The Idea Vacuum of Liberalism
and the Quest for Meaning and Community

By Nils Karlson*

Abstract

Liberalism is losing ground, while populist or even authoritarian nationalist regimes are on the rise. This article argues that the causes of the decline are, at least partly, endogenous, that a narrow focus on economic efficiency and the successful critique of socialism and the welfare state have created an idea vacuum that has opened up for these illiberal tendencies. The conclusion is that a central challenge for liberalism is to offer a comprehensive idea and narrative about meaning and community that is not socialist, conservative or nationalist, but distinctly liberal, to counter these developments.

JEL Codes: B53, B55, D63, H11, I38

1. Introduction

For a long time liberalism seemed to be advancing, at least in the decades up to 2000 or so. Overall the scores of the index of economic freedom published by the Fraser Institute increased rapidly from 1985 up until 2000. Since then, however, it has stagnated (Fraser 2019). The same is true for the index of democracy published by Freedom House (2019). It increased up until 2005 – 2006 but has been falling over the last 13 years.

This development does not mean that general election and the like has disappeared, or that markets have been substituted by planned economies. Instead what has happened is that institutions fundamental to both markets and democracies, in particular the rule of law, independent courts and various civic and political liberties, have been weakened, as shown in the indexes mentioned above. Instead, populist or even authoritarian nationalist regimes and illiberal democracies have been on the rise, as will be described more fully below. Protectionism is also on the rise (ECB 2019).

* Linköping University and the Ratio Institute, Sveavägen 59, 103 64 Stockholm, Sweden. The author can be reached at nils.karlson@ratio.se.

How can we explain this development from a liberal perspective? In a similar way to the Colloque Walter Lippmann (CWL) in 1938 we need to ask ourselves: Are the causes external or is the decline of liberalism endogenous? And what are the remedies to be drawn from the analysis of the causes? What future action is needed?

I will argue that the causes of decline are indeed, at least partly, endogenous, that a narrow focus on economic efficiency and the successful critique of socialism and the welfare state have enabled the rise of these illiberal tendencies. Furthermore, my conclusion is that liberalism needs to offer a comprehensive idea about meaning and community that is not socialist, conservative or nationalist, but distinctly liberal, to counter these developments.

"Liberal" and "liberalism" here and in the rest of the paper are implied to mean classical liberal, denoting an ideological position that favors individual freedom, markets, the rule of law, pluralism and limited, democratic government. The terms liberal and classical liberal will be used interchangeably. For a discussion of different interpretations of liberalism, see e. g. Gray (1986).

Liberals, I will argue, have largely neglected that humans have a quest for community, belonging, identity and a purpose in life, that we are meaning-searching, meaning-creating animals. In an essay by James Buchanan, he points to this weakness and argues that we have failed to "save the soul" of classical liberalism. He argues that the focus on economic efficiency and self-interest simply is not enough to secure public support. Instead:

> a vision of an ideal, over and beyond science and self-interest, is necessary, and those who profess membership in the club of classical liberals have failed singularly in their neglect of this requirement (Buchanan 2000, 112).

2. The Welfare State and the People's Romance

For most of the second half of the 20th century the social democratic ideology of the welfare state dominated the political development of the Western world. This was especially so in Scandinavia where social democratic parties dominated policy making and the political arena. But this also applied to Austria, Germany and many other parts of continental Europe where the same kind of ideas had a strong hold, albeit sometimes with a Christian democratic or social conservative framing. In the Anglo-Saxon world, including the United States, the welfare states became selective rather than universal, targeting the needy, and thus remained somewhat smaller in terms of the size of government and the share of taxes of GDP (Esping-Andersen 1990). Nevertheless, all advanced democracies became welfare states. Social expenditures, for example, today amount to around 20 percentage of GDP in most OECD countries, including the United States (OECD 2019).

These welfare states not only promised social protection and cradle-to-the-grave government support of social services, the ideology of the welfare state also provided a comprehensive vision of an ideal that was said to be morally superior to markets and a liberal society. For example, T. H. Marshall in his influential 1950 lectures *Citizenship and Social Class* argued that the welfare state is a prerequisite for social rights and social citizenship. Robert Goodin (1988) maintained that only public provision of welfare avoids exploitation. The Swedish economist Assar Lindbeck even claimed that the welfare state was a "major achievement of modern civilization" (1993, 97).

