

Borrowed Brilliance:

Liberalism's Survival at the Time of Conservative Triumph

Abstract

Today, the core weakness of liberalism can be identified with the erosion of its social foundation. Rebuilding this foundation requires a rigorous social analysis and a new coalition, anchored in workers seeking stable employment and in the dynamic middle classes capable of sustaining policies on taxation, housing, education, health, ecological transition, rearmament, and European strategy. The empirical cases of Italy, Spain, France, and Germany examined in the book 'Borrowed Brilliance' demonstrate how liberal oriented measures have frequently been enacted by governments and coalitions which, over the last twenty five years, did not self identify as liberals. Starting from these findings in the book, this follow-up paper argues that liberals must form stable, like minded political alliances, decisively reject pacts with extremist or populist forces, and invest in broad civic and political education to promote social mobility, openness, and mature citizen participation.

Keywords: *Liberalism, Conservatism, Tax Policy, Populism, Civic Engagement.*



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Introduction

Since the early years of the 21st century, Western liberal democracies in Europe and North America have been contending with the rise of new populist and ultra-conservative movements, that seemed entirely marginal at the end of the 20th century. Liberalism, with its prestigious tradition, remains central today, but it should guard against an adversary believed defeated long since.

Seemingly, we are witnessing contradictory phenomena: on the one hand, liberalism is still at the heart of today's democratic regimes, and liberal policies end up influencing even political parties which should be theoretically based on other ideologies (e.g., the Popular Party, the Greens, the Social Democrats): liberal ideas are therefore proving their relevance and ability to influence decision-making processes. On the other hand, however, in recent years an increasingly-disruptive and worrying growth of anti-liberal parties and movements can be observed, inspired by populist and far-right ideas. Their goal, sometimes hidden, sometimes openly declared, is to bring down liberal democracies; in other words, to challenge the very constitutional foundations of the systems that have inspired European politics in recent decades.

Any consideration of liberalism's resilience must necessarily address this *elephant in the room*, namely, the recent rise of extremist and populist movements. Only in this light, and in relation to this enormous existential problem, it is possible to assess the ability of liberalism to resist – and indeed maintain its appeal – to other political forces, as demonstrated by the four case studies examined. Any analysis focussed on the resilience of liberalism that would not consider the threatening reality posed by forces openly opposed to liberal democracy, should be considered incomplete and inconsistent.

The empirical cases examined in the publication 'Borrowed Brilliance' provide examples of how liberal policies have also been implemented by governments and coalitions that did not declare themselves as such – even though their fundamental principles were based on liberal-democratic ideals. In particular, the cases relate to four among the most populous countries in the European Union: Italy, France, Germany, and Spain, along with some of these countries' most characteristic political choices of the last 25 years, especially in the first and second decades of the new century.

The chapter on Italy clarifies the conservative trap in which the political forces of the Peninsula have found themselves: the case of the cancellation (with the so-called Jobs Act) of the extensive guarantees provided in the labour market, and the substantial abolition (and flattening) of inheritance tax; both cases refer to abolitions already desired – then confirmed – by centre-left governments, alternating with centre-right ones, which made the elimination of inheritance tax

a key issue. These measures appear not only anti-liberal, but get Italy closer to Eastern countries, where workers' protections and redistribution of inheritance are traditionally unknown.¹

The situation is at least partially the opposite in Spain, where socialist governments (lead by PSOE) have reduced indirect taxation (typically regressive) on very rigid consumer goods such as energy, thereby helping low-income families without penalising the market economy and implementing at least in this case typically liberal policies.

France presents more complexities. Here, the label *liberal* has traditionally been frowned upon, as associated with an Anglo-Saxon-style free market economy – contrary to the statism-oriented policies mostly in vogue in the *Grand Nation*. The policies pursued by socialist president François Hollande and by Emmanuel Macron (during his first presidential term) showed an alternate implementation of liberal measures and more regressive ones – such as the 2012 competitiveness pact, the 2013 responsibility pact, the 2015 Macron law, and the 2016 El Khomri – alleviated the tax burden on companies and relaxed labour market regulation, on both working hours and the conditions for firing employees; or, also, Macron's decision to increase indirect taxes on fuel, eventually sparking the populist revolt of the so-called *gilet jaunes*.

Finally, in Germany, the policies of the Gerhard Schroeder and Angela Merkel governments had to address the costs of reunification and provide equal access to markets through incentive policies for students and small businesses. But, above all, the Hartz reforms: implemented in Germany by the Schroeder government between 2003 and 2005, they marked a fundamental shift in the country's labour market policies, embodying a strong pro-free market approach.

