

# Rebuilding Liberalism

SOCIAL JUSTICE WITH  
INDIVIDUAL FREEDOM

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THE BACK STORY

BY GUY STANLEY, PH.D

# The Order of Business

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Summary of the Book and its Conclusions about putting Civil Society first.



The Back Story: Socio/political adjustment to a technologically driven transformation



Theories of industrial transformation



How Did They Do it?



Can We Do It Too?

The Book— is a quiet polemic —a refutation of Neo-Liberalism’s claims for laissez faire, austerity and micro-economics as the basis of a “free” economic and political order, based on “universal” principles.

The book demonstrates three “inconvenient truths” for the neos:-

(1) The state matters – markets, money, and law are the creations of the state,

(2) “freedom” is the consequence of a democratic process, controlled markets, and

(3) a collective commitment to advancing the quality of civil society.

Its conclusion is that Liberalism can work iff (if and only if) the condition of “civil society” is the main policy concern. This reverses the priorities of those for whom the state is at the service of the economy.

# Rebuilding Liberalism

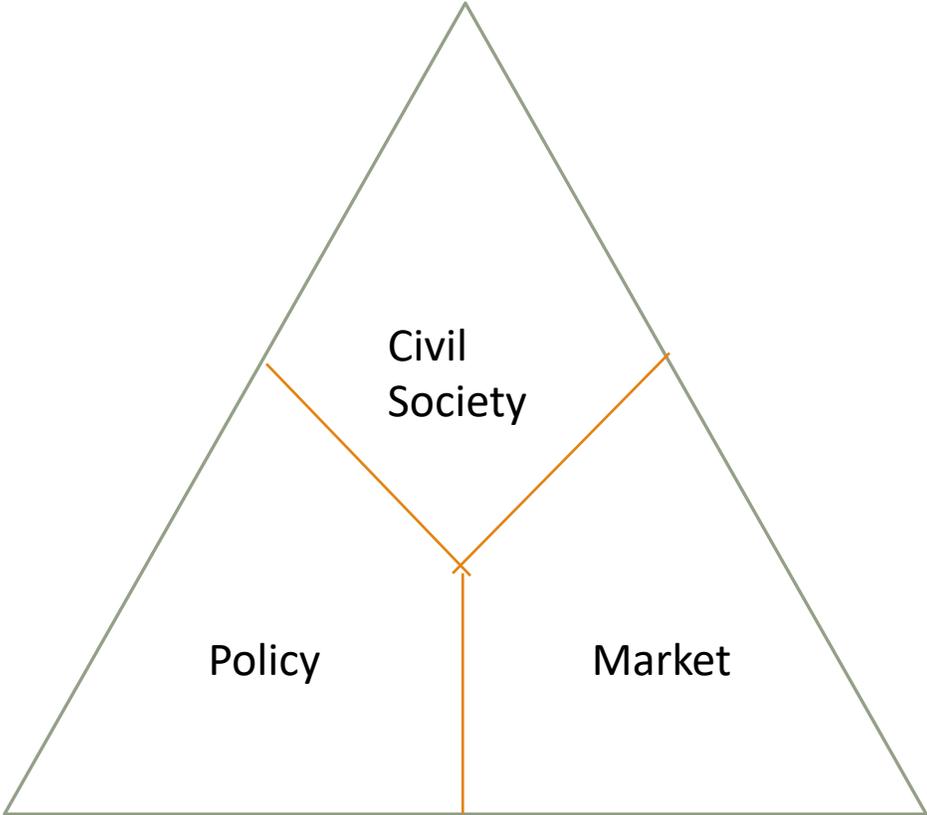
# Boulding Triangle – rearranged

From This



THE BOULDING TRIANGLE

To This

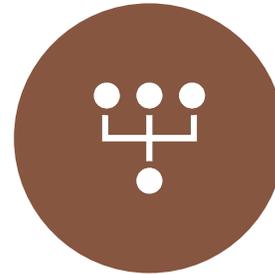


# Civil Society “On Top” means this:-

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**A Nod to Saussure:** - meanings of words are determined in relation to other words. You have to know the whole language to master its parts. Learning, speaking and reading a language are thus “whole brain” activities, involving both the analytic and synthetic hemispheres.



