POST-LIBERAL-DEMOCRACY?

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It is quite generally thought to be commendable, but only marginally worthwhile, for a political theorist to devote any great attention to economic assumptions, much less to economic theory. My own university is now one of the last which has a joint department of political science and economics, and one of the last which still offers no first degree in political science except in conjunction with economics. Some of my colleagues, I suspect, would prefer to say yoked with economics. The general separatist trend of political science is quite understandable. As political science becomes a more confident, more developed, and more extensive discipline, the natural tendency is for it to seek a greater measure of independence.

Along with the trend to separatism in political science has been a marked trend towards empirical, value-free analysis. The concern with values, which was central in the great theoretical writing on politics in the past, has been pushed out to the fringes of the subject as empirical work has proliferated.

I am going to suggest that both these trends are now rather dangerous, that they are a result of overconfidence in the strength of liberal-democracy. I shall argue that political science is now more than ever in need both of rethinking its normative theory, and of doing so in full consciousness of the bearing of
economic systems and economic assumptions on that theory. Political values have become more, not less, in need of central attention in political science, and economic assumptions more, not less, important in political theory.

The first of these contentions should not need much argument. In these days of uncertain co-existence, everyone in the liberal-democratic world who thinks about politics can see that political value systems, political ideologies, or call them what you will, are of great practical importance. There are, we may say, vis-à-vis co-existence two classes of people—believers in hostile co-existence and believers in peaceful co-existence. Believers in hostile co-existence see a battle of irreconcilable ideologies, and see a need to sharpen ours. Believers in peaceful co-existence see a present competition of hopefully reconcilable ideologies, ideologies which they hope are both changing in ways that could lead to their supersession by something containing the basic values of both. No one in his senses is outside one of these two groups. No one who has a rudimentary knowledge of the consequences of military technology believes that co-existence can be ended by all-out military action. It can only be ended by such internal development of one or both existing systems as would transform their relationship into something not adequately described as co-existence.

We can take as given, then, the necessity for some kind of co-existence between two systems and two ideologies, until such time as the terms of existence are transformed. We can also take it as given that there has already been some change in the ideologies or the justifying theories of both liberal-democracy and communism since their classic formulations, though whether the changes have been sufficient to take account of new facts is open to question. It follows that there is need for continued enquiry by liberal-democrats into the rationale of the liberal-democratic society and state. We need to ask whether our theory is all that it might be, and, if not, on what lines we should proceed.

Although this conclusion seems to follow from a recognition of the facts of change, it is not a conclusion that has been generally drawn or widely acted upon by the theorists and publicists of politics in the liberal-democratic world. There has been some disposition among theorists not to let such practical matters as co-existence enter their consciousness at the level of their theoretical work. Others have admitted the facts but sought to conjure them away. It is not generally questioned that there have been some changes, in both practice and theory, in both the liberal-democratic and the communist worlds since the two systems first took shape. One reaction to this has been to claim that one or the other has changed out of all knowing, with the implication that the problems we have failed to solve are no longer real problems.

Thus there is a good deal of loose writing these days about something called "post-capitalism." The same publicists and theorists who use this term are apt to talk also about post-Marxism. The idea in both cases is the same: to suggest that the thing now hyphenated has in fact disappeared and has been replaced by something really quite different. If one cannot deny, in either case, that something superficially similar to the old thing is still around, one can perhaps exorcize its spirit by calling it "post-." Thus, as capitalism, old-style, has become increasingly difficult to justify in terms of any acceptable social ethic, it
becomes highly advantageous to find that it has given way to something else. And as Marxism, old-style, continues to give trouble, it can perhaps more easily be dealt with by announcing its demise and replacement.

