

POLITICAL ECONOMY

IN THE CAROLINAS

CLASSICAL LIBERALISM'S HISTORY, HERITAGE, AND RELEVANCY TO OUR TIMES

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ABSTRACT

Classical liberalism has been the most revolutionary set of political and economic ideas in world history in terms of the advancement of human freedom and prosperity. An appreciation of why and how, unfortunately, is sorely lacking in the minds of too many people both in the United States, including the Carolinas, and around the world. Understanding a little bit of the history and significance of classical liberalism can make us better appreciate its continuing value in advancing public policies that foster freedom, prosperity, and peace.

I. THE ANCIENT DREAM OF UNFULFILLED FREEDOM

Since ancient times, there have been thinkers who dreamed of a world with greater freedom for all. But for most of human history this remained only a dream. The ancient Greeks spoke of the importance of reason and the need for freedom of thought if we were to challenge each other's logic and understandings as we groped toward a more complete awareness of the objective world around us.

The Romans argued about a higher, more general law to live under, if only people would come together to reason and agree about what could be a just "natural order" in society, given human nature. Jews and Christians appealed to a higher law concerning right and justice that is above the power of earthly kings and princes, and to which all are subservient and responsible since it was given to them by the creator of all things (Muir 1940, pp. 26–52; Rougier 1971, pp. 1–55).

But for all of human history, people lived under the earthly powers of conquerors and kings who claimed divine right to rule over them. They were objects to be used and abused for the ends of those who held the swords over their heads. Their lives were to serve and be sacrificed for something that was said to be greater than and above them. Their lives were not their own. They belonged to another. They were slaves, regardless of the names and phrases used to describe and defend a master-servant relationship. Society was a world of the unfree.

Then this began to change, first in people's minds, then in their actions, and finally in the political and economic institutions within which they lived and worked.

II. CLASSICAL LIBERALISM AND NATURAL RIGHTS

While it is today often ridiculed or discounted by philosophers who find it easier to speak about ethical nihilism and political relativism, the modern world of freedom had its origin in the conception of natural rights: rights that reside in people by their nature as human beings and logically precede governments and any man-made laws that may or may not respect and enforce these rights (Smith 2013).¹

Political philosophers such as John Locke articulated natural rights in the 1600s. "Though the earth and all inferior creatures be common to all men, yet every man has a 'property' in his own 'person,'" insisted Locke. "This nobody has any right to but himself. The 'labor' of his body and the 'work' of his hands, we may say, are properly his."

While all people have a natural right to protect their lives and peacefully produced or non-aggressively acquired property, they form political associations among themselves to better protect

their rights. After all, a man might not be strong enough to protect himself from aggressors; and he cannot always be trusted when in the passion of the moment he uses defensive force against another that might not be proportional to the offense against him (Locke 1824, chap. 5).

Here in a nutshell is the origin of the ideas that germinated for nearly another century and then inspired the Founding Fathers in the words of the Declaration of Independence in 1776, when (in their words) they spoke of self-evident truths that all men are created equal with certain unalienable rights, among which are life, liberty, and the pursuit of happiness, and for the preservation of which men form governments among themselves.

While every American schoolchild knows—or used to know—by heart those stirring words in the Declaration of Independence, what most Americans know less well is the remainder of the text of that document. Here the Founding Fathers enumerated their grievances against the British Crown: taxation without representation; restrictions on the development of trade and industry within the British colonies and regulations on foreign commerce; a swarm of government bureaucrats intruding into the personal and daily affairs of the colonists; violations of basic civil liberties.

What aroused their anger and resentment is that a large majority of these American colonists considered themselves British by birth or ancestry. And here were the British king and Parliament denying or infringing upon what they considered their birthright: the customary and hard-won "rights of an Englishman," gained over several centuries of successful opposition against arbitrary monarchical power.

Freedom is the common intellectual inheritance left to us by the great thinkers of the West. But it is nonetheless the case that much that we consider

1. George H. Smith, *The System of Liberty: Themes in the History of Classical Liberalism* (New York: Cambridge University Press, 2013).

and call individual rights and liberty had their impetus in Great Britain, in the writings of the political philosophers such as John Locke and David Hume, legal scholars such as William Blackstone and Edward Coke, and moral philosophers and political economists such as Adam Smith. What their combined writings and those of many others gave the West and the world over the last three or four centuries is the philosophy of political and economic liberalism.