Politics is the process by which meanings are determined and priorities assigned to the conversations about individual and collective action. The challenge is that of understanding and dealing with the process in such a way that not only individual but also general outcomes can be improved – according to the relative weights assigned by the process.



The book shows that economics is a necessary tool – but misleading in the absence of the social sciences such as history and sociology to provide context and perspective.



Ultimately, control is achieved by constructing institutions to stabilize the flows and allocate the costs and benefits of interactions at the material and also symbolic levels. This is an on-going conversation between government and civil society, with markets, courts, controls systems and agencies, and so on, all the time. The goal is a society that enjoys a coherent relationship – balance - between its parts and the whole and that reflects its social values – including democracy and rule of law.

# The Back Story

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The Back Story in the book amounts to a different take on an old problem: -How societies adapt to massive technological transformation – specifically the industrialization process of the North Atlantic economies between 1815-1950. In contrast to the main bodies of work on this issue, my concern was neither « an anatomy » nor Revolution, nor the comparison of theories, say Tocqueville and Marx, or Comte and Darwin/Spencer, etc.



Instead, the argument in the book offers a historical demonstration:

What people thought,

What they did,

What results they obtained,

What they then did to get better results, and so on.



The benefit of this approach is to minimize the use of pre-cooked historical schemata (mainly on “revolution”) in favour of listening to the voices. I tried to follow and analyze the “national conversation” in England, France, Germany and the US at different times over this period to find out how the speakers (writers) experienced industrialization and its consequences.

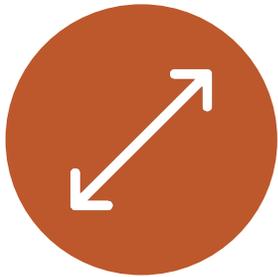
# Research Results

What my research shows: - **besides the advances industrialization brings about:**

- **Laissez-faire capitalism** routinely forces some 30 per cent of civil society to need supplementary assistance to survive
- **Only the State** can provide that assistance at the scale and standard required to restore social status and function to the recipients.
- **Social assistance** has to be provided in a form that enhances individual dignity.
- Just as some laws enhance market efficiency and promote competition, **other laws enhance civil society, including labour and consumer protections, and assure supply of adequate social services – education, health care, social insurance, poor relief, with labour laws that include adequate insurance protection and the right to organize and share control of the firm**, via structured collective negotiation.
- Working this out amounted to an **immensely difficult process of social learning that took roughly 200 years** (1750-1950) in Western Europe and North America, progressing unevenly, including wars and devastation. (About the same as adjusting to books printed in the vernacular – 1472-1648, via the 30 Years War (1618-1648)).

# Liberalism and the « Long Revolution »

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In brief: It's definitely NOT the economy; rather it is entire cultures and anthropology that change under the impact of (1) a shift in the balance between individuals and the collective (books/tech); (2) the impact of industrialization (3) the absorption of capitalism and globalization. (Warning: the digital rev. is just getting underway...!)



To understand the challenge, one must understand the scale of the effort – it took the whole North Atlantic Economy two centuries to complete the transition to a social democratic welfare state.



More than economics, **Liberalism** is also more than just political philosophy: its history **summarizes Western political development to Social Democracy** – the winding track of the development of Western civilization, especially aspects supported by language and literature – i.e. **the development of the individual personality as a moral agent and of collective action: especially the fit between the individual and the collective.**



The outcomes were never certain. A **great deal of the struggle has been washed away by the forces of modernism- the liquification of the fixed reference points of the past, and the rising tide of the new, digital reality. Much of this is forgotten!** However, just as Galileo left his trial muttering that the world still turned, we can still insist not just that “ideas matter,” but it IS the ideas that matter.