There is just a sufficient grain of truth in the alleged facts—the transformation of capitalism and of Marxism—to make the new concepts plausible. Capitalism has become a managed economy. It is managed partly by price-making firms and combinations of firms, themselves increasingly directed by the need to use administrative and other technological skills—to give full employment to accumulated administrative capital. And it is managed partly by the state, in pursuance of the goal of full employment of the labour force, a goal willingly shared and enforced by at least those capitalists who see that the stability of the whole system is a prerequisite of their profits and their power and that such stability does not permit a repetition of the great depression. A capitalism managed in those ways is not quite the same as the old model, which left everything to unmanaged competition between productive units none of which could by themselves make prices. I shall suggest, however, that this entitles us only to say that capitalism has developed, not that it has been replaced.

Marxism too has changed. Present Soviet Marxism, with its belief in the present and future possibilities of peaceful transition to socialism, is distinctly different from classical Marxism. Yet it can be argued that here, as in the case of capitalism, what we have is an adaptation of an established system to a change in the facts, an adaptation retaining the fundamental postulates of the original system.

My primary concern in this paper is neither with the economics of capitalism nor with the philosophy or sociology of Marxism, but with the politics of individualism. The three are, however, not unrelated. Perhaps we can come at the whole thing best by asking, with tongue not entirely in cheek, whether it is now proper to promote a concept of post-liberal-democracy. There are really two questions here. First, has liberal-democratic theory already changed so much, since its first formulation, as to merit a new name? In other words, have we got a post-liberal-democratic theory? I shall suggest that the answer is no. Secondly, is the theory as it now stands adequate in justifying the liberal-democratic state and society as they now are or as they might be improved, or do we need a still further changed theory, so changed as to merit a new name? In other words, do we need a post-liberal-democratic theory? I shall suggest that the answer is yes.

II

In seeking to assess the changes in liberal-democratic theory, what should we take as our benchmark? We need not go very far back in time to find the first formulation of what we now regard as liberal-democratic theory—probably no further back than J. S. Mill, although the formal democratic case was made along with the liberal case by Bentham earlier in the nineteenth century. Liberal theory proper—the theory of individual rights and limited government—goes back, of course, to the seventeenth century. But until the nineteenth century, liberal theory, like the liberal state, was not at all democratic; much of it was specifically anti-democratic. Liberal-democratic theory thus came as
an uneasy compound of the classical liberal theory and the democratic principle of the equal entitlement of every man to a voice in choosing government and to some other satisfactions. It was an uneasy compound because the classical liberal theory was committed to the individual right to unlimited acquisition of property, to the capitalist market economy, and hence to inequality, and it was feared that these might be endangered by giving votes to the poor.

The central problem of liberal-democratic theory was to reconcile the claims of the free market economy with the claims of the whole mass of individuals to some kind of equality. It cannot be too often recalled that liberal-democracy is strictly a capitalist phenomenon. Liberal-democratic institutions have appeared only in capitalist countries, and only after the free market and the liberal state have produced a working class conscious of its strength and insistent on a voice. The importance of the market, that is of the full capitalist market system in which labour itself is a marketable and normally marketed commodity, was well understood by the liberal theorists of the eighteenth and nineteenth centuries. So it is not surprising that economic assumptions, assumptions about the ultimate worth of different systems of relations between men in the process of producing material wealth, were never far below the surface of the classical liberal political theory, from, say, Locke to Bentham.