A. THE LIBERAL CRUSADE AGAINST SLAVERY

What were the vision and agenda of eighteenth- and nineteenth-century liberalism? They may be understood under five headings (cf. Muir 1934, pp. 213–25).

First was the idea that individuals possessed a right to own themselves. The great British liberal crusade in the second half of the eighteenth century and into the early decades of the nineteenth century was for the abolition of slavery. The words of the British poet William Cowper in 1785 became the rallying cry of the antislavery movement: “We have no slaves at home—Then why abroad? Slaves cannot breathe in England; if their lungs receive our air, that moment they are free. They touch our country, and their shackles fall.”

The British Slave Trade Act of 1807 banned the slave trade, and British warships patrolled the West Coast of Africa to interdict slave ships heading for the Americas. This culminated in the Slavery Abolition Act of 1833, which formally abolished slavery throughout the British Empire 180 years ago, on August 1, 1834 (Judson 1900, p. 215).

The British example heralded the legal end to slavery by the close of the nineteenth century through most of the world touched by the Western nations. The end to slavery here in the United States took the form of a tragic and costly civil war

that left a scar on the country. The unimaginable dream of a handful of people over thousands of years of human history finally became the reality for all under the inspiration and efforts of the nineteenth-century liberal advocates of individual freedom.

B. THE LIBERAL CRUSADE FOR CIVIL LIBERTIES

The second great classical liberal crusade was for the recognition of and legal respect for civil liberties. Since Magna Carta in 1215, Englishmen had fought for monarchical recognition of and respect for certain essential rights, including no unwarranted or arbitrary arrest and imprisonment. These came to include freedom of thought and religion, freedom of speech and the press, and freedom of association. Above it all was the wider idea of the rule of law: that justice was to be equal and impartial, and that all were answerable and accountable before the law, even those representing and enforcing the law in the name of the king (Dicey [1885] 2014, pp. 114, 132; Ebeling 2004, pp. 8–15).

In the United States, many of these civil liberties were incorporated into the Constitution in the first ten amendments, which specified that there are some human freedoms so fundamental and essential to a free and good society that no government should presume to abridge or deny them.

C. THE LIBERAL CRUSADE FOR ECONOMIC FREEDOM

The third great classical liberal crusade was for freedom of enterprise and free trade. Throughout the seventeenth and eighteenth centuries, governments in Europe regulated and planned all the economic activities of their subjects and citizens as far as the arms of their political agents could reach.

Adam Smith and his Scottish and English allies demolished the assumptions and logic of mercantilism, as the system of government planning was then called. They demonstrated that government planners and regulators have neither the wisdom, nor knowledge, nor the ability to direct the complex, interdependent activities of humanity.

Furthermore, Adam Smith and his economist colleagues argued that social order was possible without political design. Indeed, “as if guided by an invisible hand,” when people are left free to direct their own affairs within an institutional setting of individual liberty, private property, voluntary exchange, and unrestricted competition, a “system of natural liberty” spontaneously forms that generates more wealth and coordinated activity than any governmental guiding hand could ever provide.

Such economic liberty, which made Great Britain and then the United States the industrial powerhouses of the world by the end of the nineteenth century, was rapidly doing the same, though at different rates, in other parts of Europe, and then, slowly, in other parts of the world as well. Population sizes in the West grew far above anything known or imagined in the past, yet increased production and rising productivity were giving those tens of millions of more people an increasing standard of living and quality of life.

D. THE LIBERAL CRUSADE FOR POLITICAL FREEDOM

The fourth classical liberal crusade was for greater political liberty. The liberals asked: if liberty meant that people were to be self-governing, should that not also mean that they participate in the governing of the society in which they live, in the form of an enlarged voting franchise through which the governed selected those who held political office on their behalf?

Liberals condemned the corrupt and

manipulated electoral process in Great Britain that gave office in Parliament to handpicked voices defending the narrow interests of the landed aristocracy at the expense of many others in society. So as the nineteenth and early twentieth centuries progressed, the right to vote moved more and more in the direction of universal suffrage.

It is not that liberals were unconcerned about the potential abuses from democratic majorities. In fact, John Stuart Mill, in his *Considerations on Representative Government* (1861), proposed that all those who received any form of financial subsidy or support from the government should be denied the voting franchise for as long as they were dependent in such a manner upon the taxpayers. There was too much of a possible conflict of interest when those who received such redistributive benefits could vote to pick the pockets of their fellow citizens. Alas, his wise advice was never followed (Mill [1859] 1977, chap. VIII).