# Argument in the Book (slightly extended)

- The Social Learning Process** involved these (among other) steps between 1815 and 1914:-
- **Political Claims** of James Mill and middle class rule, based on utilitarianism – and the opposition, by both Marx AND Burke. Moving from Dynasty to Nation, from genealogy to election.
  - **Warnings** about industrialisation (Saint-Simon, Comte and Durkheim)
  - **Coming to terms** with a multi-generational social disaster: the transformation of class relations from late feudal to mid-stage industrial capitalism (1750-1850/80).
  - **Rise and critique** of Bourgeois culture (Hegel (1806) to Nietzsche (1872), or Austen to Dickens to Eliot (Social novels-mid 19c), or Hawthorne to Whitman to Steinbeck), Herder to Mann (Bildungsroman), Balzac/Sand-Hugo to Mallarmé (les poètes maudits) /Zola- .....(today) Houellebecq : How should we imagine life in such a society? Music- Beethoven to Gershwin
  - **Economic Dialectic** (assertion & refutation): Smith/Ricardo-Malthus, Proudhon/Marx, German socio-historians (List-Roscher-Schmoller), Marshall- ...to the 1950-80s Keynes, Hayek-Friedman, Eucken, Ricoeur, Habermas. The focus of « rationality ».
  - **Socio-Dialectic**: Comte-Mill-Durkheim- List –Marx-Dilthey- Simmel-Weber-.....(1920-40s) Elias-Parsons...How does society work. What happens to religion and other « transcendent » ideas?
  - **Philo Dialectic**: Kant-Hegel-Nietzsche- (Sorel) – Husserl-Heidegger-.....(1940s+) Sartre/Camus- Levis-Strauss- Rawls-Derrida and the post-moderns , « problem of technology »...
    - **NOTE THE IMPORTANCE OF DIALECTIC – ALTERNATIVE (COMPLEMENT?) TO WAR - (Five Wars – One in the US, Four in Europe (1850s to 1870s) Three armed suppressions in Canada (1837,1875,1885) Confrontation was necessary. Did not always work. (Also Boer War and two Balkan Wars in the early 20th c.)**

# Some Examples:

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**West German postwar Ordoliberalism** (Walter Eucken):-  
**A synthesis of historical German and analytical Austrian economics, plus Catholic social theory. Based on competition as a source of productivity improvement which forms the basis for growing social services as well as national prosperity. The emphasis is on improving quality over quantity and on saving rather than spending, with explicit support for deepening the capacity of small business to compete in high value niches both on their own and as suppliers to national champions that are global leaders in their field. Regulatory emphasis on quality of life and artistic as well as material achievement.**



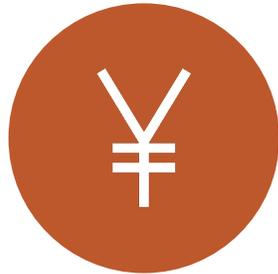
**British Welfare State** (T.H. Marshall) **Takes citizenship as the basis of entitlement to generally available social services, from National Health Service to University Education, to zero(low) unemployment.** Huge advance in context of British class warfare (post war “kitchen sink” theatre) and a success until the end of the 1960s (Swinging London).



**The New U.S. Industrial State** (Keynes and J.K. Galbraith): – **Intimate alliance of national state with the major industrial corporations which become generators of the demand that they are best suited to fulfil. Emphasis on sustained aggregate demand controlled by Keynesian fiscal measures, limited social services.** Prolonged the New Deal into the 1960s, after which it broke down from sustained “guns AND butter” policies together with sectional/racial division. Its flamboyant consumerism nevertheless weighed heavily on the USSR and ultimately led to its Cold War defeat. **Challenged by the communitarian liberalism of John Rawls, a bridge too far for LBJ.**

