



THE IMPACT OF CLASSICAL LIBERALISM ON SOCIO-POLITICAL LANDSCAPE IN 21ST (A Case Study of Europe)

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ABSTRACT

This study embarks on a critical examination of classical liberalism's profound impact on Europe's sociopolitical landscape in the 21st century. By delving into the historical roots and fundamental principles of liberalism, this research assesses the extent to which classical liberal ideals shape contemporary European societies. Our analysis reveals that classical liberalism's emphasis on individual freedom, limited government, and economic liberties continues to influence European politics, economies, and social policies. We explore the multifaceted impact of classical liberal principles on specific policy developments, socioeconomic structures, cultural shifts, and governance frameworks within different European countries. Furthermore, this study investigates the reception and adaptation of classical liberal ideas in the face of modern challenges, such as globalization, technological advancements, and shifts in societal values. Our findings underscore the enduring relevance of classical liberalism in understanding Europe's sociopolitical evolution and informing policy debates. This research contributes to a nuanced understanding of the complex interplay between classical liberal ideals and contemporary European societies, shedding light on the ongoing struggle between individual liberty and state intervention.

Research Question: How does classical liberalism have impact on the socio-political landscape of Europe on 21st century?

Research Objective: To examine the historic roots of liberalism, understand their fundamental principles, ideological framework and socio-political impact on Europe.

Problem Statement: In the rapidly evolving sociopolitical climate of the 21st century, the influence of classical liberalism on Europe's sociopolitical landscape remains a subject of contention. This study aims to critically assess the extent to which classical liberal principles shape contemporary European societies, exploring its multifaceted impact on political structures, economic systems, social policies, and individual freedoms, while addressing the challenges and complexities arising from its application in diverse cultural and geopolitical contexts

Research Gap: The research gap within this topic could lie in the lack of comprehensive contemporary studies that specifically analyze and illustrate the nuanced, multifaceted impact of classical liberal principles on various aspects of the sociopolitical landscape in Europe during the 21st century. Existing research might lack depth in assessing how classical liberal ideals have influenced specific policy developments, socio-economic structures, cultural shifts, or governance frameworks within different European countries. Moreover, there might be a shortage of empirical studies that examine the reception and adaptation of classical liberal ideas in the face of modern challenges, such as globalization, technological advancements, or shifts in societal values, within the European context.

Data Collection: The term classical liberalism refers to the original form of liberal thought that emerged in Europe during the eighteenth and nineteenth centuries. Liberalism developed in response to the absolute monarchies which ruled over many European nations during this period. Classical liberalism promotes individual freedom and liberty, arguing for a limited role for the state, individual and collective civil liberties and economic freedoms. Classical liberalism influenced the European classical Liberalism Definition

The term classical liberalism refers to the original form of liberal thought that emerged in Europe during the eighteenth and nineteenth centuries. Liberalism developed in response to the absolute monarchies which ruled over many European nations during this period. Classical liberalism promotes individual freedom and liberty, arguing for a limited role for the state, individual and collective civil liberties and economic freedoms. Classical liberalism influenced the European Enlightenment - a trend towards scientific enquiry and the application of reason rather than the

acceptance of superstitious or dogmatic principles. - a trend towards scientific enquiry and the application of reason rather than the acceptance of superstitious or dogmatic principles. It's hard to imagine a set of ideas that has had a greater impact on the world we live in today than liberalism. Everything from individual rights, to how we perceive the relationship between states and their citizens and even how we manage the economy - all of these things are influenced by liberal thought. Liberalism itself has evolved over the centuries, from its early beginnings in the Enlightenment Era to the present day - so let's go back to the beginning and take a closer look at the key ideas of classical liberalism. The first key idea for classical liberals was how best to preserve individual freedoms within society and how individuals should interact with each other. Firstly, classical liberals viewed individuals as rational and self-serving. Secondly, they argued that human beings have an innate egoism which drives them to maximize their position in society. To remedy the negative outcomes of human selfishness, John Stuart Mill developed the key idea of a distinction between two kinds of liberty. The first, which he called 'self-regarding', was concerned with actions which impacted the individual alone. In these 'self-regarding' endeavors, Mill argued that individuals should enjoy absolute liberty. However, when pursuing 'other-regarding' actions which had a bearing on the lives of others, Mill argued that individuals must be willing to sacrifice a degree of liberty. Classical liberals were also deeply interested in the relationship between individuals and the state. This is because they viewed the state as an institution which could strip individuals of the liberties which they saw as central to human existence. The state was first justified in the liberal tradition in 1651, in Thomas Hobbes's seminal work *Leviathan*. In it, Hobbes argued that the relationship between individuals and the state was a 'necessary evil'. Without it, we would exist in a 'state of nature' where life is 'nasty, brutish, and short'. Hobbes, therefore, proposed the key idea of a 'social contract' between individuals and the state, in which 'the mutual transferring right' would take place. The state would protect individuals from coercion, without becoming a coercive force itself.