The ideal of welfare state ideas in this way provided meaning and a sense of collective community and pride to large parts of the electorates in many Western democracies. Parties that supported the welfare state fared well in the elections, and people had high trust in political institutions (Rothstein *et al.* 2012). Moreover, as empirical studies in social psychology have shown, social identities of this kind serve as powerful motivators of trust and cooperation (Turner and Giles 1981).

Dan Klein (2005) has called these welfare state ideas "the people's romance" and argues that this kind of political arrangement offers the romantic notion that "we're all working together," creating an encompassing sense of community, making people support the expansion of the state beyond rational argumentation. Buchanan in a somewhat similar way explained support of the welfare state as an urge for "parentalism," meaning "the attitudes of persons who seek to have values imposed upon them by other persons, by the state or by transcendental forces" (2005, 23).

However, over the last two or three decades the welfare states of the Western world have started to crumble due to internal contradictions, rent seeking and deficits. In many Western democracies there is a growing discontent with the quality of publicly provided welfare services, but also of the quality of core state activities such as ensuring public order and guaranteeing national defense. Even though many voters remain positively inclined to the welfare state's goals and ambitions, they are simultaneously critical of its policy outcomes (Roosma, Gelissen, and van Oorschot 2013).

The explanation of the shortcomings of welfare states was largely advanced by classical liberals who devoted much of their intellectual energy to argue that welfare state ideas, ideals and practices led to economic inefficiencies, over-regulation, public monopolies and an excessive tax burden that threatened individual liberty and the market economy. The Sveriges Riksbank's Prize in Economic Sciences in Memory of Alfred Nobel awarded to classical liberals as F. A. Hayek, Milton Friedman, George Stigler, James Buchanan, Ronald Coase, Gary Becker and Vernon Smith betoken the strength of their arguments (Karlson 2009).

The successful critique led the welfare states to become entrenched at least partly, if not dismantled; liberty, as indicated above, grew up until a few years ago (Pierson 1994; Karlson 2018).

3. The Implosion of the Political Center
and the Rise of Populism

However, I argue that as a consequence of political discontent and the simultaneous erosion of the belief in the welfare state as a meaning- and community-creating ideology, an idea vacuum arose that has increasingly become filled by illiberal, often nationalist, ideas. This can be seen for instance in the implosion of the political center in many developed countries.

In Figure 1 below the change in party families' vote share, 2008–2013, in national parliamentary elections across 24 European countries is shown (Downes and Chan 2018):
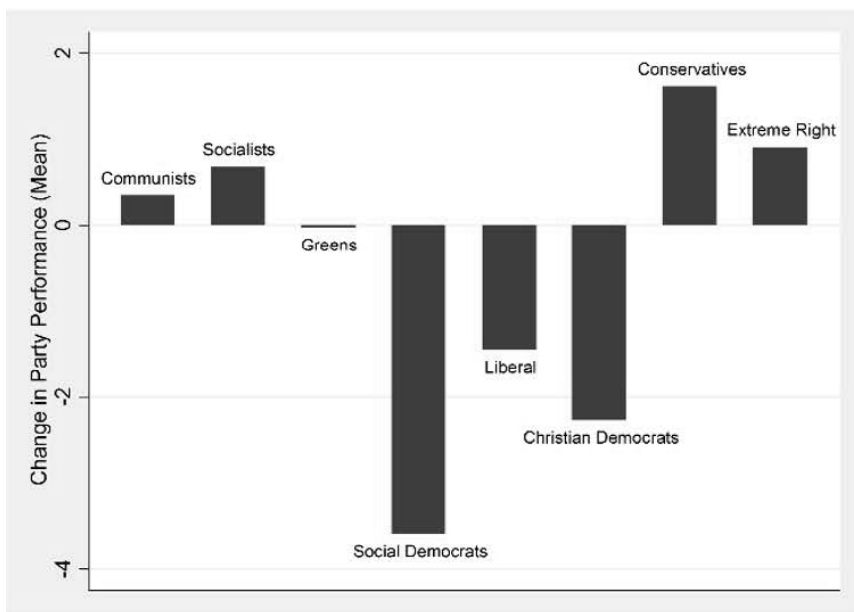

Figure 1: Party family change in vote share (2008–2013) in
national parliamentary elections. Source: Downes and Chan (2018).