# Examples, Cont'd:

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**Post War France (Le Grandeur d'État, Ve République): Alliance of Gaullists and Communists preserved stability for recovery, the nationalization of basic industry and full employment as recovery continued – despite the burden of continuing colonial wars, especially Algeria, whose loss was disruptive to the French economy. French industry recovered, in part owing to the synchronisation arising from the indicative planning of le Ministère du Plan.**



**By the end of the 1960s, France had joined its North Atlantic partners as a technocratic consumer society, the emergence of news magazine, le drugstore and le marketing (*Le Défi américain*) signalling the influence of the US.**



French intellectuals who were not happy to see the return of capitalism – even the techno-consumer kind – developed a critique of it similar to that of Germany's Frankfurt School. **In 1968, as a kind of prelude to the Prague Spring of that year, Paris erupted in May with student and worker riots against its "one dimensionality" - a massive anti-authoritarian critique against French administrative structures, akin to the Berkeley Free Speech Movement, but with a larger dose of the Old Left as well as the New.**



**Upshot – a burst of post-modern (J-F Lyotard) subjectivity emerged to explode the conventions and one size fits all categories underpinning postwar Western thought. Yet ultimately *Les événements* proved a defeat for the Left.** What was a blow for individualism was also a fatal attack on the Republican Spirit (*l'esprit républicain*) that up to then still motivated some sacrifice for the common good. Thereafter, France became less interested in collective solutions, moving steadily rightward to where its stands today, **a remorseful buyer of post-modernism.**

## Examples, Cont'd.

**Canada** – Whereas the aforementioned states concentrated on building or re-building productive capacity, **Canada focused on securing rents from its natural resources**, opening the uranium mines of Northern Ontario alongside the immense iron and nickel deposits that sustained allied war production, **pushing further into advanced technologies of radar, electronics and jet aviation, and creating a welfare state** that was ultimately guided by John Rawls' principles of a Keynesian macro-economics designed to guarantee a structural advantaged to low income citizens. The OPEC inspired oil crisis of 1973 provoked the national government to double down on a rents-based strategy and increase its control of hydrocarbon energy industry with a national energy program in 1980.

**The strategy of locking in rents continued until resources prices collapsed in the mid-1980s, opening the door to a reversal of Keynesianism, partial rejection of the welfare state, and the shift of strategy towards so called “framework solutions”** designed to minimize government intervention in favour of expanded scope for market-based solutions. The most important example of the new approach was the Canada-US Trade agreement concluded in 1986.

**The change in economic strategy involved a process of national conversion that began with a royal commission and continued through to the signing and implementation of the deal.** The conversion did not end the dependence on resource rents. **An accompanying “re-conversion” to a consensus of “progressivism” has yet to occur to match the political vote.**

Perhaps a new RC is indicated for a new strategy to address climate change, the Rise of Asia and the USG reluctance to pursue its self-appointed role as “global policeman”. **The new strategy would have to focus on re-building national capabilities in new technology sectors so that Canada can join the club of successful high income innovator nations, capable of helping the world overcome its new challenges.**

# Two Theories on Tech – and then one more

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## Saint Simon/Comte/Durkheim & Marx

- **Tech bifurcates society:** puts status at service of function. Transition from dynasty to nation.
- **Property only counts in relation to its productivity:** Lower p. idled, massive dislocation - alienation
- **Challenge:** integration of the displaced by education/employment, offered by the State.
- **Financial Dimension creates a new class – the capitalist.** Radically transforms social relations into a “cash nexus”. **Workers no longer “own” their work and are disposable resources in capital’s drive to reproduce itself through the transformation of labour into cash value.** (Marx)

## Heidegger on Technology

- **Implacable force,** crushing Nature via ego-driven Design (The Will to Power)
- **Totalizing** in forcing submission to its operating rules
- **Total Cost of ownership** is higher than Total Benefit for Humanity