But there is a curious and interesting movement of these assumptions from the eighteenth century to the present. By the end of the eighteenth century, classical liberal theory had reached its mature form in Bentham’s utilitarianism. Utility, defined as a quantity of pleasure minus pain, was taken as the sole criterion of individual and social good. The good of society was the maximization of the aggregate of individual utilities. And although Bentham was scornful of the natural rights postulates of earlier liberal theory, he put such a postulate into his system in another form; in aggregating individual utilities each individual was to count as one. The liberal state was then justified as the state most calculated to maximize utility. It could provide most efficiently what might be called the basic political utilities—security of life, freedom of individual movement, security of property. It would also maximize the material utilities of the whole society. Or rather, it would permit the market to maximize those utilities. With a liberal state guaranteeing a free market, everyone’s natural desire to maximize his own utility, or at least not to starve, would bring everyone into productive relations which would maximize the aggregate utility of the society. Thus Benthamism, reinforcing and reinforced by the teachings of classical political economy, came close to justifying the liberal state on the main ground of its permitting the market to maximize material utilities. Bentham was clear that the market must be left to determine the allocation of the material product among the individuals who contributed to it by their labour or land or capital, although he saw that this would mean persistent inequality. He acknowledged, indeed, that there was a case for equality of wealth or income. This followed from the principle of diminishing utility—the principle that a second loaf of bread doesn’t give a hungry man as much satisfaction as the first loaf, or more generally, that the more you have of any-
thing the less the utility to you of any increment. Given this principle, and
given that each individual's satisfaction was to count as one, it followed that
the aggregate satisfaction or aggregate utility of the whole society would be
greatest if everyone had equal amounts of wealth. But as soon as Bentham
had thus demonstrated the case for equality he argued that it had to yield to
the case for productivity. Without security for unequal property there would
be no incentive to capital accumulation, and without capital accumulation
there would be practically no productivity. Besides, without a large labour
force whose incentive was fear of starvation, the market could not maximize
productivity.

This was where classical liberal theory stood just before the demands of the
common people for a political voice began to make themselves felt. Economic
assumptions bulked very large in the liberal political theory; the liberal case
was largely a material maximizing case.

With John Stuart Mill the emphasis became very different. He may be
regarded as the first serious liberal-democratic theorist, in that he was the first
liberal to take seriously, and to feel sensitively, the claims of the nascent
democracy. He had some reservations, indeed, about a fully democratic fran-
chise. He would not give the vote to those who were illiterate, nor to those
who paid no direct taxes, but he was willing to have both literacy and direct
taxes extended to the poor. And even those who were to have the vote were
not all to have equal votes. The better educated, being more capable of
political judgment, were to have more than one vote each. In these respects
Mill's democracy was somewhat more qualified than Bentham's.

But in a more fundamental respect Mill must be counted more of a democrat.
For he took people not as they were but as he thought them capable of
becoming. He revolted against Bentham's material maximizing criterion of the
social good. He could not agree that all pleasures were equal, nor that the
market distributed them fairly. He held that men were capable of something
better than the money-grubbing and starvation-avoiding existence to which
Benthamism condemned them. He rejected the maximization of indifferent
utilities as the criterion of social good, and put in its place the maximum
development and use of human capacities—moral, intellectual, aesthetic, as
well as material productive capacities.

This was, we may say, an act of democratic faith. It was a turn away from
the market. It was a refusal to allow that the market should determine the
value or worth of a man. It put other values higher than market values. Yet in
the end, Mill found himself helpless, unable to reconcile his notion of values
with the political economy which he still believed in. The world's work had
to go on, and he could see no way in which it could be carried on except by
competitive private enterprise. He saw clearly that the prevailing relation
between wage-labour and capital was condemned by his own criterion of good,
and he thought that it would before long become insupportable by the wage-
labourers. His only way out was the hope that a network of co-partnerships in
industry, or producers' co-operatives, might turn every worker into his own
capitalist, and so enable the system of enterprise to operate without the
degradation of wage-labour.
It is easy to see now that Mill, in spite of his ranking as an outstanding economist, did not grasp the essence of the capitalist market economy. It was his failure to do so that enabled him to reject the market morality. The founding father of liberal-democratic theory, we are compelled to say, was able to rise above the market morality only because he did not understand the market society.

The same must be said of the next outstanding figure in the English liberal-democratic tradition. T. H. Green, a philosopher with no pretensions as an economist, may be more readily forgiven for his economic naivety. Like Mill he despised and rejected the market morality. He did so even more strongly than Mill, perhaps because he did not have Mill's problem of trying to be faithful to the utilitarian philosophy. Yet he held that the free development of individual personality required the right to accumulate unlimited property through the mechanism of the market, and even required the full right of inheritance. (This was a step backward from Mill, who wanted high inheritance taxes in order to iron out the inequalities produced by the working of the market.) Green recognized that the existence of a proletariat—his own word—was inconsistent with the rationale of private property, which required that everybody should have enough property, over and above a bare subsistence, to enable him to develop and perfect himself. But he had so little insight into the nature of capitalism that he could attribute the existence of a proletariat not to the nature of capitalist enterprise but to the continuing effect of an original forcible seizure of land in feudal times, and subsequent "unrestricted landlordism." By putting the blame on feudalism, and on the continuing rights of unproductive land-owners, he exempted capitalism from any responsibility for the condition of the bulk of the people. To say the least, this shows rather less grasp of the essentials of the capitalist market economy than Mill had.

