

Journal of Liberal

HISTORY



Liberals of the Right?

Tony Little

Left and Right in Victorian Liberalism

Ian Packer

From Left to Right? The career of John Morley

Jaime Reynolds

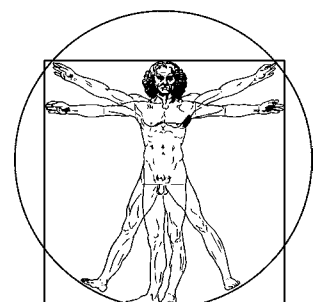
'The Last of the Liberals' Biography of Francis Wrigley Hirst

Martin Farr

Left, Right December 1916: The forward march of Liberals halted

Robert Ingham

Battle of ideas or absence of leadership? Liberals in the 1940s and 1950s



HISTORY GROUP NEWS

Contribute to Liberal Democrat history

The Liberal Democrat History Group is trying to establish an archive of personal recollections of party history.

We'd like as many readers of the *Journal* as possible to send us your Liberal, SDP and Liberal Democrat anecdotes and recollections: every story is vital.

What sort of information are we looking for?

We're looking for personal recollections and information from people who have been active (or whose forebears were active) in the Liberal, Social Democrat or Liberal Democrat parties.

What are our main areas of interest?

Our interest ranges across the whole history of the Liberal Democrats and its predecessors from the nineteenth century to the present day.

We would like to hear memories of party personalities, elections, local constituency history, triumphs and disappointments.

Whatever your experience, you are welcome to contribute. If you have or know of party records or other documentary material that might be of historical interest please give us details.

Large or small

Maybe your story is a brief anecdote, or maybe it's a lifetime memoir. Feel free to write your story whether

it be 100 words or 10,000 words long.

Be honest

This is the most important thing about any story on this site. We want it to be accurate and authentic.

What will happen to your story?

Our main aim is to ensure that the party's 'folk memory' is preserved. Your contributions will be archived and we will aim to make them accessible for researchers through our website, the *Journal of Liberal History* and other publications.

Send contributions to:

Liberal Democrat History Group Liberal Archive project, at:

- biographies@liberalhistory.org.uk; or
- 10 Beltinge Road, Herne Bay, Kent CT6 6DB

Oral history

Another related History Group project is a new publication: an Oral History of twentieth century Liberalism – a thematic study of the Liberal Party and liberalism, drawing upon interviews with Liberal activists and politicians, as well as autobiographical sources.

Many of the necessary interviews have already been conducted, for other purposes (such as PhD theses), and we hope that the new Liberal Archive (see left)

will also contribute valuable material.

We also, however, need to interview a number of key party figures – and for that we need help!

Interviewers needed

We would like to hear from anyone willing to volunteer some time to interview a small number of key Liberal (or SDP or Liberal Democrat) activists about their period in the party, and their experience in particular areas (campaigning, for example,

or policy-making, or party organisation).

Guidance will be given with questions and interview techniques.

If you are able to help, please write to Robert Ingham, the *Journal's* Biographies Editor, who is coordinating the project, at:

- biographies@liberalhistory.org.uk; or
- 10 Beltinge Road, Herne Bay, Kent CT6 6DB

Cover illustration: Cover of *Liberal Magazine*, January 1947

The Orange Book: Reclaiming Liberalism

Edited by Paul Marshall and David Laws

The *Orange Book: Reclaiming Liberalism* is an important collection of essays about the future policy direction of the Liberal Democrats, written by some of the Party's brightest and youngest MPs and MEPs.

At a time when the Liberal Democrats are increasingly moving from being a party of protest to a party of power, leading Liberal Democrats set out a clear liberal agenda for 21st century politics. The authors seek to re-establish the links between traditional liberalism – personal, political, economic and social – and current policy solutions.

Authors include Paul Marshall, David Laws, Edward Davey, Nick Clegg, Christopher Huhne, Vince Cable, Susan Kramer, Mark Oaten, Steve Webb and Jo Holland.