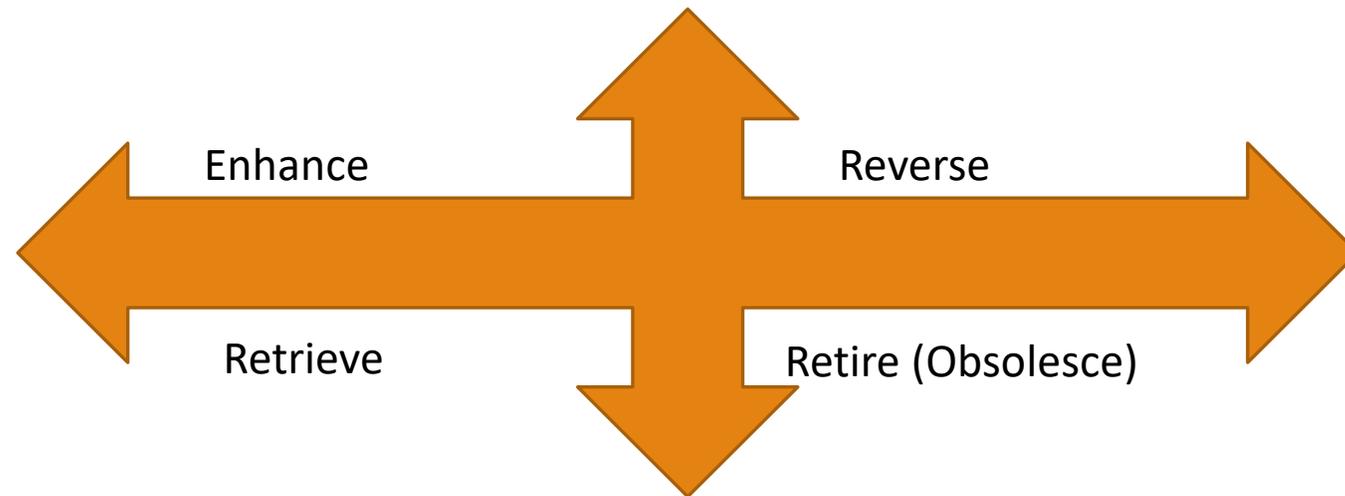
Eric  
Havelock/Harold  
Innis/Marshall  
McLuhan  
(Toronto or  
Canadian  
Communications  
School)

- **Technology** an extension of some human faculty
- **Communications media** an extension of sensory perception – the medium as the message (or massage). The dominant media shapes the organization of society/civilization via its impact on sensory perception.
- **The Key Tension** is between acoustic (oral/auditory communication) and visual-writing, diagrams, logic, abstractions - i.e. acoustic as concrete, mosaic of natural sounds, voice, rhythm, musical synthesis (massage) and visual-analytical – favoring abstract, linear analysis (message) – concept of empty Euclidian space, waiting to be filled with point, line and angle, as in a geometrical demo.
- **McLuhan believed** that TV and Internet would resolve the tension, making possible a **synthesis** of the concrete, specific oral-auditory sensors and the abstract-linear-analytical: a new “mosaic”.

# McLuhan's Tetrad of Technology Impact

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Every new technology will impact society in the same way – enhancing some faculties, reversing others, retrieving some previously suppressed functions and obsolescing others. The following diagram illustrates his point:



# McLuhan Lets Us See How Media Changed the Culture in Uneasy Support of the Industrial Project

**Enhanced** – abstract, analytic reasoning, popular education, printed books, mass media, public political debates. Print media created a national elite and enabled it to win acceptance for the values necessary to build modern industrial society – bridging a chasm of unfolding social disaster caused by dislocations to forge nations based on common language(s) and culture.

**Encouraged** - but not always delivered- general acceptance of human beings as moral agents, entitled to dignity and some respect.

**Reversed** – Universities GAINED in Importance (after taking a beating following the religious wars) as Polytechniques AND as sources of ethical development, historical research and critique: lively exploration of meaning and social analysis, especially France and Germany.