Mill and Green, between them, set the pattern of English liberal-democratic political theory from their time on. It is probably fair to say that there have been since then no new insights sufficient to carry liberal-democratic theory over the hurdles which they had failed to surmount. They had rebelled against the morality of the market, but their rebellion, even at the level of theory, had failed.

What has happened since then? While the liberal-democratic theorists have been, so to speak, coasting on Mill and Green, a new step was taken in liberal economic theory. The new step was the development of marginal utility theory. More sophisticated than the classical theory, and much better able to explain the price system, it had the additional effect of diverting attention from the question of the distribution of the social product between social classes, a question to which Adam Smith and Ricardo had paid some attention. The marginal utility theory, or neo-classical theory as it came to be called, contained some implied value judgments. It implied that the capitalist market system did maximize utility, and that it gave everyone—labourer, entrepreneur, capitalist, and land-owner—exactly what his contribution was worth. The system tended to an equilibrium at which every factor of production—each lot of
labour, of capital, of land, and of enterprise—got a reward equal to the marginal productivity of its contribution. This theory, first worked out in the 1870's and brought to definitive form by Marshall, still in its essentials holds the field. It has had to be modified in some respects, of course. Allowance has had to be made for monopolistic developments. And after Keynes demonstrated that the system did not automatically tend to equilibrium at maximum utility, but could find an equilibrium at any measure of underemployment of resources and labour, the theory had to be modified to admit the necessity of continual government action in order to keep the system up to the mark. But with these adjustments, the neo-classical theory can still be taken as providing a justification for a slightly modified system of capitalist enterprise. The modified market system can be held to be justified on the grounds that it maximizes utilities and that it distributes rewards according to marginal productivity. It is true that few modern economists do explicitly use their theory to justify anything. Most of them decline to draw value judgments from technical theory. Indeed, it is clearer to the economists than to the non-economists who have absorbed the elements of orthodox theory that the maximization of utility by the market can only be demonstrated by assuming a certain income distribution, and that the marginal productivity theory of distribution is not a demonstration of an ethically just distribution of wealth or income. It has, however, been easy for political theorists to overlook these limitations of economic theory.

I think it fair to say that liberal-democratic political theory, having failed to resolve the dilemma encountered by Mill and Green, has fallen back pretty heavily on this modified free enterprise theory for the main justification of the liberal-democratic state. It is true that current liberal-democratic theory still insists, very properly, on the central importance of certain individual freedoms—of speech and publication, of religion, of association. It still asserts the ultimate moral worth of the individual, and speaks of the self-development of the individual as the ultimate good. But it has persuaded itself that this good is to be achieved through the market, as modified of course by the welfare state. Its central value judgment is the value judgment it finds in the modified neo-classical economic theory, that the best society is the modified market society because it maximizes utilities and distributes them according to each man's deserts.

Seen in this light, current liberal-democratic theory appears to have taken two steps backward from the original liberal-democratic position formulated by Mill. The first step may be described as a reversion to the pre-democratic classical liberal emphasis on maximization of the material utility. Liberal-democratic theory has retreated back beyond John Stuart Mill to the value judgments of Bentham—to the indifferent weighing of the utilities of individuals, with their existing habits, tastes, and preferences taken as given, as the ultimate data.