Published in 2004 by Profile Books, £8.99 – available at all good bookshops.



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Liberal Democrat History Group

The Liberal Democrat History Group promotes the discussion and research of historical topics relating to the histories of the Liberal Democrats, Liberal Party, and SDP, and of Liberalism. The Group organises discussion meetings and produces the *Journal* and other occasional publications.

For more information, including details of publications, back issues of the *Journal*, tape records of meetings and archive and other research sources, see our website at: www.liberalhistory.org.uk.

Chair: **Tony Little** Honorary President: **Lord Wallace of Saltaire**

**VOTE LIBERAL
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‘I am a nineteenth-century Liberal. So is Mrs Thatcher. That is what this government is all about.’

Sir John Nott, Conservative Minister in the 1980s¹

‘The picture generally given of the relative position of the three parties does more to obscure than to elucidate their true relations. They are usually represented as different positions on a line, with the socialists on the left, the conservatives on the right, and the liberals somewhere in the middle. Nothing could be more misleading.’

F.A. Hayek, Why I Am Not a Conservative (1960)

‘Liberalism has always been about enterprise, competition and markets ...’

Charles Kennedy (2004)²

Jaime Reynolds asks whether it is meaningful to apply the terms left and right to the British Liberal Democrat tradition. And what do we mean by the ‘Liberal Right’ in this special edition of the *Journal of Liberal History* –

LIBERALS OF THE RIGHT?

For much of the past century, the question of where Liberals stand – on the right, centre or left – has come up again and again, posed by pundits, the media, the voters, and not least by many Liberals themselves.

For some the answer is straightforward: the Liberals are on the left and always have been, even if over their long history the meanings attached to the term have altered. As Elliott Dodds put it: ‘by any strict use of language Liberals are the true Left, the real progressives’. According to this view, the dominant ideology of the party has evolved over time in response to changing conditions but, viewed in a historical context, Liberalism has always stood on the left. The so-called ‘right’ in the party are simply those who got left behind as the dominant Liberal ideology adapted to changing conditions. They were sidelined and mostly absorbed into the Conservative camp.

Others would reject the whole idea of applying the concept of left and right to the Liberal Party and its history. They argue that Liberalism is a distinct political philosophy that cannot be located meaningfully on a linear left–right spectrum. The terms are too simplistic and one-dimensional to explain the Liberal outlook. The Liberals’ mission has always been rejection of the left–right straitjacket and the class-based notions that underlie it. It follows that to speak of the ‘Liberal right’ is meaningless.

A third view is that there is indeed a Liberal ‘right’ in the sense of those who adhered to economic liberal ideas and can be seen as representing a tradition from nineteenth-century classical and Cobdenite Liberalism down to the *Orange Book* today. This wing of the party emphasised the importance of open markets, free competition, sound money, control of public expenditure, and economic efficiency. Whether it is accurately described as being on the right is a question that we will come to in a moment.

(Left): Liberal election slogan, 1929

**‘They run to the right of Labour in Tory constituencies, to the left of Labour in Labour constituencies and in this Parliament we are going to make them choose.’
Tony Blair, speaking of the Liberal Democrats (House of Commons, 17 May 2005)**

The articles in this special issue look at various aspects of this ‘right-wing’, predominantly economic liberal, tradition in Liberal Democrat history.

All the authors have approached this task with some trepidation, aware of the various definitional pitfalls and political sensitivities involved. Readers should take special note of the question mark after ‘Liberals of the Right?’ in the title of this issue: we are not saying that these currents are necessarily ‘right-wing’, just that they are sometimes regarded as such. We hope that the articles shed some light on this issue, with its complexities and inconsistencies, even if not every reader agrees with the labelling of particular personalities or ideas.

Each author has had an entirely free hand to look at the question and there has been no attempt to lay down any common definitions of left and right to be followed, or to come to any shared overall conclusion.