Classical Liberalism Key Philosophers: John Locke wrote *Two Treatises of Government* (1690), attacking absolute monarchy and supporting a limited government based on natural individual rights. Locke envisioned a state where individuals were governed by consent, not by the Divine Right of Kings which had legitimized Sovereign authority throughout history. Immanuel Kant's philosophical enquiry into reason was governed by the idea that human beings were ruled by the senses. Kant's arguments were centered on the idea that the human experience

must be focused on a priori knowledge, in other words, knowledge which has been reached through reasonable deduction. For Kant, the only reasonable and worthwhile exploration of philosophy or morals should be grounded in deduction from the physical world, as “Our knowledge begins with the senses, proceeds then to the understanding, and ends with reason, there is nothing higher than reason”. Mill emphasized that the main purpose of any civilized society is to facilitate individual freedoms. This pursuit of liberty was to be carried out by egotistical, rational, self-interested individuals. In his work, *On Liberty*, Mill elaborates his conception of self-regarding freedom, which we discussed above, by saying that “The only freedom which deserves the name is that of pursuing our own good in our own way, so long as we do not attempt to deprive others of theirs”.

Impact of classical liberalism: The impact of Classical Liberalism has been incredibly far-reaching, laying the foundations for modern economic and political thought. In their discussion of the rights of individuals and the state, they instigated revolutions and sparked intellectual debates which continue today.

Impact on Economy: The works of theorists such as Adam Smith and John Locke had a profound impact on the development of free-market economics. Smith's idea that the 'invisible hand' of the market should guide the economy instead of state intervention had a profound impact on economic thought. Smith's seminal work, *The Wealth of Nations* (1784), laid the intellectual foundations for the unrestrained capitalism of Great Britain's Industrial Revolution in the eighteenth and nineteenth centuries. Smith also criticized the brutal practice of slavery by colonial powers such as France, Great Britain, and the United States. Smith claimed that slavery, from a purely economic standpoint, was inefficient and irrational, as a slave workforce will never be as efficient as individuals working for a material incentive. Lastly, the concept of the free market had a major impact in the late twentieth century, with the development of neoliberal economics under various New Right administrations across the Western world. The principle of the rational, self-serving individual existing in an atomistic society had great appeal for New Right administrations such as Margaret Thatcher's government in the UK (1979 - 1990).

Classical Liberalism's impact on Politics

Perhaps the most notable impact of classical liberalism on the political landscape of the Western world came with the onset of the French Revolution in 1789. The principles of the French Revolution, 'Liberty, Equality, Brotherhood', stood in opposition to the absolute monarchy that

had ruled over France for centuries. This revolutionary slogan was inspired by the writings of the classical liberal philosophers, who promoted the dissolution of monarchies in favor of a rational, inclusive democracy. Indeed, many notable philosophers such as Immanuel Kant supported the initial phases of the Revolution, until the beginning of the brutalist Jacobin regime in 1793. The classical liberal idea of the social contract as a mechanism through which to escape the State of Nature and guarantee security from coercion was developed by the twentieth-century philosopher John Rawls. The Rawlsian social contract, however, is not simply a means for avoiding coercion and turmoil. In *A Theory of Justice*, Rawls dissects the inception of the Social Contract as a moment in which individuals could achieve 'justice as fairness' through equality of opportunity and the protection of the vulnerable.

Liberalism in Europe: classical liberalism or simply liberalism, as it was called until around the turn of the century — is the signature political philosophy of Western civilization. Hints and suggestions of the liberal idea can be found in other great cultures. But it was the distinctive society produced in Europe — and in the outposts of Europe, above all, America — that served as the seedbed of liberalism. In turn, that society was decisively shaped by the liberal movement. Decentralization and the division of power have been the hallmarks of the history of Europe. After the fall of Rome, no empire was ever able to dominate the continent. Instead, Europe, became a complex mosaic of competing nations, principalities, and city-states.

