

Sustainable Liberalism: A Modest Proposal for Global Recovery

Actually the same crisis, apparently caused by a severe drop of investors' faith, given the huge amount of national public debts, has already devoured the other so-called "Pigs" (Portugal, Ireland, Greece and Spain), and even the iron economy of Germany, as ECB's Governor Dr. Mario Draghi has recently pointed out, seems to be threatened by this European plague. In turn, global economic growth shows signs of indisputable weakness: along with Europe and the USA, almost all emerging countries - with the notable exception of Brazil, for now - experience a substantial slow-down in their glorious path towards well-being.

That's the story. At least, the story we have been told in the last five years. And it conveys a bunch of sickening, although necessary, consequences: cuts in the public budget, decline of welfare-State policies, shakeups in the labour market, higher taxes etc. Will this strategy carry us out of the crisis, soon or later? Honestly, I'm afraid it won't. Quite the reverse, we should seize the day and reconsider the most basic patterns of our social and economic model.

It is a common belief that market liberalism, whose dictatorship seems to mark the last three decades, led to the complete deregulation of global financial economy, together with a growing emphasis on capital gains as the main source of wealth and the corresponding decrease of labour incomes - not to speak of the continuing depredation of natural resources that caused a long series of catastrophic environmental tragedies. We should question, however, if those achievements be really consistent with core liberal principles.

Rather correctly, French economist Valérie Charolles has stated that "we are indeed widely persuaded to live in a liberal world, while the variety of capitalism that governs us has little to do with liberal theory". In fact, "the liberal model doesn't serve as the basis of the system. It

merely provides a justification for the liberalization of public services, but it is quickly put aside in the face of too rapid a process of concentration undergone by the private sector. These processes blatantly contradict the theoretical corpus of liberalism, which claims competition to act as a tool capable of multiplying the number of actors and limiting any position of power" (Charolles 2006: 13, 52).

Furthermore, classical liberals were perfectly aware of the dangers – though social, moral and political – posed by an endless economic growth. And even when they did support development and progress, as in the case of David Hume and Adam Smith, the most negative consequences were never forgotten nor ignored.^[1] If Hume strongly encouraged commerce, since "it increases frugality by giving occupation to men, and employing them in the arts of gain, which soon engage their affection, and remove all relish for pleasure and expense", promoting "the greatness of a state, and the happiness of its subjects", he soon added that "a too great disproportion among the citizens weakens any state", so that "every person, if possible, ought to enjoy the fruits of his labour, in a full possession of the necessaries, and many of the conveniencies of life" (Hume 1987: 255, 265, 301). Similarly Benjamin Franklin, trying to preserve Americans from European corruption and depravity, advocated "a general happy mediocrity" by which, obliging people "to follow some business for subsistence, those vices that arise usually from idleness, are in a great measure prevented" (Franklin 1959: 274, 282).

Not merely inequalities did Smith fear indeed. True, "no society can be flourishing and happy, of which the far greater part of the members are poor and miserable"; but, although "commerce and manufactures gradually introduced order and good government, and with them the liberty and security of individuals" (Smith 1981: 96, 412), an extensive division of labour could produce serious moral and psychological consequences on "the great body of the people", preventing a conscious citizenship and their natural search for "happiness [which] consists in tranquility and enjoyment" (Smith 1982: 149).^[2] His friend Henry Home, Lord Kames, was far more categorical: "great opulence opens a wide door to indolence, sensuality, corruption, prostitution, perdition" (Kames 2007: 333).

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We should, then, try to disclose the hidden roots of the present crisis – and I believe that, in so doing, we'd be forced to go back and back in time. We can find many traces of the path taken by the global economic system in the last 40 years: the end of the new gold standard in 1971, the great oil crisis of 1973-74, the emergence of neo-conservative policies along with the election of Margaret Thatcher and Ronald Reagan, the deregulation wave of the 1990s (culminated in 1999, when the Glass-Steagall Act was finally repealed by President Bill Clinton), the growth of international investment banks and the naissance of computer-managed financial dealings.

Therefore, the greatest crisis since 1929 has been prepared by a long series of economic mistakes, as well as by an intentional implementation of misleading public (and private) policies. While most scholars and policymakers silently accepted such a new paradigm, few voices were raised to warn against the likely dangers. Among these, the case of Michel Albert still deserves some consideration: a social economist and former CEO of Assurances Générales de France, in his brilliant book *Capitalisme contre capitalisme* (1991) he foresaw the aftermaths of an economic regime – notably dubbed “the Anglo-Saxon model” – relying more on financial means and less on production and trade of goods and services, with growing inequalities and a troublesome lessening of social security (Albert 1991: chap. viii, ix).

But there is something more – so much more, indeed – he did not foresee: that such a model has reached quite soon the point of no return, becoming no longer sustainable upon a strictly financial, as well as social and ecological, view. How to reconcile economic development, human flourishing and the preservation of natural capital? How to settle a dynamic and free economy with the promotion of labour and a structural safeguard of biodiversity? A contribution to unravel this intricate puzzle might come from an approach that I will call sustainable liberalism: an attempt to revive the ethical, political and economic discourse of classical liberalism in strict dialogue with contemporary sustainable-development theories.

