Book Overview

Reclaiming Liberalism: The Virtues of a Democratic Society

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Liberal democracies all over the world are reeling from the combined effects of a dysfunctional public sphere, a disaffected electorate, and the threat of illiberal violence at home and abroad. A key factor contributing to this predicament is a narrowly rationalist understanding of human psychology, which has resulted in a failure to sufficiently acknowledge, analyse, and nurture the shared culture and habits on which liberal democracies depend. Addressing this problem requires an interdisciplinary approach that, in addition to drawing on the resources of political economy and of cultural history, also encompasses recent - work in the cognitive sciences. 'Reclaiming Liberalism' offers an interdisciplinary approach to political economy which builds on recent analyses of *What Went Wrong with Capitalism* (Sharma 2024) and *Why Politics Fails* (Ansell 2023), in order to enrich and revitalize our grasp of *Why Liberalism Works* (McCloskey 2019). The book clarifies the current predicament of liberal democracies by offering a new perspective on the history of the liberal tradition as it has developed since the Great Depression of the 1930s. One major innovation of the argument is an engagement with a broad range of studies from the humanities, the social sciences, and the cognitive sciences, which serve to re-situate and better clarify the contextual influences that have so far been largely overlooked. Recognising and synthesising this broader contextual field, allows me to explain how and why 'traditions' are so important to individuals making political choices, and how internal mechanisms such as, for instance, 'predictive processing,' affect personal choice, and must therefore be accounted for in responsible conceptualisations of a liberal market order.

Historical reconstruction of the past is necessary to situate our endeavours in a sustaining tradition yet, to move forward, this tradition must also be updated, so as to integrate the best available scientific theories about the ways human beings flourish and prosper. The approach I take in 'Reclaiming Liberalism' therefore, both gathers insights that have been languishing in plain sight yet remained hitherto unconnected and, by reconfiguring past sources in combination with new data, also arrives at the full range of paradigms at our disposal for conducting a comprehensive analysis of the liberal tradition, its advantages, and its blind spots. The interdisciplinary approach adopted and promoted by this book, supported by a new look at "liberal virtues" (Macedo 1990), thus merges a historical perspective with very recent

knowledge, to articulate a new and more productive model of political economy that is better suited for the twenty-first century.

Expectations shape how the world shows up to any individual, and so one's diagnosis of a situation can only be as accurate as one's expectations. In the 1930s, liberalism came to be seen as the doctrine that had failed to tackle the Great Depression in Europe and in America. This narrow caricature of a much richer tradition survives to this day. 'Reclaiming Liberalism' complements other recent calls to recover *The Lost History of Liberalism* (Rosenblatt 2019). For Helena Rosenblatt, this entails highlighting liberal thinkers since the eighteenth century who understood citizens in "their connectedness to others and their duties to the common good" (p. 40). In contrast, my approach does not require the metaphysically freighted idea of a common good. Indeed, I argue that an overly emphatic idea of a common good is a hindrance. Instead, in my analysis, we need a clearer account of the institutional and affective order that structures interpersonal connectedness and civic engagement. In this endeavour, the problem to be overcome is a prevalent reluctance to understand how individuals, collaborating in a market economy in which innovation is not only tolerated but prized, mobilise the knowledge dispersed across society to pursue their ideals whilst encountering the feedback they need to adjust course as their shared plans develop. To generate an adequate conception of this complex, multilayered, ever-evolving order requires tools drawn from a variety of disciplines, including the cognitive sciences, political economy, legal theory, and cultural history.

To this end, 'Reclaiming Liberalism' traces the history of two parallel and still influential interdisciplinary efforts to understand the functioning of complex economies. Both these efforts were inaugurated in 1931: that of the philosopher Max Horkheimer and his colleagues at the Frankfurt Institute for Social Research, and that of the Austrian economist Friedrich Hayek at the London School of Economics. There are historical reasons for studying these two endeavours in parallel: Horkheimer and colleagues read Hayek's work, and he read theirs, as adversaries in debates about economic planning that revived after the Wall Street Crash. More importantly, the position articulated by Horkheimer and colleagues continues to influence perceptions of the market order of a liberal society more than Hayek's, especially in university humanities departments, even though, as this book shows, the Frankfurt School account obscures more than it illuminates, whereas Hayek's work, particularly through his path-breaking interest in the predictive mind, productively complements recent insights from political economy and the cognitive sciences. 'Reclaiming Liberalism' argues that Hayek, rather than the Frankfurt School, offers the more useful interdisciplinary tools for analysing contemporary societies, and his tools also lend themselves better to being updated and adjusted

to fit today's needs. To support this claim, which may seem counter-intuitive to those readers for whom the name of Hayek is a by-word for everything that is bad about 'neoliberalism,' my argument offers a critical history of the development of Frankfurt School thinking whilst simultaneously presenting a positive alternative.

The vehicle for this dual focus is the house journal of the Frankfurt School—*Zeitschrift für Sozialforschung*—published during the 1930s and 1940s. In reviews and essays, the journal records the conversations that Horkheimer and his colleagues started but rarely finished with major interlocutors in mid-twentieth-century intellectual life. In addition to Hayek, my argument focuses on critical engagement in the *Zeitschrift* with the economist John Maynard Keynes, the pragmatist philosopher John Dewey, and the sociologist Paul Lazarsfeld. The work of the psychologist Erich Fromm is similarly instructive because, after years of close collaboration with Horkheimer, he started to move away from the Frankfurt School position from the later 1930s. Finally, texts by the political theorist Hannah Arendt, who knew members of the Frankfurt School circle personally, are notable by their absence from the pages of the *Zeitschrift* (Habermas 1980). Yet her reflections on the habits and institutions that sustain a liberal order, even though they share many of the assumptions which constrain the work of the Frankfurt School thinkers, demonstrate the fecundity of combining phenomenological concepts, to which the Frankfurt School responded, with others drawn from thinkers of the British Enlightenment, such as Adam Smith and Edmund Burke, who are key points of reference for Hayek. A critical assessment of Arendt's work allows me to elaborate an account of political action, grounded in the habits and institutions of a liberal market order, which can be used to analyse our predicament in the twenty-first century

No account of twentieth-century liberalism can overlook the vital contribution of the philosopher John Rawls, whose *A Theory of Justice* has set the terms of debates in political theory in the English-speaking world and beyond since it was first published in 1971 (Forrester 2019). Rawls's account is interdisciplinary insofar as it draws on debates in welfare economics, developmental psychology, and moral philosophy. Nevertheless, as Hayek pointed out in his brief comments on Rawls's work, it emphasizes an abstract view of social justice at the expense of an empirically grounded engagement with the interlayered practices of a market order. Drawing on the insights developed over the course of my critical reassessment of the work of the Frankfurt School, Hayek, Dewey, Fromm, Lazarsfeld, and Arendt, my argument also develops an alternative to Rawlsian liberalism and to the revival that his approach has recently enjoyed in the work of Danielle Allen (2023), Daniel Chandler (2023), Alexandre Lefebvre (2024), and Matthew McManus (2025). My alternative model emphasizes the three liberal

virtues of (1) epistemic temperance, (2) moral courage, and (3) cultural faith, each elaborated upon in the book, and places these virtues in the context of the shared 'affordances' (to use the term developed by psychologist James J. Gibson,1979), by which these virtues are fostered and sustained, creating the culture of a democratic society.

Chapter Overview

Introduction

Chapter 1: 'Models of Cultural Evolution'

Chapter 2: 'Political Economy for the 21st Century'

Chapter 3: 'What Counts as Living Better?'

Chapter 4: 'The Affordances of Political Liberalism'

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