E. THE LIBERAL CRUSADE FOR INTERNATIONAL PEACE

Finally, the fifth of the liberal crusades of the nineteenth century was for, if not the abolition of war, then at least the reduction in the frequency of international conflicts among nations and the severity of damage that came with military combat. In fact, during the century that separated the defeat of Napoleon in 1815 and the commencement of the First World War in 1914, wars at least among the European powers were infrequent, relatively short in duration, and limited in their physical destruction and taking of human life.

The classical liberals argued that war was counterproductive to the interests of all nations and peoples. It prevented and disrupted the natural benefits that can and did improve the conditions of all people through peaceful production and trade based on an international division of labor, in which all gained from the specializations of others

in industry, agriculture, and the arts (Silberner [1946] 1972).

Because of the classical liberal spirit of the time, there were some successful attempts to arrange formal rules of war among governments under which the lives and property of innocent noncombatants would be respected even by conquering armies. Treaties detailed how prisoners of war were to be humanely treated and cared for, and banished certain forms of warfare deemed immoral and ungentlemanly (Ebeling 1995, pp. 47–68).

It would, of course, be an exaggeration and an absurdity to claim that nineteenth-century liberalism fully triumphed in its ideals or its goals of political and economic reform. However, if there is any meaning to the notion of a prevailing spirit of the age that sets the tone and direction of a period of history, then it cannot be denied that classical liberalism was the predominate ideal in the early and middle decades of the nineteenth century and that it changed the world in a truly transformative way. Whatever (properly understood) political, economic, and personal liberty we still possess today is due to that earlier, classical liberal epoch of human history.

III. AMERICA THE BEACON OF INDIVIDUAL LIBERTY

In the new nation of the United States of America, there was a written constitution that in principle and practice recognized the rights of individuals to their life, liberty, and honestly acquired property. Only in America could individuals say and do virtually anything they wanted, as long as it was peaceful and not an infringement on other citizens' similar individual rights. Only in America was trade across this new and growing country free from government regulations and controls and oppressive taxes, so

people could live, work, and invest wherever they wanted, for any purpose that took their fancy or offered them profit.

Michel Chevalier was a Frenchman who, like Alexis de Tocqueville, visited America in the 1830s, then returned to France and wrote a book about his impressions in *Society, Manners and Politics of the United States* (1839). Chevalier explained to his French readers:

The American is a model of industry.... The manners and customs are altogether those of a working, busy society. At the age of fifteen years, a man is engaged in business; at twenty-one he is established, he has his farm, his workshop, his counting-room, or his office, in a word his employment, whatever it may be. He now also takes a wife, and at twenty-two is the father of a family, and consequently has a powerful stimulus to excite him to industry. A man who has no profession, and, which is the same thing, who is not married, enjoys little consideration; he, who is an active and useful member of society, who contributes his share to augment the national wealth and increase the numbers of the population, he only is looked upon with respect and favor. The American is educated with the idea that he will have some particular occupation, that he is to be a farmer, artisan, manufacturer, merchant, speculator, lawyer, physician, or minister, perhaps all in succession, and that, if he is active and intelligent, he will make his fortune. He has no conception of living without a profession, even when his family is rich, for he sees nobody about him not engaged in business. The man of leisure is a variety of the human species, of which the Yankee does not suspect the existence, and he knows that if rich today, his father may be ruined tomorrow. Besides, the father himself is engaged in business, according to custom, and does not think of dispossessing himself of his fortune; if the son wishes to have one at present, let him make it himself! (Chevalier 1839, pp. 383–84)

Chevalier also emphasized the competitive spirit of the American: “An American’s business is always to be on edge lest his neighbor get there before him. If a hundred Americans were about to go before a firing squad, they would start fighting for the privilege of going first, so used are they to competition” (quoted in Rappard 1955, p. 59).

It may seem to many a cliché, but in those decades of the nineteenth and early twentieth centuries when few migration restrictions barred the door, America stood out as a beacon of hope and promise. Here a man could have his second chance. He could leave behind the political tyranny, religious oppression, and economic privileges of the old country to have a new start for himself and his family. Between 1840 and 1914, nearly 60 million people left the Old World to make their new beginnings in other parts of the world, and almost 35 million of them came to America. Many of us are the lucky descendants of those earlier generations of people who came to breathe free in the United States (Palmer and Colton 1995, pp. 592–95).