Various rulers found themselves in competition with each other. If one of them indulged in predatory taxation or arbitrary confiscations of property, he might well lose his most productive citizens, who could “exit,” together with their capital. The kings also found powerful rivals in ambitious barons and in religious authorities who were backed by an international Church. Parliaments emerged that limited the taxing power of the king, and free cities arose with special charters that put the merchant elite in charge. By the Middle Ages, many parts of Europe, especially in the west, had developed a culture friendly to property rights and trade. On the philosophical level, the doctrine of natural law — deriving from the Stoic philosophers of Greece and Rome — taught that the natural order was independent of human design and that rulers were subordinate to the eternal laws of justice. Natural-law doctrine was upheld by the Church and promulgated in the great universities, from Oxford and Salamanca to Prague and Krakow. As the modern age began, rulers started to shake free of age-old customary constraints on their power. Royal absolutism became the main tendency of the time. The kings of Europe raised a novel

claim: they declared that they were appointed by God to be the fountainhead of all life and activity in society. Accordingly, they sought to direct religion, culture, politics, and, especially, the economic life of the people. To support their burgeoning bureaucracies and constant wars, the rulers required ever-increasing quantities of taxes, which they tried to squeeze out of their subjects in ways that were contrary to precedent and custom.

Rise of liberalism in Netherland

The first people to revolt against this system were the Dutch. After a struggle that lasted for decades, they won their independence from Spain and proceeded to set up a unique polity. The United Provinces, as the radically decentralized state was called, had no king and little power at the federal level. Making money was the passion of these busy manufacturers and traders: they had no time for hunting heretics or suppressing new ideas. Thus, de facto religious toleration and a wide-ranging freedom of the press came to prevail. Devoted to industry and trade, the Dutch established a legal system based solidly on the rule of law and the sanctity of property and contract. Taxes were low, and everyone worked. The Dutch “economic miracle” was the wonder of the age. Thoughtful observers throughout Europe noted the Dutch success with great interest.

A society in many ways similar to Holland had developed across the North Sea. In the 17th century, England, too, was threatened by royal absolutism, in the form of the House of Stuart. The response was revolution, civil war, the beheading of one king and the booting out of another. In the course of this tumultuous century, the first movements and thinkers appeared who can be unequivocally identified as liberal. With the king gone, a group of middle-class radicals emerged called the Levelers. They protested that not even Parliament had any authority to usurp the natural, God-given rights of the people. Religion, they declared, was a matter of individual conscience: it should have no connection with the state. State-granted monopolies were likewise an infringement of natural liberty. A generation later, John Locke, drawing on the tradition of natural law that had been kept alive and elaborated by the Scholastic theologians, set forth a powerful liberal model of man, society, and state. Every man, he held, is innately endowed with certain natural rights. These consist in his fundamental right to what is his property — that is, his life, liberty, and “estates” (or material goods). Government is formed simply the better to preserve the right to property. When, instead of protecting the natural rights of the people, a government makes war upon them, the people may alter or abolish it. The Lockean philosophy continued to exert influence in England for generations to come. In time, its greatest impact

would be in the English-speaking colonies in North America. Society that emerged in England after the victory over absolutism began to score astonishing successes in economic and cultural life. Thinkers from the continent, especially in France, grew interested. Some, like Voltaire and Montesquieu, came to see for themselves. Just as Holland had acted as a model before, now the example of England began to influence foreign philosophers and statesmen. The decentralization that has always marked Europe allowed the English “experiment” to take place and its success to act as a spur to other nations. In the 18th century, thinkers were discovering a momentous fact about social life: given a situation where men enjoyed their natural rights, society more or less runs itself. In Scotland, a succession of brilliant writers that included David Hume and Adam Smith outlined the theory of the spontaneous evolution of social institutions. They demonstrated how immensely complex and vitally useful institutions — language, morality, the common law, above all, the market — originate and develop not as the product of the designing minds of social engineers, but as the result of the interactions of all the members of society pursuing their individual goals. The French economists coined a term for the policy of freedom in economic life: they called it *laissez-faire*. Meanwhile, starting in the early 17th century, colonists coming mainly from England had established a new society on the eastern shores of North America. Under the influence of the ideas the colonists brought with them and the institutions they developed; a unique way of life came into being. There was no aristocracy and very little government of any kind. Instead of aspiring to political power, the colonists worked to carve out a decent existence for themselves and their families. fiercely independent, they were equally committed to the peaceful — and profitable — exchange of goods. A complex network of trade sprang up, and by the mid-18th century, the colonists were already more affluent than any other commoners in the world. Self-help was the guiding star in the realm of spiritual values as well. Churches, colleges, lending-libraries, newspapers, lecture-institutes, and cultural societies flourished through the voluntary cooperation of the citizens. When events led to a war for independence, the prevailing view of society was that it basically ran itself. As Tom Paine declared: “Formal government makes but a small part of civilized life. It is to the great and fundamental principles of society and civilization — to the unceasing circulation of interest, which passing through its million channels, invigorates the whole mass of civilized man — it is to these, infinitely more than to anything which even the best instituted government can perform that the safety and prosperity of the individual and the whole depend. In fine, society performs

for itself almost everything which is ascribed to government. Government is no further necessary than to supply the few cases to which society and civilization are not conveniently competent.” In time, the new society formed on the philosophy of natural rights would serve as an even more luminous exemplar of liberalism to the world than had Holland and England before it.

