin Wolf JULY 2, 2019

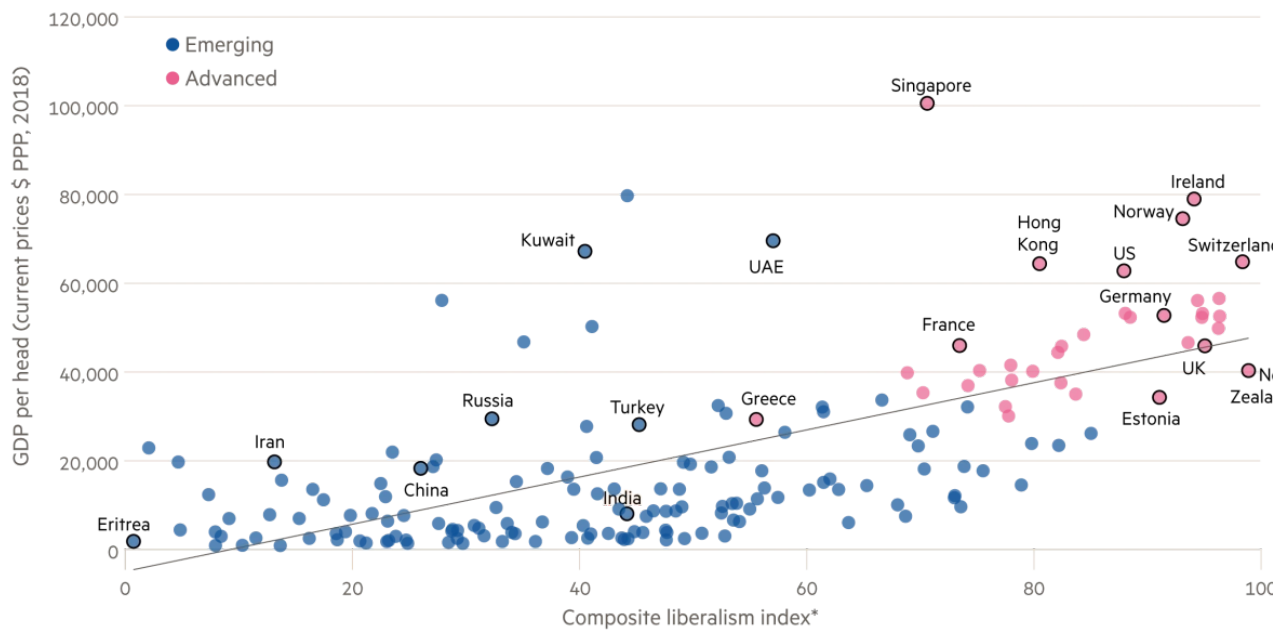
“There is also the so-called liberal idea, which has outlived its purpose. Our western partners have admitted that some elements of the liberal idea, such as multiculturalism, are no longer tenable.” Thus, did [Vladimir Putin](#) claim to be on the right side of history, in a remarkable interview with the Financial Times. But, as Mark Twain might have said, the report of liberalism’s death is an [exaggeration](#). Societies based on core liberal ideas are the most successful in history. They need to be defended against their enemies.

What is “liberalism”? To answer this question, I would first ask American readers to forget what liberalism means to them: the opposite of conservatism. This is a uniquely American meaning that makes sense in the unique American context: immigrants who founded their new state on a set of liberal ideas — liberal in the European sense, in opposition to authoritarian. When Thomas Jefferson wrote of “life, liberty and the pursuit of happiness”, in the declaration of independence, he was building on one of the great liberal thinkers, John Locke, [replacing “property” with “happiness”](#).

The root word in liberal is *liber*, the Latin adjective denoting a free person, as opposed to a slave. Liberalism is not a precise philosophy, it is an attitude. All liberals share a belief in individual human agency. They trust in the capacity of human beings to decide things for themselves. This belief has radical implications. It implies the right to make their own plans, to express their own opinions and to participate in public life. These attitudes were realised in the system we call “liberal democracy”.

Liberals share a belief that agency depends on possession of economic and political rights. Institutions are needed to protect those rights — independent legal systems, above all. But agency also depends on markets to co-ordinate independent economic actors, free media to allow the spread of opinions, and political parties to organise politics. Behind these institutions are values and behaviours: the distinction between private gain and public purpose needed to curb corruption; a sense of citizenship; and belief in toleration.