The second step has carried the liberal-democratic theorists, along with the neo-classical economists, back even beyond the original classical economists. The classical economists were fighting against something as well as for some-
thing. They had refused to accept the values of the society they lived in, with its substantial element of rentier morality and of what was in their view wasteful expenditure. For them, the uses to which labour was put by the existing social order were not automatically justified by the fact of their existence. They distinguished between productive and unproductive labour and had some harsh things to say about the latter, and about the social and political arrangements that called it forth. In short, they were sizing up the existing scale of values and passing a critical judgment on it. The same cannot be said about the neo-classical economists. They concern themselves only with the scale of values that is actually registered in the market. The individual utilities on which their system is based are given by the preferences and tastes of individuals as they are. In maximizing utility or welfare, all wants are equal. Whatever is, is right.

This position has not been reached and held without some difficulty. The main difficulty was that the marginal utility theory relied for its explanation of relative prices on the principle of diminishing utility. The more you have of anything, the less your desire for still more of it. This seemed to entail (as Bentham had allowed it did entail) that the richer you became the less satisfaction you could get from each additional lot of wealth. To admit this would be to recognize an order of urgency of wants in every man, ranging from the most basic necessities to pure frivolities. To recognize an order of urgency of wants would be to cast serious doubts on the ability of the market system, with all its inequalities of income, to maximize the aggregate utility of all members of the society, which ability is offered as the system’s great justification.

The difficulty has been met by the simple device of refusing to admit that the satisfactions of an individual can be compared over time. A man who was poor yesterday and well-to-do today can indulge desires which he could not indulge before. He has new and different desires, and who is to say that the satisfaction he gets from indulging these is less than the satisfaction he got from meeting different wants when he was a different man? As soon as intertemporal comparisons of utility are ruled out, the socially dangerous implications of the principle of diminishing marginal utility are avoided. Utility can be said to be maximized no matter what the inequality of wealth or income.

Yet as Galbraith has pointed out, in discussing the marginal utility theorists from a somewhat different angle, they are here on very slippery ground. For they shut their eyes to the fact that the more affluent a society becomes the more the wants which are satisfied by the market have been created by the process of production itself. There is no reason, Galbraith argues, why we should attach the same urgency or the same moral value to wants created by the system as to wants original with the individual. Galbraith here seems to align himself with Rousseau, who insisted on the moral distinction between the original or natural desires and the artificial desires created by a competitive and unequal society.

The point I should like to emphasize is that one can only make a distinction
between natural and artificial wants if one rejects the postulate that all men inherently desire to emulate others, or innately desire ever more. If you allow that postulate, and only if you allow it, there is no basis for the distinction. For if you allow it, then whatever new thing one man gets others will want, and the want will be just as genuine, will flow just as much from his inherent nature, as any apparently more natural or more basic wants.

The marginal utility theorists, then, are making the assumption of universal innate emulation, or innately insatiable wants. We may say that in doing so, they, and the liberal-democratic theorists in so far as they rely on the utility theorists, have gone not two steps but three steps backwards. They have gone back before even that arch-competitor of the seventeenth century, Thomas Hobbes. For even Hobbes started from the assumption that only some men naturally wanted ever more, while others would naturally be content with the level of satisfactions they had if the system did not force them to enter the competition for more in order to keep what they had. The system which compelled this was, as I have argued elsewhere, a system whose stipulated qualities can be found only in a capitalist market society. Hobbes saw that it was the society that made all men emulative, that thrust them all into the desire for “precellence.” It was the social relations which created the desire. Our modern theorists, in having failed to see this, may be called pre-Hobbesian. We must not press this point too far. For Hobbes was to a considerable extent a prisoner of his own model of society; having constructed the model of a capitalist market society he treated it as a model of society as such. But at least when he did this it was an advance in thought. There is less excuse for doing it again three hundred years later.