However, none of the empirical cases examined in this publication should come as a surprise. Of course, these liberal principles and practices were common to many political movements and parties that shared them in whole or in part, and should not be confused with the vicissitudes of individual liberal parties that arose in many European countries. In fact, liberalism was stronger and more solid

than the individual movements or parties that claimed to be inspired by it, and that sometimes took positions or shared choices that were even contrary to

¹ It should be noted that while in medieval Europe, where liberalism originated, a third kingdom of the afterlife was invented, namely Purgatory (the link between inheritance taxes and Purgatory is obvious), thus justifying the redistributive function of inheritance tax from a religious point of view, in Eastern Christianity and Islam there remained only two kingdoms of the afterlife (Hell and Paradise), while inheritance was not taxed. Binary worlds and schemes: hell-heaven, right-wrong, good-bad, are opposed to liberalism, which needs to establish more complex and at least ternary worlds and schemes in order to exist: hell-purgatory-heaven, liberty-fraternity-equality, legislative-executive-judicial. See J. Le Goff (1982), *La Nascita del Purgatorio*, (Torino: Einaudi), or.ed. (1981), *La naissance du Purgatoire*, (Paris: Gallimard), pp. 145-147; 236-239; 299-304; G. Duby (1989), *Lo specchio del feudalesimo. Sacerdoti, guerrieri e lavoratori*, (Roma-Bari: Laterza), or.ed. (1978) *Les Trois Ordres ou l'imaginaire du féodalisme*, (Paris: Gallimard), pp. 1-14; 103-142.

liberal principles.² Therefore, even long before the beginning of the current century, there could be cases of parties with a liberal label that were inconsistent with their principles, and, conversely, other parties that adopted choices and referred to principles specific to liberalism. In recent decades, indicators such as declining party membership across Western democracies, rising income inequality, and the electoral gains of populist and far-right movements highlight the structural pressures facing liberal democracies.

The existential problem for liberalism

The true element of novelty of the recent decades, however, has been that of conservative and anti-liberal policies that have long been presented as *liberal* without being so. While this issue is relatively new, it is less obvious and more subtle: the prestige and the *good name*, so to say, enjoyed by liberalism has been used and abused by those who were neither liberals or want to become so, as to present the loss of rights and the disintegration of society in a more acceptable manner. This has become the fundamental, unavoidable point that cannot be omitted or overlooked in any way.

An illuminating example is the excessive flexibility of the labour market, i.e., the greater freedom for entrepreneurs to regulate employment contracts: a measure that is openly conservative and anti-liberal and which, since the last century, has been branded as slave-like;³ this, in terms of its ability to effectively destroy the freedoms and rights of workers and employees at the benefit of the freedom of the few, whereas liberalism pursues and facilitates the freedoms of the many. This stratagem, inaugurated by conservative governments but then taken up in recent years by popular and social democratic governments, has constituted a dangerous misunderstanding, and not only a lexical one. Using the word *liberal* to define what are in fact conservative policies has contributed to generating a damaging disillusionment among a large part of the electorate towards liberal democracy and its ability to solve problems, eventually providing lifeblood for all anti-liberal movements that feed on such lexical misunderstandings.

To mention only the four countries at the centre of this analysis, the emergence and growing success in recent years of parties such as the Five Star Movement, the League, and Brothers of Italy in the Peninsula; Alternative für Deutschland (AfD) and Bündnis in Germany; Vox and Podemos in Spain; and the

² On the need to not confuse liberalism with liberal parties, see F.A. von Hayek (1978), "Liberalismo", in *Enciclopedia del Novecento*, vol. III, (Milano: Istituto dell'Enciclopedia Italiana Giovanni Treccani), *ad vocem*.

³ To get an idea of how long the issue of freedom of employment contracts has been around as a falsely liberal option, see G. De Ruggiero (1943³, I ed. 1925), *Storia del liberalismo europeo*, (Roma-Bari: Laterza), pp. 414-419.

Rassemblement National (RN) in France, is also grounded on these misunderstandings and short circuits. These parties and movements have largely fed on the loss of freedom, the increase in inequality (the Gini index has been worsening in each of these European countries since the 1980s), the misunderstandings between elected representatives and voters, and the lack of places for civil encounter and debate.

In the eyes of many disappointed voters who have turned to these new parties, liberalism and liberal ideas became associated with coldness, insensitivity to everyday problems, rigidity, and oppression: as if liberals became oppressors who take away rights, rather than those who extend and defend them. Some of these populist and extremist parties and movements have even continued to present themselves as the true liberators of the average citizen, with their proposals for free speech and a total absence of rules, thus proposing even more extreme versions of conservative policies.

