

Liberalism Series - Abstracts

"Liberalism" - George Soule

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Adam Smith may be accounted the first liberal. However, liberals of today would not favor the same economic policies as he advocated. He believed in "laissez-faire" economics--free trade, free competition, and the free working of the laws of supply and demand. He did not believe in monopolies. Living in the 18th century at a time when there were no big corporations, but only small business units, he neither conceived of the future size of corporations nor of a stock market resulting from the necessity for large companies to sell their securities. Nor did he believe in corporations with the exception of banks and large public utility companies. Hence in our modern financial and investment system, the economic policies advocated in his book, "The Wealth of Nations", do not apply.

John Stuart Mill, the next important liberal, was also opposed to large corporations, as being inconsistent with the principles of "laissez-faire" economics and free competition. He believed that self-reliant individuals are more important than economic efficiency, and that the state should curb an individual only if he interfered excessively with the freedom of other individuals. In other words, he believed that the economic organization should aim to produce the greatest public welfare.

If liberalism is defined as a subscription to the policies of the "laissez-faire" economists, then, nowadays only the conservative and reactionaries may be termed liberals; but if it is defined as the spirit which prompted these policies: namely, a belief in the privacy of public welfare, the category of liberals is widened.

Liberty as an abstraction means nothing. The questions, "Whose liberty?", "Liberty to do what?", should be asked. One man's liberty may be another man's prison; for instance, the American business men before the Revolution wanted liberty to trade freely, while the English business men wanted liberty to impose restrictions on them. Hence we are not sinning against some abstract of "liberty" if we feel we must curtail the liberty of those who control the means of production, in the interests of public welfare.

How are we to emerge from the depression. Revival in the past has been attributable to competition. Marginal producers failed, capital deflation ensued, interest rates fell, making production cheaper, and the prices of manufactured goods declined until an equilibrium was reached with consumers' incomes and farm prices. But this depression has been characterized by the small number of failures, (causing little capital deflation), on account of the largeness of corporations and immensity of their reserves. Competition has been nullified, enabling producers to hold manufacturing prices up, out of equilibrium with consumers' incomes and farm prices. The government has helped to prevent capital deflation and the fall of manufacturing prices by the establishment of the R. F. C. and the N. R. A. This interference of the government may be justifiable in view of the social consequences which might otherwise have disastrously ensued.

Something must be done to check the corporations, which are now run by monopolies, since competition no longer is able. Public welfare and the spirit of liberalism suggest socialistic control.

Lila Franklin