There is a link between liberalism and economic performance



* Composite value based on percentile rankings of economic freedom index and voice and accountability index
Sources: World Bank; IMF; The Heritage Foundation; FT research
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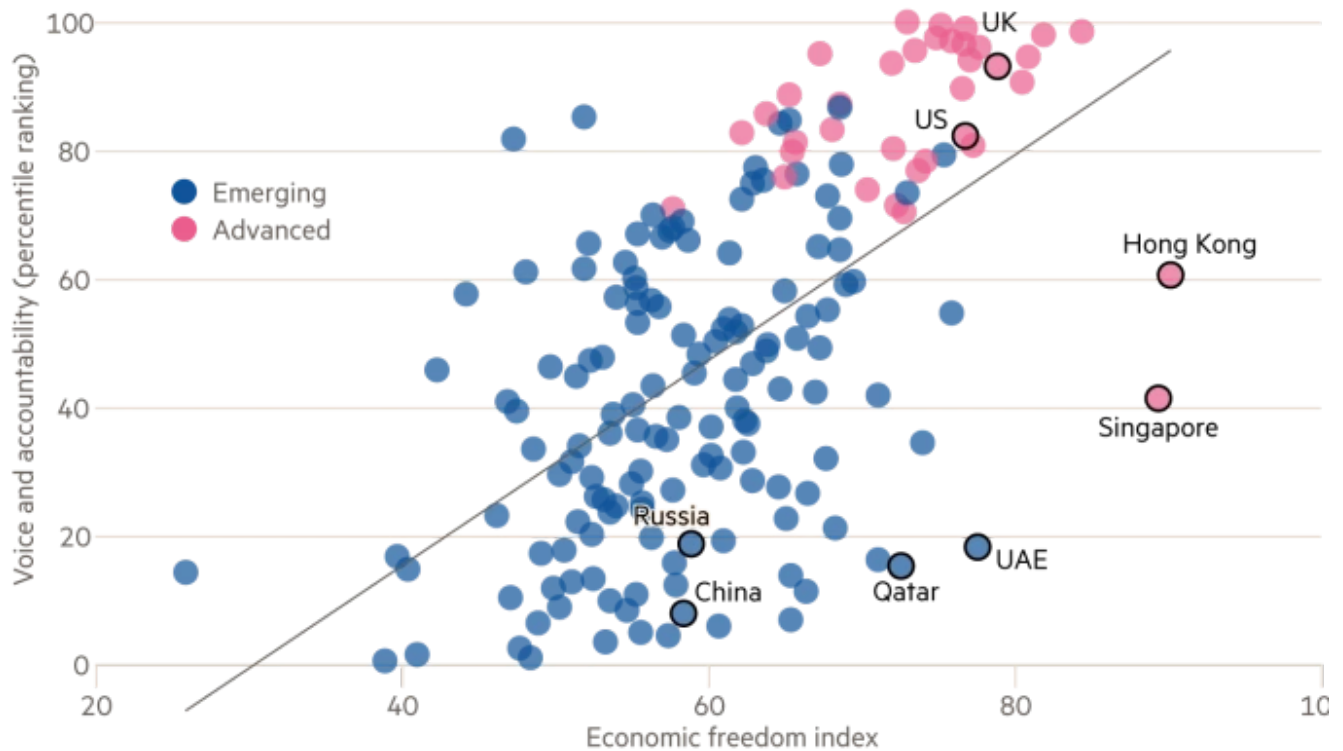
Liberalism then demands a balance between conflicting goods. Some liberals believe more in economic freedom and so oppose an active state. Others believe more in equality among citizens and fear plutocracy. Both of these sides can be liberal, broadly defined. Yet Mr Putin is an enemy of liberalism. The tradition from which he comes is Tsarist autocracy. As Anders Aslund argues in *Russia's Crony Capitalism*, Mr Putin “has meticulously annihilated the budding institutions of capitalism, democracy, and the rule of law that emerged in Russia in the 1990s. In their place, he has formed a strong vertical of power controlled by his cronies, who oppose the rule of law, favouring their own unlimited powers over the state.”

To measure the success of liberalism, we combine the World Bank’s measure of “[voice and accountability](#)” and the Heritage Foundation’s “[index of economic freedom](#)”. Economic and political freedoms do tend to go together, partly because both depend on the rule of law. Liberalism, so measured, is associated with prosperity: liberal societies tend to be rich and rich societies tend to be liberal. (See charts.)

Under Mr Putin, Russia has turned away from liberalism. Largely as a result, Russia’s economy is in a poor state. Even though gross domestic product per head is less than half US levels, average growth of GDP per head between 2009 and 2018 was only 1.8 per cent a year. Convergence has

slowed to a crawl. Few expect this to improve. Mr Putin's posturing on the world stage is a way of turning the attention of the Russian people away from his regime's corruption and its failure to give them a better life. Even in the case of the more successful Chinese economy, we can speculate that [Xi Jinping's](#) turn towards greater state control and political repression will undermine dynamism.