Liberals of the right?

How far is it justified to describe the classical economic liberal tradition as being on the right?

It is notoriously difficult to define precisely what ‘left’ and ‘right’ mean. The terms originally arose some two hundred years ago to describe the seating of factions in the French national assembly with the upholders of the status quo and authority on the right and more radical and libertarian elements on the left. Thus the quintessential *laissez-faire* liberal Bastiat sat together with the socialist/anarchist Proudhon on the extreme left of the Assembly.

Later the left became associated with a belief in political action to tackle poverty and social disadvantage and to enhance economic prosperity and security, generally through collective and state intervention. As one Liberal put it, a key ‘difference between Left and Right, Liberal and Tory, Radical and Conservative ... is this: the Left tries consciously

to shape its own environment; the Right makes terms with the environment that surrounds it. The Left tries to impose a pattern upon nature: the Right accepts it as it is.’³

But these meanings do not help much in characterising the economic liberals in the Liberal Party. For much of the nineteenth century, advocacy of *laissez-faire* and small government was a cause of the left rather than the right. The left was the standard bearer of libertarian ideas and economic individualism. As Tony Little brings out in his article on Victorian Liberalism, parties were concerned more with the distribution of power than of income, of privilege rather than class. The left – the Liberals and Radicals – fought aristocratic privilege, religious inequality and economic discrimination by curbing the power and expenditure of the (aristocratic) state. They sought to liberate markets distorted in favour of powerful traditional interests through free trade. The ‘right’ of the party was the Whigs, but they differed from the Radicals over the pace of change and the preservation of aristocratic property rights, not on economic philosophy or the role of the state *vis-à-vis* the individual.

Victorian *laissez-faire* Liberalism was anything but a conservative force, and similarly in the twenty-first century market liberalism is a dynamic ideology challenging the status quo across the globe.

It was in the half-century after 1914 that economic liberalism came to seem outdated and reactionary, as class-based politics and collectivism became dominant. Figures who would previously have been regarded as being on the radical left of the party, such as John Morley, were, as Ian Packer describes, increasingly seen as ‘right-wing’ in clinging to unfashionable individualism. Francis Hirst typified those Liberals who would have liked nothing better than to turn the clock back to Victorian times. However, they saw themselves as upholding

LIBERALS OF THE RIGHT?

the achievements of progress and enlightenment against the regressive forces of autocracy and mercantilism. As Robert Ingham comments on the debates in the 1940s and 50s, 'it seems simple to brand the individualists as right-wing and the radicals as left-wing; but this would have been bitterly contested by the 1950s free traders who regarded themselves as radicals and the other side as essentially conservative'.

Nor is it straightforward to categorise economic liberalism as 'right-wing' on the grounds that it favours a negative (removing impediments to freedom) rather than positive (actively creating the conditions to achieve potentiality) view of liberty. Many on the economic right of the Liberal Party have accepted much of the positive view of liberty and specifically rejected *laissez-faire*. The debate has been about means rather than ends – how to achieve the conditions for liberty: through state control and management, redistributive taxation and public provision; or through market instruments, diffusion of ownership, and mutual and voluntary means? Certainly economic liberals tend to be more sceptical about state and collective action and more confident in market solutions than social liberals, but in Liberal thinking the divide between the two has been less fundamental than is sometimes suggested. Recent scholarship has questioned the sharp distinction conventionally made between early Victorian 'negative' concepts of liberty and late Victorian 'positive' liberty, and in particular the association of state intervention with the latter. *Laissez-faire* liberalism incorporated the idea of ethical development through 'character'. Positive libertarianism did not necessarily imply support for extensive state intervention.⁴ Economic liberal concerns also permeated the thinking of many on the Liberal 'left' from the New Liberals through Keynes and Beveridge to Grimond.