The main lines of the changes I have pointed to in the development of liberal-democratic theory may now be summarized. The theory begins with a solid inheritance of classical liberal theory, which made it the great virtue of the liberal society and the liberal state that they maximized the aggregate utility of the whole membership of the society, or that they allowed the market to do so. Each individual was to count as one, and all utilities were as good as each other. With John Stuart Mill and Green this market morality is rejected. The goal is no longer the maximum material utility of men as they are, but the fullest development and enjoyment of men’s faculties. This was a finer vision, and a democratic one. But they failed to deal with the inconsistency between this vision and the necessary requirements of the market economy, the essentials of which they did not fully see. Since then, I have suggested, liberal-democratic theory has followed the same lines and, having failed to master the central problem, has slipped back into increasing reliance on the old argument of maximum utility. It has done so a little shame-facedly, aware perhaps that this is scarcely up to the vision which Mill had offered of a free society whose aim was higher utilities, higher values. But it has done so. It has not noticeably rejected the marginal utility analysis which refuses to make intertemporal comparisons of utilities.

We began this enquiry into the changes in liberal-democratic theory with a question: has it changed enough to merit a new name? Is there now a
post-liberal-democratic theory? The answer is evident. What we have now is not post-liberal-democratic theory, but recessive liberal theory. It would be nearer the mark to call it pre-democratic liberal theory.

We had also a second question: is the theory, as it now stands, at all adequate in justifying the liberal-democratic state and society as they now are or as they might be improved, or do we need a still further changed theory, so changed as to merit a new name. In other words, do we need a post-liberal-democratic theory? It will be apparent by now that I think we do need a post-liberal-democratic theory.

III

The extent of the need is to be measured not merely by the extent to which current theory is regarded as a step or two backward from the original liberal-democratic theory, but also by the extent to which the liberal-democratic society and state have themselves changed since the original theory was created to justify or demand them. If the society and state have changed significantly, in a direction different from the change in the theory, the distance to be made up is even greater. Or, more happily, the society and state may have changed in ways which tend to resolve in fact the difficulties that Mill and Green could not resolve in theory. The central difficulty was that the market economy, with its concentration of capital ownership, and its distribution of reward in accordance with the marginal productivity of each of the contributions to the product, maintained a massive inequality between owners and workers, an inequality which stood in the way of any extensive development and fulfilment of individual capacities. There was the further difficulty that the market society encouraged or demanded a money-grubbing, maximizing behaviour, which distorted the quality of life: the market might maximize utilities, but only by denying qualitative differences in utilities. Have the market society and the liberal state changed in ways that diminish or remove these difficulties?

We cannot here attempt a systematic answer to these questions. The most we can do is to notice one or two relevant trends. I will risk the generalization that the changes in the liberal-democratic state, since the introduction of the democratic franchise, have been less fundamental than the changes in the society and economy. By changes in the state I am thinking in the first place of changes in the ways governments are chosen and authorized. It is true that very considerable changes in the ways governments were chosen and authorized did come with the introduction of democratic franchise. As electorates increased in size, party organization became more important and party discipline stronger. Hence, the responsiveness of elected representatives to their constituencies diminished, as did the responsiveness of governments to elected representatives. But these are not changes in the liberal-democratic state, they are changes as between the pre-democratic liberal state and the liberal-democratic state. Apart from these there have been no great changes in the mechanism of choosing and authorizing governments, unless the proliferation and institutionalization of pressure groups as part of the standard method of deter-
mining government policy be so considered. When we turn to what govern-
ments do with their power there is a more noticeable change. But here we
move into the area of changes in the society and economy. For it is these
changes which have called forth the regulatory and welfare state.

When we look at changes in the society and the economy, two changes stand
out: the decline of pure competition and the rise of the welfare state. The two
changes may be summed up as a move away from a relatively unregulated free
enterprise economy to a system more heavily managed and guided both by
large private economic organizations and by the state.

These changes have become most striking in the last few decades. They are
not confined to the last few decades, of course. But the cumulative effect of
welfare measures, of monetary and fiscal policies designed to prevent depres-
sions and maintain full employment, of control and direction of foreign trade
and home production, and all the rest, has given our market economies
quite a different look even since the 1930's. Equally important has been the
change in scale of the productive units. The move has been from markets in
which no producer or supplier could make prices, to markets in which prices
are increasingly made by firms or groups of firms who can do so, and who are
sometimes able to enlist governments or groups of governments in their
arrangements.