Economic freedom and democracy go hand in hand



Sources: World Bank; The Heritage Foundation
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Yet Mr Putin is right on one point. Liberal democracies have run into difficulties, notably over their ability to absorb immigrants and manage inequality. Liberal societies do need shared values and identity. That is perfectly compatible with immigration and enduring cultural differences. But both need to be managed: otherwise, popular discontent will bring to power leaders who despise the norms of liberal democracy. The fragile balance might then collapse. Much that US president Donald Trump says and does indicates his contempt for those norms, notably a free press and an independent judicial system. The risk then is that liberal democracy will turn into “illiberal democracy”, which is, in truth, neither liberal nor democratic.

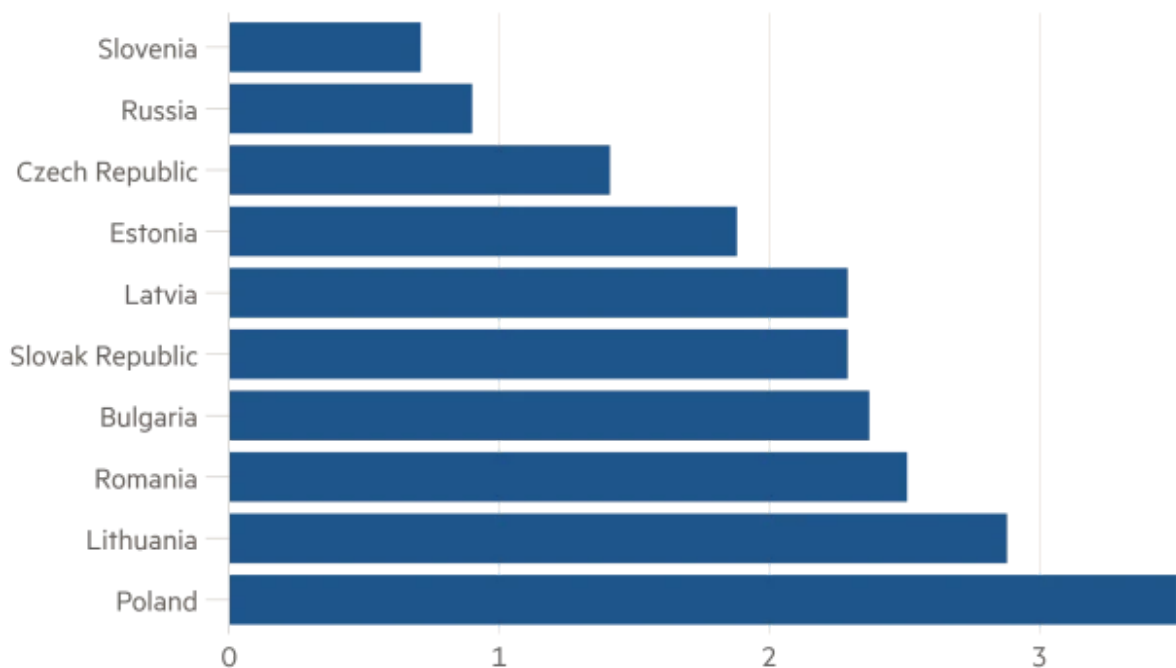
In [Freedom in the World 2019](#), the independent US watchdog Freedom House reported a 13th consecutive year of decline in the global health of democracy. This decline, it noted, also occurred in western democracies, with the US — the most influential upholder of democratic values — leading the way. This [development](#) is indeed worrying. Liberalism may be much the most successful approach. But in many liberal democracies people, especially elites, have forgotten the

balance that needs to be struck between the individual and society, the global and the domestic, and freedom and responsibility.

Liberalism is not a utopian project, it is a work in perpetual progress. It is an approach to living together that starts from the primacy of human agency. But that is only the starting point. Making that approach work requires constant adaptation and adjustment. Mr Putin has no idea what this means: he cannot conceive of a social order that does not rest on force and fraud. We know better. But we also need to do better — far better.

Most post-communist states have grown faster than Russia

Average annual growth in real GDP per head, 2008 to 2019 (%)



Source: The Conference Board
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Letter in response to this column:

How rich, liberal societies got to be that way / From Robert H Wade, Professor of Global Political Economy, Dept of International Development, London School of Economics, UK

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