It would also be inaccurate to classify the economic liberals as

'We must continue to reclaim economic liberalism; and marry economic liberalism to our social liberalism, in order to deliver more opportunity and freedom to all our citizens ...'

David Laws MP (Orange Book, p.40)

'right-wing' on the grounds of association with the Conservative Party. There is no correlation between economic philosophy and the secessions of Liberals to the Conservatives. Joseph Chamberlain was the most prominent radical interventionist in Victorian Liberalism, and after siding with the Tories became the leading protagonist of protectionism and Empire. Similarly in the 1916 Liberal split described by Martin Farr, it was certainly not the traditional economic right that ended up in coalition with the Conservatives. In 1931, the Liberal Nationals abandoned free trade and acquiesced in Tory protectionism and corporatism, while in the 1950s, as Robert Ingham shows, for many Liberals free trade remained central in asserting their distinctiveness from the Conservatives. Finally, in the 1980s, David Owen's 'social market', analysed by Duncan Brack, was an attempt to harness market economics to social justice as a centre-left (at least to begin with) alternative to Thatcherism.

Reclaiming economic liberalism

When *The Orange Book* declared that Liberals should reclaim their economic liberal heritage, many Liberals were uncomfortable with what they saw as an attempt to shift the party to the right, back on to ground that had long ago been relinquished to the Conservatives.

It also raised a variety of questions. What was the heritage? When and how was it lost? Was it right-wing? Had it been taken over by the Tories intact, or distorted by them into something else?

The articles in this special issue suggest some answers to these questions, but they can only scratch the surface of what remains a fundamental and still largely unexplored area of Liberal history.

The customary view of what happened – that hardnosed Manchester-school *laissez-faire* was

supplanted by the new social Liberalism from the late nineteenth century, rapidly withered and died before 1914, but was reborn in Conservative ideology under Mrs Thatcher – is hardly adequate.

The transition from nineteenth to twentieth-century Liberalism may well have been not so much a shift as a synthesis of economic and social liberal concerns, which continued to influence the mainstream of Liberal thought up to the present, though at times one or the other has been dominant. Eugenio Biagini notes the 'remarkable degree of consistency and continuity' in Liberal thinking on these issues, and the considerable extent to which 'new Liberal' ideas were rooted in the older free trade economics of global interdependence. In other words Liberals have continued to be preoccupied with all aspects of what Keynes called 'the political problem of mankind ... to combine three things; Economic Efficiency, Social Justice, and Individual Liberty ...'⁵ As John Meadowcroft and I describe, even economic liberals such as Arthur Seldon, who were later closely associated with the Thatcher 'revolution', continued to look to the Liberal and not the Conservative Party as their natural home down to the 1970s.

Liberals have tended to see economics in this way: as integrated with wider Liberal objectives. Thus free trade meant not only open markets and competition, but was linked to concepts of international order and peace, human rights, and removing social privilege. It is a very different focus from the free-enterprise economics of the Conservative tradition, which historically has had an anti-socialist and corporatist (pro-business) thrust, or more recently under Thatcherism, was propelled by an agenda of raising national competitiveness and rolling back trade union power. With its authoritarian and nationalistic overtones, it has been aptly summed up as 'the free economy and the strong state', a far cry

from the traditional Liberal perspective.⁶

What does seem clear is that reading back into Liberal history the preconceptions, positioning and labels of current political debates is likely to confuse rather than clarify understanding of the issues.

I hope that this special issue will contribute to a reassessment of the party's rich and distinctive economic liberal heritage that will be uncluttered with concerns about whether it sits on the right, the left or the centre.

Dr Jaime Reynolds is guest-editor of this special issue. He studied at LSE and has written extensively on British and East European political history.