Facing such an issue, to adopt countermeasures is not simple. The conservative misunderstanding arisen in recent years can be explained in social terms: liberalism has lost its social base because economic conservatism was mistaken for political liberalism, allowing conservative actors to hollow out its social legitimacy. To survive, liberalism must rebuild a coalition around social mobility, education, and civic participation. In fact, the social misunderstanding stems from the achievement of prosperity at the end of the last century by the middle and working classes that, throughout the 20th century, were the social backbone of liberal democracies and benefited from liberal policies and systems. Once prosperity in the post-industrial era was achieved,⁴ these classes became more similar – even if not identical – to the standard of living of middle and upper classes; as a consequence, the latter took a conservative turn, more hostile to that social mobility they had previously favoured. This situation still persists today, giving rise to a social bloc made up of the conservative bourgeoisie and a substantial part of the middle class, both hostile to social mobility: a powerful social bloc that must be broken up, in order to attract part of it towards more open and liberal policies.

Proposals and solutions

As showed, an accurate social analysis suggests that the heart of the *problem* with liberalism today lies in its social base. Without paying due attention to social conflicts and the needs of each social class, it is impossible to understand which social basis could ground genuinely liberal policies. The need to establish a new fiscal pact to housing policies; spending on education and health to the costs of ecological transition; the need for rearmament to European strategic choices; all

⁴The first study to discuss post-industrialization was Bell D. (1972), 'Labour in the post-industrial society', *Dissent*, XIX.

these policies must be based on, and supported by, a solid social foundation. Despite liberal parties had little support at the end of the 20th century, such foundation was not lacking, as the fundamental principles and guidelines of the various governments were liberal. Now, face-to-face with an increasingly conservative and populist social bloc – attracted by the false benefits of a closed society entrenched in privilege, and increasingly fearful and discouraged – every liberal policy has a duty to counter this trend with a *new social bloc* interested in liberal policies, social mobility, and the benefits of an open society.⁵ It can be found among the progressive bourgeoisie, working classes seeking stable employment, and mainly among the more dynamic middle classes, inclined towards innovation and freedom.

A further key issue is that of political alliances: once liberal parties and politicians will have identified their social platform, they must build stable political alliances with those parties and movements that are genuinely open to the issues dear to liberalism. We have seen how policies to lower indirect taxes have also been supported by socialist parties such as the Spanish PSOE, and how popular parties are often open to regulations that promote competition in accordance with shared rules and oppose protectionism. Similarly, progress can be made in the area of civil rights. Finding reliable and like-minded political allies becomes all the more important as the presence of anti-establishment parties becomes more threatening.

The temptation that every liberal must resist is to believe in unlikely alliances with extremist or populist parties and movements, perhaps under the illusion that by drawing them into an alliance with liberals, these parties and movements could become more moderate and reasonable. The exact opposite would be likely to happen, namely, that extremist parties would continue to use the liberal crutch to present their excesses as more acceptable. This would be the same glaring mistake that repeated itself through history: e.g., in Italy in the 1920s or in Germany on the eve of Hitler's rise to power, when the respective liberal parties deluded themselves into thinking they could involve Fascism⁶ and Nazism in the democratic process. It is useful to repeat it: the threat posed by far-right and populist parties is existential. They often rely on external actors such as Vladimir Putin's Russia – true champion of anti-liberalism, or rather mortal enemy of liberal democracies.⁷ The Russian government has long financed European extremist parties, and would take benefit from the involvement of liberal groups in its game, so to continue discrediting liberalism in the eyes of the electorate.

The final aspect that should not be overlooked, which has always been dear to liberal thinking, is the focus on civic and political education for citizens. Liberalism must renew itself through clear and recognisable political education,

⁵ For the concept of closed society and open society, see K.R. Popper (1945), *The open society and its enemies*, (London: Routledge).

⁶ On the relations between Italian fascism and liberalism, see Gentile E. (2002), *Fascismo: storia e interpretazione*, Roma: Laterza.

⁷ About the anti-liberalism of Putin, see his famous interview for the *Financial Times* (2019), «The liberal idea has become obsolete», (June 28th).

based on its principles and adapted to the challenges posed by the 21st century; challenges which require the education of increasingly broad sections of society about liberal principles, not only in Europe but also in the rest of the world (which is achieving widespread prosperity in this century). Providing voters with prospects for development and social advancement based on education in freedom and tolerance, has been the key to liberal success in the past two centuries and the source of its undeniable success. An education in freedom that removes citizens from a state of political infantilism and leads them to participate in public life in an adult and conscious manner.

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