**Retrieved** – Concepts of the collective and emotional experience (Romantic movement) to balance Enlightenment (Bentham) focus on “rational individual” ‘pleasure v pain” and utilitarian behaviourism (to counter feudal privilege).

**Obsolesced:** - Aristo Status with no function, the family as the central economic unit, rigid separation of classes, fixed social status based on genealogy.

**It took pioneers of modern social science and pillars of modern lit and philo to enable the emergence of “nations”, with reasoned debate, adjustment along a social “contract” line(Edgeworth)- and even so France lost its democracy for 20 years and Germany’s democracy was flawed in a way the proved fatal in 1914 – and led directly to the Soviet revolution in 1917...and so on.**

# Our Challenge: A Non Linear World - Need N-L Social Science (Economics, too)

	Traditional economics	New economics
<b>Individuals</b>	Perfectly rational, use deductive reasoning, have access to perfect information	Use both inductive and deductive reasoning, rely on rules of thumb, subject to errors, capable of learning, access to local, imperfect information
<b>Networks and institutions</b>	Network relationships don't matter, all interactions that matter are through price system	Network structures matter, non-price interactions matter (eg social relationships, trust, reciprocity)
<b>Institutions</b>	Institutions are rational optimisers and thus efficient – details of institutional design can be ignored (eg no banks in most macro models)	Institutions are imperfect, often inefficient, and constantly evolving – details of institutional design can matter (eg fragility of banking system)
<b>Dynamics</b>	Economy automatically goes to equilibrium where social welfare is maximised	Economy is a highly dynamic system that can go far from equilibrium and become trapped in suboptimal states
<b>Innovation</b>	Innovation is a mysterious, unpredictable, external force	Technological and social innovation are evolutionary processes that are central to economic growth and change
<b>Emergence</b>	Macro phenomena (inflation, unemployment, bubbles) result from the linear addition of individual decisions – heterogeneity doesn't matter	Macro patterns emerge non-linearly from dynamic interactions of heterogeneous agents, small changes can have big effects and big changes can have small effects

Source: Table 1.1 in  
OECD (2012)  
Complex New World:  
Translating New  
Economic Thinking  
Into Public Policy, Ch.  
11 Beinhocker, p.136

# Ex. Social Learning as Public Policy

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## Five Steps to Recovery:

- **Embrace the overall policy goal: a prosperous, equitable, democratic civil society of competent, self-confident and well informed citizens, supported by a dedicated, professional public service. Unresolved: the “boundary” question. What about “class” – a new digital élite? Who regulates the programmers and how?**
- **End Poverty** - Build consensus in the middle by helping the worst-off: make them better off.
- **Help the Public Rebuild Public confidence in itself-the Public by achieving advancement in the context of de-carbonization and making the human footprint ecologically sustainable? This has to be “global” to be effective.**
- **Example: Industrial Development through a ‘quality’ revolution** – through technology deployment, constant education and training, deep connections between industries and public agencies that promote techno-collaboration (NIST in the US), commitment to R&D, and associated strategies to protect the public as well as private interests, insist on productivity increases and link them to salary increases, work towards a 32-hour week. **The new economy should aim for growth in output quality and efficiency, not just asset accumulation and rent seeking, producing unique, high value products that add to natural sustainability. So far, this works only at the national/sub-national and potentially regional levels.**
- **Example: Complete the digital revolution so that it reinforces persuasion and mutual understanding in public discourse instead of confrontation and division, and get the money out of politics** (publicly funded elections, neutral election commissions, national, enforceable campaign and election standards, post-election analysis.) **But can such a program command consent? Is it even possible in our current and emerging media configuration (e.g. apps and data instead of print and linear analysis)? Can internet regulation be effective without enforceable jurisdictions and borders? (Perhaps with “dominant leaders”(FAANG)? Who rules: digirati or literati? China as example of alternative approaches.**

Thank you  
for listening!!

SCENARIOS,  
ANYONE?