As can be seen, during this period social democratic parties were losing ground. But so were Christian democrats and liberal parties. (Note that liberal parties here most often denote social liberal parties.) Instead right-wing conservatives and the extreme right were gaining, and to a lesser extent left-wing socialists and communists. This shows a dramatic shift in the political landscape.

This development has continued. The rise of more or less populist parties who frame themselves as the true representatives of the people against the elites (Müller 2016) have become even more accentuated in many countries in the last few years.

According to the Timbro Authoritarian Populism Index, average voter support of such parties in Europe in 2018 was 22.2 percent. Populist parties were part of every third European government. The combined support for left- and right-wing populist parties equaled the support for social democratic parties and was twice the size of support for liberal parties (Timbro 2019). The same is true in many other parts of the world (Freedom House 2019).

There are of course many causes of this development. Some have blamed globalization and its effects on the distribution of income (e. g. Dippel *et al.* 2015; Colantone and Stanig 2016). Some have emphasized the role of stagnating living standards and the rise of social media (e. g. Mounk 2019). Others have argued that it was the financial crisis that undermined trust in established institutions (Funke *et al.* 2016). And still others accuse rising immigration and its effects on native populations (e. g. Dustmann *et al.* 2005).

There may well be some truth in all this, but I believe the causes are likely to have deeper roots connected to the discontent with the welfare state, or more generally with the eroded quality of public institutions. And when the ideal of welfare state ideas started to lose credibility, so did its ability to provide meaning and a sense of collective community and pride.

For example, socio-economic groups that voted for the social democratic parties at an earlier point form the basis of support for far-right parties (Mudde 2017). These voters may well long for the return of the traditional welfare state, believing that its benefits are threatened by globalization and immigration. But they may also miss the sense of collective meaning and strong community that the welfare-state ideology offered. And when that romance disappeared, they instead are attracted by nationalists' ideas which offer a similar kind of collectivistic sense of community and meaning (Kellman 1997).

4. The Quest for Meaning and Community

Such a quest for meaning and community seems to be a fundamental human characteristic. Without meaning and community humans are deprived of a sense of belonging and identity, and may also lack a purpose in life, pride and self-esteem, all with negative consequences for mental well-being, physical health, etc. (Zika and Chamberlaine 1992). However, both meaning and community can take many forms and have different connotations (Klemke and Steven 2007).

No generally accepted definition of what is meant by having a meaning in life exists. There are many different religious, philosophical and psychological interpretations. On a general level, however, to have a meaning in life can be understood as having a sense of order, coherence, purpose, and validation in one's existence, the pursuit and attainment of worthwhile goals, and an accompanying sense of fulfill-

ment (Reker and Wong 1988). For my purpose, such meaningful life can be either individualistic or collectivistic in a broad sense, where the latter imply some kind of role for the state.

A community, on the other hand, denotes a social unit or group, large or small, that shares norms, values, identity, history, culture, language and the like. As Robert Nisbet famously argued, when the modern state and its big institutions eroded the traditional sources of community – the family, the neighborhood, the church etc. – the pulse toward community led people to turn more to the government itself, allowing statism, even totalitarianism, to flourish. Nisbet (1953) thus called for strengthening pluralism and small communities.

A liberal economist and social philosopher with a similar perspective was Wilhelm Röpke. He attended the CWL and favored a "humane economy" with decentralized decision-making, small communities and free markets, where moral behavior, virtues, accountability and personal responsibility would flourish. Notably he was also critical of the welfare state that he feared would destroy the communities of civil society (Röpke 1960).