IV. MODERN CHALLENGES TO CLASSICAL LIBERALISM

The twentieth century saw a turn away from the classical liberal idea and ideal that inspired those crusades for human freedom, prosperity, and a more humane civil society. In its place arose nationalism, socialism, and the interventionist–welfare state. They together represent a movement back to political and economic collectivism under which the individual is viewed as subservient to the interests of a wider community that the government is to define, impose, and implement. The upshot is the reduction and loss of degrees of individual freedom in various corners and aspects of everyday life.

The worst and the most brutal of the communist, nationalist, and racist forms of twentieth-century collectivism—Soviet socialism, Italian fascism, German national socialism (Nazism)—have disappeared from the face of the world. But in the form of the interventionist–welfare state, it is still presumed that it is necessary and essential for the government to micromanage much of what goes on in the market arena of producing and consuming, and buying and selling. It is also asserted that the government must paternalistically control, influence, prohibit, or foster various forms of personal and social actions and activities, with various regulatory and redistributive policy tools at its disposal.

One of the most recently revived forms of these ideas in the United States is the rise of economic nationalism and the belief that government must influence where and in what sector investment is undertaken within or outside of America. It is the stated policy of the current administration in Washington, DC.

V. CLASSICAL LIBERALISM’S DEFENSE OF ECONOMIC FREEDOM

The underlying principle behind economic nationalism was challenged by a prominent nineteenth-century South Carolinian, Thomas Cooper (1759–1839). He was president of South Carolina College (later the University of South Carolina) and a professor of chemistry and political economy. His 1830 book *Lectures on the Elements of Political Economy* became one of the most widely used economics textbooks in the United States. He said:

The whole use of foreign trade is to import commodities that are wanted, at less cost, than they are produced at home. This is the very basis and essential character of it. Hence, the principle of restrictions and prohibitory

imposts [tariffs], forbidding an article into being introduced from abroad because it can be had cheaper from abroad—goes to the utter annihilation of all foreign commerce....

The restrictive system tells us in fact, that we shall greatly profit by being confined as prisoners within our own houses, without intercourse out of doors; that is it our duty to let our domestic neighbor grow rich on our credulity, and persuade us to buy from him an inferior article, at a higher price....

For [this] principle being adopted, where is it to stop? To talk after this, of our being the most enlightened nation upon earth, is a satire upon ourselves more bitter than our own enemies have it in their power to utter. To be governed by such ignorance, is indeed a national disgrace....

Political Economy ... has taught us, that human improvement, and national prosperity, are not promoted in any particular nation, by depressing every other; but by aiding, encouraging and promoting the welfare of every nation around us. That we are all in our turn customers to each other, and that no man or nation can become wealthy by impoverishing his customers. The richer other nations are, the more they are enabled to purchase, the cheaper they can afford to sell, the more improved they become in all the arts of living, in all intellectual acquirement, in everything desirable for other nations to imitate or improve upon. That if other nations become powerful by our assistance, we also of necessity become wealthy and powerful by our intercourse with them; and that peace and good neighborhood are the means of mutual happiness among nations as among individuals....

The true principles of Political Economy ... teach us also, that men should be permitted, without interference of government, to produce whatever they find it in their interest to pro-

duce; that they should not be prevented from producing some articles, or bribed to produce others. That they should be left unmolested to judge of and pursue their own interest; to exchange what they have produced when, where and with whom and in what manner they find most profitable and convenient; and not be compelled by theoretical statesmen to buy dear and sell cheap; or to give more, or get less, than they might if left to themselves, without government interference or control.

That no favored or privileged class should be fattened by monopolies or protections to which the rest of the community is forced to contribute. Such are the leading maxims by means of which Political Economy teaches how to obtain the greatest sum of useful commodities at the least expense of labor. These are indeed maxims directly opposed to the common practice of governments, who think they can never govern too much; and who are the willing dupes of artful and interested men, who seek to prey upon the vitals of the community. (Cooper [1830] 1971, chaps. 1, 18)

These free market, free trade, classical liberal principles expressed by Thomas Cooper are as valid today as when presented in the pages of his book almost 190 years ago. These principles are what the pages of this new journal, *Political Economy of the Carolinas*, will be devoted to and focused upon: the application and refinement of the social and economic principles of classical liberalism to the contemporary issues and problems confronting the people of North and South Carolina today.

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