- 1 *Guardian*, 13 September 1982.
- 2 *An Agenda for a Liberal Society for the 21st Century*, July 2004.
- 3 M. Bonham Carter, *Radical Alternative* (London, 1962), p. 16.
- 4 H. S. Jones, *Victorian Political Thought* (London, 2000), pp. 30–35.
- 5 J. M. Keynes, *Essays in Persuasion* (1931), London 1947.
- 6 A. Gamble, *The Free Economy and the Strong State – the Politics of Thatcherism* (Macmillan, 1988)

‘The [Liberal] Party cannot be entirely identified with liberalism in the sense of personal freedom. The Liberals have paid a little too much regard to the left-right categorisation of the commentator. In the economic field this has at times made them excessively shy of proclaiming a belief in an intelligently managed free market lest it damage their claim to a left-wing label.’

Samuel Brittan Left or Right – the Bogus Dilemma (London 1968), p.143

RESEARCH IN PROGRESS

If you can help any of the individuals listed below with sources, contacts, or any other information — or if you know anyone who can — please pass on details to them. Details of other research projects in progress should be sent to the Editor (see page 3) for inclusion here.

Aneurin Williams and Liberal internationalism and pacificism, 1900–22. A study of this radical and pacifist MP (Plymouth 1910; North West Durham/Consett 1914–22) who was actively involved in League of Nations Movement, Armenian nationalism, international co-operation, pro-Boer etc. Any information relating to him and location of any papers/correspondence welcome. *Barry Dackombe*. 32 Ashburnham Road, Ampthill, Beds, MK45 2RH; dackombe@tesco.net.

Cornish Methodism and Cornish political identity, 1918–1960s. Researching the relationship through oral history. *Kayleigh Mildren*, Institute of Cornish Studies, Hayne Corfe Centre, Sunningdale, Truro TR1 3ND; KMSMilden@aol.com.

Letters of Richard Cobden (1804–65). Knowledge of the whereabouts of any letters written by Cobden in private hands, autograph collections, and obscure locations in the UK and abroad for a complete edition of his letters. *Dr A. Howe*, Department of International History, London School of Economics, Houghton Street, London WC2A 2AE; a.howe@lse.ac.uk. (For further details of the Cobden Letters Project, see www.lse.ac.uk/collections/cobdenLetters/).

Liberal foreign policy in the 1930s. Focussing particularly on Liberal anti-appeasers. *Michael Kelly*, 12 Collinbridge Road, Whitewell, Newtownabbey, Co. Antrim BT36 7SN; mmjkelly@msn.com.

Liberal Party and the wartime coalition 1940–45. Sources, particularly on Sinclair as Air Minister, and on Harcourt Johnstone, Dingle Foot, Lord Sherwood and Sir Geoffrey Maunders (Sinclair's PPS) particularly welcome. *Ian Hunter*, 9 Defoe Avenue, Kew, Richmond TW9 4DL; ian.hunter@curtishunter.co.uk.

Liberal policy towards Austria-Hungary, 1905–16. *Andrew Gardner*, 17 Upper Ramsey Walk, Canonbury, London N1 2RP; agardner@ssees.ac.uk.

Liberals and the local government of London 1919–39. *Chris Fox*, 173 Worplesdon Road, Guildford GU2 6XD; christopher.fox7@virgin.net.

Political life and times of Josiah Wedgwood MP. Study of the political life of this radical MP, hoping to shed light on the question of why the Labour Party replaced the Liberals as the primary popular representatives of radicalism in the 1920s. *Paul Mulvey*, 112 Richmond Avenue, London N1 0LS; paulmulvey@yahoo.com.

Recruitment of Liberals into the Conservative Party, 1906–1935. Aims to suggest reasons for defections of individuals and develop an understanding of changes in electoral alignment. Sources include personal papers and newspapers; suggestions about how to get hold of the papers of more obscure Liberal defectors welcome. *Cllr Nick Cott*, 1a Henry Street, Gosforth, Newcastle-upon-Tyne, NE3 1DQ; N.M.Cott@ncl.ac.uk.