However, in their well-known critique communitarians such as Charles Taylor (1989), Michael Sandel (1982) and Alasdair MacIntyre (1984) have argued that liberalism is excessively individualistic and atomistic, and not only lacks an understanding of the importance of the social foundation that communities provide for moral behavior and a good society, but that it in fact undermines such communities. Whether this is true depends largely on what we mean by communities. Below I shall, following Kymlicka (1989), distinguish between strong and weak communities.

In Figure 2 below the dimension of meaning and community, individualistic and collectivistic – weak and strong, respectively, are combined.

In the lower right-hand corner, we have collectivistic meaning and strong community. This combination is clearly illiberal. Socialism, conservatism and nationalism, as well as the people's romance of the welfare state, belong to this category. Apparently, it is attractive to large parts of the electorate in many countries. Here the state and the ideology it is based on provide a sense of an encompassing meaning and community by offering a cognizance of order, coherence and purpose in citizens' existence, and an accompanying sense of fulfillment through shared norms, values, identity, culture, language and the like.

In the case of nationalism such sense of meaning and community is, as Carl Schmitt (1996 ([1932]) argued, most often strengthened through the creation of real or imagined "enemies" that bind people together and brings with it a sense of purpose and belonging. "Immigrants," "Muslims" or "Jews" are some historic and contemporary examples prominent among populist politicians and leaders.

All the other combinations, however, are compatible with liberalism in the sense I use the term. For simplicity and relevance for my overall argument I shall focus on some liberal alternatives, while recognizing that there may be illiberal ones as well.

Community

	Weak	Strong
Individualistic	Self-authorship Entrepreneurship Virtues Human flourishing	Family Friends Clubs
Collectivistic	Liberty Individual rights Rule of law Constitutionalism	Socialism Conservatism Nationalism

Meaning

Figure 2: Dimension of meaning and community

In the upper right-hand corner, family, friends and clubs provide strong communities and what I call individualistic meaning. In a liberal society they do so within a pluralistic civil society. Röpke and Nisbet, as well as Robert Putnam (1993) and many others have argued that a dynamic civil society with strong communities, separate from the state, fulfil numerous roles: it makes cooperation and the production of local public goods or club goods possible (Buchanan 1965), it stimulates responsible behavior and social trust (Uslaner 2002) and it makes the emergence of social norms possible (Karlson 2017).

To most individuals this is where their real sense of belonging and identity, purpose in life, pride and self-esteem is created and upheld. Admittedly there may also be strong illiberal communities where family, friends and clubs promote individualistic meaning through hierarchical subordination and the like. What ultimately makes civil society liberal is pluralism and the possibility of exit as a realistic option (even if not without costs) (Kukathas 2003).

In the upper left-hand corner, on the other hand, individualistic meaning is created in a liberal society through, for example, self-authorship of one's life project, entrepreneurship and virtuous behavior, contributing to human flourishing, to use the Aristotelian expression. These kinds of activities may all give coherence and purpose to one's existence, involve the pursuit and attainment of worthwhile goals, and an accompanying sense of fulfillment, just as many liberal thinkers have argued. John Stuart Mill (1972), for example, meant that value of liberty was primarily that it enabled individuals to find out what is valuable in life. Will Kymlicka (1989) and John

Tomasi (2012) tend to agree. To be free to be the author of one's own life may well be the most meaning-creating activity there is.

Societies with such views and behaviors may well share cohesive norms, values, identity, history and the like, as the example of the "American dream" shows. It may even form a national credo that is distinctly liberal (Nathan and Mencken 1920). This is a weaker form of community, but where the social foundation still is important as a context for choice and for the discovery of what is valuable (Kymlicka 1989). Again, however, there surely are less liberal versions of weak communities where individualistic meaning may be formed in less benign ways.

Lastly, in the lower left-hand corner we have collectivistic meaning and weak community with the institutional set up of liberal society, namely the safeguard of liberty, individual rights, the rule of law and constitutional government. This is the "vision" that classical liberals such as Buchanan, as in the essay mentioned above, and F. A. Hayek (1960) most often endorse as the good society. However, in my view, this is not sufficient. Liberals also need to emphasize what kind of society, communities and meaningful life-projects these institutions make possible. Also, we may well think of less attractive versions of collectivistic meaning and weak community, where state supported institutions are far from liberal.