This is familiar enough. And it throws us back to the question mentioned
at the beginning of this paper: how much has capitalism changed? Are we in
an era of post-capitalism? I do not think we are. The change is not as great as
some would suggest. It all depends, of course, on how you prefer to define
capitalism. If you define it as a system of free enterprise with no government
interference, then of course our present heavily regulated system is not
capitalism. But I find it very unhistorical to equate capitalism with laissez-
faire. I think it preferable to define capitalism as the system in which produc-
tion is carried on without authoritative allocation of work or rewards, but by
contractual relations between free individuals (each possessing some resource
be it only his own labour-power) who calculate their most profitable courses
of action and employ their resources as that calculation dictates.

Such a system permits a great deal of state interference without its essen-
tial nature being altered. The state may, as states commonly do, interfere
by way of differential taxes and subsidies, control of competition and of
monopoly, control of land use and labour use, and all kinds of regulation
conferring advantages or disadvantages on some kinds of production or some
categories of producers. What the state does thereby is to alter the terms of
the equations which each man makes when he is calculating his most profitable
course of action. Some of the data for the calculation are changed, but this
need not affect the mainspring of the system, which is that men do act as
their calculation of net gain dictates. As long as prices still move in response to
these calculated decisions, and as long as prices still elicit the production of
goods and determine their allocation, we may say that the essential nature of
the system has not changed.

One may grant that the regulatory role of the modern state, and the transfer
payments involved in the welfare state, are not a contradiction of capitalism,
but may still argue that capitalism has been transformed into something else by its other most obvious novelty. This is the rise of the modern corporation to a point where a few firms, whose behaviour is less competitive than (to use Schumpeter's fine word) "corespective," can make prices and dominate markets, and whose decisions are said to be determined less by desire to maximize profits than to build empires and to grow. The appearance of this phenomenon does indeed cast doubts on the justifying theory implicit in neo-classical economics, for in these conditions there is no reason to believe that the corporations' price-making decision will maximize production or utilities. But it does not alter the basic nature of the system. The driving force is after all still maximization of profit, for it is only by accumulating profit that the corporation can continue to grow and to build empires. The only thing that is different is the time-span over which maximum profit is reckoned.

Our present managed economy, managed both by the state and by the price-making corporation, is not, in my view, to be regarded as a transcendence of capitalism. It is still capitalism. But it has made nonsense of the justifying theory that capitalism maximizes social utility. And so, to the extent that modern liberal-democratic theory has reverted to the maximizing justification, that theory is farther out of step than it was in the days of more nearly pure competition.

On the extent to which the welfare state has diminished the old inequality of opportunity and increased the chances for fuller development of individual personality, there will be differences of opinion. Improvements in the general level of health and literacy should, other things being equal, improve the quality of life for the great mass of individuals. But other things are not equal. For the very system of production which has afforded the welfare state has brought other changes. It has, necessarily, organized the work process in such a way that, for most people, their productive labour cannot be itself regarded as a fulfilment or development of their capacities. Fulfilment and development of individual capacities becomes, therefore, increasingly a matter of the development and satisfaction of wants for all kinds of material and, in the broadest sense, aesthetic or psychic goods.

But here again the system has changed things. For the market system, based on and demanding competition and emulation, creates the wants which it satisfies. The tastes and wants which people learn to satisfy as they rise above bare subsistence are, as we have seen, tastes and wants created by the productive system itself. And as the system increasingly moves away from a pattern of widespread competition between many producers (when it was still possible to think of it in terms of consumer sovereignty) to a pattern of competition for power between fewer and larger corporate units and groupings, which are increasingly able to control prices and products, the tendency of the system to create the wants which it satisfies will become stronger. There is no reason to expect that the wants and tastes which it satisfies will reflect or permit that full development of the individual personality which is the liberal-democratic criterion of the good society.