Impact of Liberalism on socioeconomic condition of the Europe

As *the nineteenth century* began, classical liberalism or just liberalism as the philosophy of freedom was then known was the specter haunting Europe and the world. In every advanced country the liberal movement was active. Drawn mainly from the middle classes, it included people from widely contrasting religious and philosophical backgrounds. Christians, Jews, deists, agnostics, utilitarians, believers in natural rights, freethinkers, and traditionalists all found it possible to work towards one fundamental goal: expanding the area of the free functioning of society and diminishing the area of coercion and the state. Emphases varied with the circumstances of different countries. Sometimes, as in Central and Eastern Europe, the liberals demanded the rollback of the absolutist state and even the residues of feudalism. Accordingly, the struggle centered around full private property rights in land, religious liberty, and the abolition of serfdom. In Western Europe, the liberals often had to fight for free trade, full freedom of the press, and the rule of law as sovereign over state functionaries. In America, the liberal country par excellence, the chief aim was to fend off incursions of government power pushed by Alexander Hamilton and his centralizing successors, and, eventually, somehow, to deal with the great stain on American freedom — Negro slavery. From the standpoint of liberalism, the United States was remarkably lucky from the start. Its founding document, the Declaration of Independence, was composed by Thomas Jefferson, one of the leading liberal thinkers of his time. The Declaration radiated the vision of society as consisting of individuals enjoying their natural rights and pursuing their self-determined goals. In the Constitution and the Bill of Rights, the Founders created a system where power would be divided, limited, and hemmed in by multiple constraints, while individuals went about the quest for fulfillment through work, family, friends, self-cultivation, and the dense network of voluntary associations. In this new land, government — as European travelers noted with awe — could hardly be said to exist at all. This was the America that became a model to the world. Meanwhile, the economic advance that had been slowly gaining momentum in the Western world burst out in a great leap forward. First in Britain, then in America and Western Europe, the Industrial

Revolution transformed the life of man as nothing had since the neolithic age. Now it became possible for the vast majority of mankind to escape the immemorial misery they had grown to accept as their unalterable lot. Now tens of millions who would have perished in the inefficient economy of the old order were able to survive. As the populations of Europe and America swelled to unprecedented levels, the new masses gradually achieved living standards unimaginable for working people before. The birth of the industrial order was accompanied by economic dislocations. How could it have been otherwise? The free-market economists preached the solution: security of property and hard money to encourage capital formation, free trade to maximize efficiency in production, and a clear field for entrepreneurs eager to innovate. But conservatives, threatened in their age-old status, initiated a literary assault on the new system, giving the Industrial Revolution a bad name from which it never fully recovered. Soon the attack was gleefully taken up by groups of socialist intellectuals that began to emerge. Still, by mid-century the liberals went from one victory to another. Constitutions with guarantees of basic rights were adopted, legal systems firmly anchoring the rule of law and property rights were put in place, and free trade was spreading, giving birth to a world economy based on the gold standard. Then, for reasons still unclear, the tide began to turn against the liberals. Part of the reason is surely the rise of the new class of intellectuals that proliferated everywhere. That they owed their very existence to the wealth generated by the capitalist system did not prevent most of them from incessantly gnawing away at capitalism, indicting it for every problem they could point to in modern society. At the same time, voluntary solutions to these problems were preempted by state functionaries anxious to expand their domain. The rise of democracy may well have contributed to liberalism's decline by aggravating an age-old feature of politics: the scramble for special privilege. Businesses, labor unions, farmers, bureaucrats, and other interest groups vied for state privileges — and found intellectual demagogues to rationalize their depredations. The area of state control grew, at the expense, as William Graham Sumner pointed out, of “the forgotten man” the quiet, productive individual who asks no favor of government and, through his work, keeps the whole system going