5. A Liberal Challenge

My conclusion is that a central challenge for liberalism is to offer a persuasive and comprehensive idea about meaning and community that is not socialist, conservative or nationalist, but distinctly liberal. Notably, it cannot be based on welfare state ideas, as some of the participants at the CWL in 1938 may have thought. However, despite successfully contributing to dismantling the socialist and social conservative ideas of the welfare state, liberals have largely failed to provide such an alternative. This vacuum is now being filled by other illiberal ideas that offer strong community and collectivistic meaning through the state.

The soul of classical liberalism cannot solely focus on economic efficiency and the institutional set up of liberal society. In this sense, the decline of liberalism is due to endogenous causes. However, as indicated above, there is ground for a richer liberal narrative and "vision of an ideal, over and beyond science and self-interest" (Buchanan 2000, 112) based on a broader liberal tradition that is less state-centered and also emphasizes how individualistic meaning arises in strong communities in families, among friends and in clubs in civil society, but also through self-authorship, entrepreneurship and virtues which contribute to human flourishing and a good life. Only in such a liberal society is it possible to explore what is valuable in life. Such a view is fully compatible with a sense of community where social groups share norms, values, history, culture, language and the like. It may even form a national credo and identity that is clearly liberal.

The future success and revival of liberalism may depend on the further exploration and development of this more comprehensive classical liberal idea about meaningful lives and community. And this cannot be expected to be achieved by academic economists alone. Rather it also requires contributions by philosophers, political scientists, psychologists, sociologist, novelists, movie makers, etc. as well. To make them involved in the project may be a challenge in itself.

References

Buchanan, J. M. 1965. "An Economic Theory of Clubs." *Economica* 32 (125): 1–14.

Buchanan, J. M. 2000. "The Soul of Classical Liberalism." *Independent Review* 5 (1): 111–9.

Buchanan, J. M. 2005. "Afraid to be Free: Dependency as Desideratum." *Public Choice* 124 (1/2): 19–31.

Colantone, I. and P. Stanig. 2016. "Global Competition and Brexit." *BAFFI CAREFIN Centre Research Paper* No. 2016–44.

Dippel, C., R. Gold, and S. Heblich. 2015. "Globalization and its (Dis-)Content: Trade Shocks and Voting Behavior." *NBER Working Paper* No. 21812.

Downes, J. and E. Chan. 2018. "Explaining the Electoral Debacle of Social Democratic Parties in Europe." *EUROPP – European Politics and Policy Blog.* June 29, 2018. https://blogs.lse.ac.uk/europpblog/2018/06/21/explaining-the-electoral-debacle-of-social-democratic-parties-in-europe/

Dustmann, C., F. Fabbri and I. Preston. 2005. "The Impact of Immigration on the British Labour Market." *Economic Journal* 115 (507): F324–41.

ECB. 2019. "The Economic Implications of Rising Protectionism: A Euro Area and Global Perspective." *ECB Economic Bulletin.* April 24, 2019. https://www.ecb.europa.eu/pub/economic-bulletin/articles/2019/html/ecb.ebart201903_01~e589a502e5.en.html#toc1.

Esping-Andersen, G. 1990. *The Three Worlds of Welfare Capitalism.* Cambridge: Polity Press.

Fraser. 2019. *Economic Freedom of the World: 2019 Annual Report.* Vancouver: Fraser Institute.

Freedom House. 2019. *Democracy in Retreat: Freedom in the World 2019.* London: Freedom House.

Funke, M., M. Schularick, and C. Trebesch. 2016. "Going to the Extremes: Politics after Financial Crises, 1870–2014." *European Economic Review* 88: 227–60.

Goodin, R. 1988. *Reasons for Welfare: The Political Theory of the Welfare State.* Princeton: Princeton University Press.

Gray, J. 1986. *Liberalism.* Minneapolis: University of Minnesota Press.

Hayek, F. A. 1960. *The Constitution of Liberty.* Chicago: University of Chicago Press.

Karlson, N. 2009. *Eight Prizes that Changed the World: The Sveriges Riksbanks Prize in Economic Sciences in Memory of Alfred Nobel to Members of the Mont Pelerin Society.* Stockholm: The Ratio Institute.