On balance, then, the changes in the liberal-democratic society seem to have made the justifying theory less, rather than more, adequate. When
the changes in the society are taken in conjunction with the changes in the theory, the theory seems less fitted to the society than was the case at the beginning of the liberal-democratic period. One of the changes in the society has gone in the opposite direction from the change in theory. That is, while the theory since Mill has come to rely more heavily on the maximizing of utilities justification, the society has moved towards a more managed system whose claim to maximize utilities can no longer be granted. The other main change in the society has not made up for this, has not provided a way out of the central difficulty of the original liberal-democratic theory. That is to say, the change to the welfare state and the managed market cannot be counted on to provide an improvement in the quality of life as judged by the liberal-democratic criterion. We can only count on the manufacture and control of tastes.

All this by itself would be enough to indicate that we do need a new theory, sufficiently different from what we have now to merit the description "post-liberal-democratic." But there is a further reason why such a theory is needed, and this may suggest the direction in which a new theory is to be sought.

IV

There has been in the last fifty years, and most strikingly in the last twenty, a change of tastes and wants quite different from the one we have noticed within liberal-democratic societies. The change I am thinking of is not a change in our tastes, but a change, on the world scale, of the taste of the aggregate of those who count, of those whose power can have reactions on us. Fifty years ago the world was pretty well the preserve of the Western liberal-democratic capitalist societies. Their economies were triumphant, and so were their theories. Since then, two-thirds of the world has rejected the liberal-democratic market society, both in practice and in theory. From Lenin to Nkruma and Sékou Touré, the value system of the West has been spurned, either in the name of Marxism or in the name of a Rousseauan populist general-will theory. It is true that all three ideologies assert much the same ultimate value—the development and realization of the creative capacities of the individual. It is the mediate principle of liberal democracy that the other two ideologies reject—the mediate principle that the ultimate human values can be achieved by, and only by, free enterprise in both political and economic life, only by the free party system and the capitalist market system. In the other two-thirds of the world the leaders, with willing enough followers and even positively willing followers, have concluded that for their countries at least it would be impossible to move towards the ultimate humanistic goals by liberal-democratic methods. They have perhaps seen more clearly than we have the dilemma of liberal-democratic theory, and the doubtful adequacy of liberal-democratic society even in the most advanced conditions.

It is time we reflected, more seriously than we have generally done, on their reading of our society. It is time we gave some thought as to whether it is any longer possible for us to move towards our goal within the pattern of the market society. The system of managed capitalism into which we are
headed will have to compete steadily from now on with non-capitalist systems. The competition will be in the degree of satisfaction each provides for its members. At present we are well above the other systems in the extremely important psychic satisfaction of individual liberty. But it is possible that our curve is going down, and probable that theirs will come up.

We need a revolution in democratic consciousness if we are to avoid being caught up ourselves in the backwash of the revolutions in the rest of the world. We need to give up the myth of maximization. We need to enquire soberly whether competitive, maximizing behaviour is any longer rational for us, in any ethical or expedient sense, or whether the very high level of material productivity that we now command can be made to subserve the original liberal-democratic vision. We should be considering whether we have been asking the wrong question all this time, in asking, as we have done, how to hold on to the liberty we have got—the liberty of possessive individualists—while moving a little towards more equality. Perhaps we should be asking, instead, whether meaningful liberty can much longer be had without a much greater measure of equality than we have hitherto thought liberty required.

We should not shrink from either the populist teaching of Rousseau or the radical teaching of Marx. Neither will suit us, but we may have more to learn from them than we think. It may even be—if the economists present will permit me an intertemporal comparison of utilities—that the utility of Marxism as a means of understanding the world is increasing over time.

Enfin, ce que j’ai dit ce soir n’a évidemment pas contribué directement à la solution des problèmes immédiats de la démocratie canadienne. Mais peut-être mon diagnostique offre quelqu’espoir. Parce que, à la mesure à laquelle nous pouvons extirper de notre théorie justificative le mythe de maximization, et que nous pouvons remplacer les valeurs du marché par les valeurs humaines, il y aura meilleure chance que les deux nations canadiennes se trouvent en accord. Il semble que les conditions requises à la survie de la démocratie libre partout sont les mêmes que les conditions requises au rapprochement des deux nations.