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It must surely sound quite bizarre, since liberal economists and philosophers mostly look with a skeptical eye at any effort to sketch a theoretical framework capable of merging individual liberty with social equality and a systematic protection of the environment. However a number of scholars, by the middle of the 20th century, had tried to reconsider the feedback of economic growth on social and natural organisms within the wider context of a novel humanistic philosophy, claiming that every measure was to be implemented *à la taille de l'homme*. Among these 'neo-liberals' - as they labeled themselves to avoid any association with Hobhouse, Keynes and Beveridge's new liberalism - were Walter Lippmann, Wilhelm Röpke, Luigi Einaudi and many more, who had tied up ethics, politics and economics in a comprehensive design of the 'good society'.[\[3\]](#)

Their most cherished aim was, for sure, the reestablishment of political and economic freedom after the tragedy of totalitarianism; even so, they did assume that "we [humankind] represent by no means the dizzy summit of a steady development; that the unique mechanical and quantitative achievements of a technical civilization do not disembarass us of the eternal problems of an ordered society and an existence compatible with human dignity" (Röpke 1950: 2). In their view, "economic liberalism, true to its rationalist origin, exhibited a supreme disregard for the organic and anthropological conditions which must limit the development of capitalist industrialism unless a wholly unnatural form of existence is to be forced upon men" (Röpke 1950: 52).

Hence they advocated an extensive program of social, political and economic reforms aimed at restoring justice, equality of opportunities and social market economy, given that "progress and economic development rely much more on moral values than on mere efficiency" (Einaudi 1987: 48). Such a development, however, should absolutely avoid "the rape of irreplaceable natural reserves [whose] consequences are already making themselves felt in many instances and in an alarming manner», among which they pointed at «the annihilation campaigns against the forests on all continents and against the whales of the oceans", not to speak of "the inevitable consequences of the excessive use of artificial

manure and the progressively more serious problems of every country's water supplies" (Röpke 1950: 144).

Curiously enough, their intellectual heirs weren't (and still aren't) ready to capture the spirit of such an innovative attitude. Quite the reverse, after the pioneering warning launched by the Club of Rome in 1972, sustainable-development theorists (almost) alone have tried to handle - at both levels, normative and practical - the overwhelming burden of forecasting a transition towards a 'humane economy', as Röpke called it once. The truth being that "we have, today, reached the end of a template for life and business that, for 200 years, has been extremely successful - one that worked quite magnificently under the old conditions. Those conditions - namely the availability of an entire planet for a small part of humanity and its economic model - however, no longer exist" (Welzer 2011: 33).

We need, then, an integrate approach to economics, since "the conventional wisdom is mistaken in seeing priorities in economic, environmental, and social policy as competing. The best solutions are based not on tradeoffs or 'balance' between these objectives but on design integration achieving all of them together - at every level, from technical devices to production systems to companies to economic sectors to entire cities and societies" (Hawken - Lovins - Hunter Lovins 1999: xi). Whatever opponents may think of it, there would still be room for economic liberty. Bill McKibben has recently reminded us in his remarkable book *Deep Economy*, devoted to advocate a large-scale reform centred on a huge process of downsizing, that "shifting our focus to local economies will not mean abandoning Adam Smith or doing away with markets. Markets, obviously, work. Building a local economy will mean, however, ceasing to worship markets as infallible and consciously setting limits on their scope. We will need to downplay efficiency and pay attention to other goals" (McKibben 2008: 2).

Other goals, by the way, require new tools for their own analysis, study and measurement.

That's why, in recent times, the former President of the French Republic, Nicholas Sarkozy, appointed a Commission led by Professors Joseph Stiglitz, Amartya Sen and Jean-Paul Fitoussi in order "to identify the limits of GDP as an indicator of economic performance and social progress [and] to consider what additional information might be required for the production of more relevant indicators of social progress".^[4] The Commission's report, lengthy and well-reasoned, is nonetheless crystal clear on the absolute inadequacy of the conceptual background underneath contemporary economics; so that, for instance, "choices between promoting GDP and protecting the environment may be false choices, once environmental degradation is appropriately included in our measurement of economic performance" (Stiglitz - Sen - Fitoussi 2009: 7).

Sustainable liberalism should not pretend to stand as the sole theoretical framework, nor to provide the most useful solutions. It is, rather, an intellectual approach that might help social scientists and policymakers, as well as every citizen on Earth, to imagine new life-styles and eventually put up an alternative scenario, in which individual liberty, equality and preservation of the biosphere could really walk side by side towards the only, valuable end of social and economic life: the well-being of every sentient organism on our planet.

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[1] For a concise yet complete overview of this approach, see especially McCoy 1982, 13-47.

[2] Here I follow the sketch drawn by Rasmussen 2006.

[3] On neo-liberals, their saga and place in American and European culture see Audier 2012.

[4] Individual and common happiness could fit perfectly into the agenda. The theoretical connections between economics and happiness have been largely investigated by economists, psychologists and philosophers alike; a rich collection of essays on these topics may be found in Bruni - Porta (2005).

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