Karlson, N. 2017. *The State of State: An Inquiry Concerning the Role of Invisible Hands in Politics and Civil Society.* London: Routledge.

Karlson, N. 2018. *Statecraft and Liberal Reform in Advanced Democracies.* London: Palgrave Macmillan.

Kelman, H. C. 1997. "Nationalism, Patriotism, and National Identity: Social-Psychological Dimensions." In *Patriotism in the Life of Individuals and Nations*, edited by D. Bar-Tal and E. Staub, 165 – 89. Chicago: Nelson-Hall.

Klein, D. 2005. "The People's Romance: Why People Love Government (as Much as They Do)." *Independent Review* 10 (1): 5 – 37.

Klemke, E. D. and S. M. Cahn, eds. 2007. *The Meaning of Life: A Reader.* Oxford: Oxford University Press.

Kukathas, C. 2003. *The Liberal Archipelago: A Theory of Diversity and Freedom.* Oxford: Oxford University Press.

Kymlicka, W. 1989. *Liberalism, Community and Culture.* Oxford: Oxford University Press.

Lindbeck, A. 1993. *The Welfare State: The Selected Essays of Assar Lindbeck.* Cheltenham: Edward Elgar.

MacIntyre, A. 1984. *After Virtue: A Study in Moral Theory.* Notre Dame: University of Notre Dame Press.

Marshall, T. H. 1950. *Citizenship and Social Class: And Other Essays.* Cambridge: Cambridge University Press.

Mill, J. S. 1972. *Utilitarianism, Liberty, Representative Government.* London: J. M. Dent and Sons.

Mounk, Y. 2018. *The People vs. Democracy.* Cambridge: Harvard University Press.

Mudde, C., ed. 2017. *The Populist Radical Right: A Reader.* London: Routledge.

Müller, J.-W. 2016. *What Is Populism?* Philadelphia: University of Pennsylvania Press.

Nathan, J. and H. L. Mencken. 1920. *The American Credo: A Contribution toward the Interpretation of the National Mind.* New York: A.A. Knop.

OECD. 2019. *Social Expenditures.* Accessed July 1, 2019. https://stats.oecd.org/Index.aspx?DataSetCode=SOCX_AGG

Pierson, P. 1994. *Dismantling the Welfare State?* Cambridge: Cambridge University Press.

Putnam, R. 1993. *Making Democracy Work: Civic Traditions in Modern Italy.* Princeton: Princeton University Press.

Reker, G. T. and P. T. P. Wong. 1988. "Aging as an Individual Process: Toward a Theory of Personal Meaning." In *Emergent Theories of Aging*, edited by J. E. Birren and V. L. Bengtson, 214 – 46. New York: Springer.

Roosma, F., J. Gelissen, and W. van Oorschot. 2013. "The Multidimensionality of Welfare State Attitudes: A European Cross-National Study." *Social Indicators Research* 113 (1): 235 – 55.

Röpke, W. 1960. *A Humane Economy.* Chicago: Henry Regnery.

Rothstein, B., M. Samanni, and J. Teorell. 2012. "Explaining the Welfare State." *European Political Science Review* 40 (1): 1–28.

Sandel, M. 1982. *Liberalism and the Limits of Justice.* Cambridge: Cambridge University Press.

Schmitt. C. 1996. *The Concept of the Political.* Chicago: University of Chicago Press.

Taylor, C. 1989. *Sources of the Self: The Making of the Modern Identity.* Cambridge: Harvard University Press.

Timbro. 2019. *Timbro Authoritarian Populism Index 2019.* https://populismindex.com/report/

Tomasi, J. 2012. *Free Market Fairness.* Princeton: Princeton University Press.

Turner, H. and H. Giles. 1981. *Intergroup Behaviour.* Oxford: Blackwell.

Uslaner, E. 2002. *The Moral Foundation of Trust.* New York: Cambridge University Press.

Zika, S. and K. Chamberlain. 1992. "On the Relation between Meaning in Life and Psychological Well-Being." *British Journal of Psychology* 83 (1): 133–45.