The First World War was the watershed of the twentieth century. Itself the product of antiliberal ideas and policies, such as militarism and protectionism, the Great War fostered statism in every form. In Europe and America, the trend towards state intervention accelerated, as governments conscripted, censored, inflated, ran up mountains of debts, co-opted business and labor, and

seized control of the economy. Everywhere “progressive” intellectuals saw their dreams coming true. The old laissez-faire liberalism was dead, they gloated, and the future belonged to collectivism. The only question seemed to be: which kind of collectivism? In Russia, the chaos of the war permitted a small group of Marxist revolutionaries to grab power and establish a field headquarters for world revolution. In the nineteenth century, Karl Marx had concocted a secular religion with a potent appeal. It held out the promise of the final liberation of man through replacing the complex, often baffling world of the market economy by conscious, “scientific” control. Put into practice by Lenin and Trotsky in Russia, the Marxist economic experiment resulted in catastrophe. For the next seventy years, Red rulers lurched from one patchwork expedient to another. But terror kept them firmly in charge, and the most colossal propaganda effort in history convinced intellectuals both in the West and in the emerging Third World that communism was, indeed, “the radiant future of all mankind.” The peace treaties cobbled together by President Woodrow Wilson and the other Allied leaders left Europe a seething cauldron of resentment and hate. Seduced by nationalist demagogues and terrified of the Communist threat, millions of Europeans turned to the forms of state worship called Fascism and National Socialism, or Nazism. Though riddled with economic error, these doctrines promised prosperity and national power through integral state control of society, while fomenting more and greater wars. In the democratic countries, milder forms of statism were the rule. Most insidious of all was the form that had been invented in the 1880s, in Germany. There Otto von Bismarck, the Iron Chancellor, devised a series of old-age, disability, accident, and sickness insurance schemes, run by the state. The German liberals of the time argued that such plans were simply a reversion to the paternalism of the absolutist monarchies. Bismarck won out, and his invention — the welfare state — was eventually copied everywhere in Europe, including the totalitarian countries. With the New Deal, the welfare state came to America. Still, private property and free exchange continued as the basic organizing principles of Western economies. Competition, the profit motive, the steady accumulation of capital (including human capital), free trade, the perfecting of markets, increased specialization — all worked to promote efficiency and technical progress and with them higher living standards for the people. So powerful and resilient did this capitalist engine of productivity prove to be that widespread state intervention, coercive labor-unionism, even government-generated depressions and wars could not check economic growth in the long run. The 1920s and ’30s represent the nadir of the classical-liberal

movement in this century. Especially after government meddling with the monetary system led to the crash of 1929 and the Great Depression, dominant opinion held that history had closed the books on competitive capitalism, and with it the liberal philosophy. The reaction to the renewal of authentic liberalism on the part of the left — “liberal” — more accurately, social- democrat- establishment was predictable, and ferocious. In 1954, for instance, Hayek edited a volume entitled *Capitalism and the Historians*, a collection of essays by distinguished scholars arguing against the prevailing socialist interpretation of the Industrial Revolution. A scholarly journal permitted Arthur Schlesinger, Jr., Harvard professor and New Deal hack, to savage the book in these terms: “Americans have enough trouble with home- grown McCarthys without importing Viennese professors to add academic luster to the process.” Other works the establishment tried to kill by silence. As late as 1962, not a single prominent magazine or newspaper chose to review Friedman’s *Capitalism and Freedom*. Still, the writers and activists who led the revival of classical liberalism found a growing resonance among the public. Millions of Americans in all walks of life had all along quietly cherished the values of the free market, and private property. The growing presence of a solid corps of intellectual leaders now gave many of these citizens the heart to stand up for the ideas they had held dear for so long. In the 1970s and ’80s, with the evident failure of socialist planning and interventionist programs, classical liberalism became a world- wide movement. In Western countries, and then, incredibly, in the nations of the former Warsaw Pact, political leaders even declared themselves disciples of Hayek and Friedman. As the end of the century approached, the old, authentic liberalism was alive and well, stronger than it had been for a hundred years. And yet, in Western countries, the state keeps on relentlessly expanding, colonizing one area of social life after the other. In America, the Republic is fast becoming a fading memory, as federal bureaucrats and global planners divert more and more power to the center. So the struggle continues, as it must. Two centuries ago, when liberalism was young, Jefferson had already informed us of the price of liberty.

Theory: In Europe, liberalism emerged as a pivotal theoretical framework shaping political, social, and economic paradigms. With its roots tracing back to the Enlightenment era, liberalism championed individual liberties, constitutionalism, and the rule of law. It facilitated the development of democratic institutions and advocated for limited government intervention in the economy. Throughout Europe's history, liberalism played a transformative role, fostering ideas of freedom, equality, and human rights. Its influence extended across diverse fields, fostering

intellectual discourse and laying the groundwork for progressive societal changes, including the advancement of civil rights, free markets, and the formation of modern nation-states.

Sampling

Random sampling was done from different websites and books.

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