SDP in Central Essex. Contact with anyone who had dealings with the area, and in particular as many former SDP members of the area as possible, with a view to asking them to take part in a short questionnaire. Official documents from merger onwards regarding the demise of the local SDP branches and integration with the Liberals would also be appreciated. *Elizabeth Wood*, The Seasons, Park Wood, Doddinghurst, Brentwood, Essex CM15 0SN; Lizawsea@aol.com.

Student radicalism at Warwick University. Particularly the files affair in 1970. Interested in talking to anybody who has information about Liberal Students at Warwick in the period 1965–70 and their role in campus politics. *Ian Bradshaw*, History Department, University of Warwick, CV4 7AL; I.Bradshaw@warwick.ac.uk

Welsh Liberal Tradition – A History of the Liberal Party in Wales 1868–2003. Research spans thirteen decades of Liberal history in Wales but concentrates on the post-1966 formation of the Welsh Federal Party. Any memories and information concerning the post-1966 era or even before welcomed. The research is to be published in book form by Welsh Academic Press. *Dr Russell Deacon*, Centre for Humanities, University of Wales Institute Cardiff, Cyncoed Campus, Cardiff CF23 6XD; rdeacon@uwic.ac.uk.

Tony Little examines the meaning of terms in the political spectrum in the Victorian era.

VICTORIAN I

By today's standards, Victorian politics were extraordinarily fluid. Lord Derby, the leader who led the Tories back from their Corn Law wilderness, began ministerial life as a Whig. Lord Palmerston, the first Liberal premier, served for more than two decades in Tory governments and the dominant Victorian Liberal, William Gladstone, was initially hailed as 'the rising hope of those stern unbending Tories'.¹ To complete the circle, the leaders of two clashing schools of Liberalism, Joe Chamberlain and the Duke of Devonshire,² were serving in Salisbury's Conservative Cabinet when Victoria died.



LEFT AND RIGHT IN LIBERALISM

Yet, despite the frayed edges and personal journeys, participants in the political process could place themselves securely within it and clearly recognise friend and foe. As W. S. Gilbert put it:

... every boy and every gal,
That's born into the world
alive,
Is either a little Liberal
Or else a little
Conservative!³

Central party organisation might have operated out of the back room of a Pall Mall club but, in the constituencies, election campaigns were fought with more expense, more vigour and more antagonism than is commonly found today.

Division was not limited to the two parties. Factions competed for the spirit of Liberalism giving identifiable, if fluid, left and right wings. The origins of this article lie in an editorial suggestion that Richard Cobden should be included as an exemplar of the right within the Liberal Party. Since the Victorian establishment regarded Cobden as a dangerous Radical and since *The Orange Book*⁴ has created a debate on the ideological roots of the Liberal Democrats, the spectrum of nineteenth-century Liberal opinion is worth further exploration.

Before the 1832 Reform Act, the dominant parties were the

Tories and Whigs, leavened by groups of Radicals and independents. As a further complication, there were around 100 Irish MPs in Westminster sometimes labelled Whig, Tory and Radical. But while the Irish Tories consorted easily with mainland Conservatives, the other Irish groups were likely to put tenant, nationalist or religious beliefs before party allegiance.

Under Peel, the Tories assumed the name Conservative and the parties representing the respectable left gradually adopted the Liberal label, even before the famous 1859 meeting in Willis's Rooms which formally brought together Whigs, Radicals and Peelites.⁵ However, the terms Whig and Radical did not fall out of use.

In a narrow sense, 'Whig' describes the descendants of the aristocratic families who backed the Glorious Revolution of 1688 and their adherents. To those in the more 'advanced' or 'independent' sections of Liberalism, Whig described a Liberal to their political right. Similarly, the term 'Radical' could be confined to those who professed Benthamite Utilitarian beliefs. However, any advanced Liberal could adopt Radical as a badge of honour, while more timid Liberals used Radical as a term of notoriety for those to their left. Since the terms left and right were not generally used by nineteenth-century politicians,

and at the acute risk of oversimplification, Radical and Whig will be used in this broader sense.

From right to left

Examining the perceptions of extreme left and right at the beginning of the Victorian period lifts some of the fog from the battles which the parties fought and also helps an understanding of how the Liberal factions were perceived.

The extreme right – ultra-Tories – defended an aristocratic, Protestant state. The established, national – Anglican – Church was the anchor of national unity linking the four kingdoms, providing a moral basis for law and order and lending a 'patina of sanctity' to institutions such as the universities, the monarchy and the electoral system, which justified resistance to change. Secondly, 'Land was a source of nationhood, stability, hierarchy, order and traditional values.' This justified the power and participation in politics of the aristocracy, whose wealth derived from land, and warranted a protected position for agriculture. But these privileges also obliged the ruling group to care for the deserving poor and to use the power of government to intervene against the abuses flowing from the industrial revolution.⁶

The extreme left, represented by the Chartists, acknowledged

His Favourite Part:
'Mr Gladstone is ever happy to appear in the character of a Scotsman.'
– Letter from the Premier's Secretary. (*Punch*, 2 December 1871) – the two claymores are inscribed 'Radicalism' and 'Toryism'

LEFT AND RIGHT IN VICTORIAN LIBERALISM

that power was exercised by a landed elite:

The aristocratical government under which this country groans can only be subdued and changed by constant and vigorous efforts on the part of the people. Unless the controlling power of the State shall be speedily rendered decidedly popular, there is little hope that property can be made secure, industry free, and labour protected against the aggressions of the powerful.⁷

The Six Points demanded by the Chartists were the vote for all adult males, a secret ballot, annual parliaments, payment for MPs, elimination of property qualifications for candidates and equal-sized electoral districts – constitutional rather than economic objectives.

A common Liberal ideology

Liberals too accepted aristocratic participation in government – where else would be found men with the education and wealth to undertake government when schooling was not universal and MPs received no salary? The Lords exercised considerable authority over the Commons through patronage of candidates at elections, the funding of campaigns and the presence of family members as MPs. In 1859, 60 per cent of the Liberal Party's MPs were connected to the aristocratic and landed classes; barely more than 16 per cent had been involved in business.⁸

However, Liberals differed from Tories in promoting class harmony by incorporating those raised up by the Industrial Revolution. As Gladstone put it in a debate on Reform, 'I venture to say that every man who is not presumably incapacitated by some consideration of personal unfitness or of political danger, is morally entitled to come within the

pale of the constitution.'⁹ Thomas Babington Macaulay laid great stress on this element of Whig-Liberal philosophy:

A great statesman might, by judicious and timely reformations, by reconciling the two great branches of the natural aristocracy, the capitalists and the landowners, and by so widening the base of the government as to interest in its defence the whole of the middle class, that brave, honest, and sound-hearted class, which is as anxious for the maintenance of order and the security of property, as it is hostile to corruption and oppression, succeed in averting a struggle to which no rational friend of liberty or of law can look forward without great apprehensions.¹⁰

In time, this process was applied as successfully to the labouring classes as to capitalists.

Liberals were united by a belief in progress, reform to limit the power of arbitrary government and the landed oligarchy, religious toleration and the growth of popular self-government. By this reasoning, Liberals promoted free trade against sectional economic interests, sought reform and efficiency in the administration of government or church and saw retrenchment of government expenditure as reducing corruption, freeing individuals for self-improvement and preventing military adventures overseas.

A different purpose

Whigs divided from Radicals on the question of intent rather than economic egalitarianism. The Whig 'was willing to improve but anxious to avoid reconstructing. For him political change involved patching-up and improvising, and this was achieved by being pragmatic and flexible.'¹¹ As Macaulay

argued, 'Reform that you may preserve'¹² and 'we know of no great revolution which might not have been prevented by compromise early and graciously made.'¹³

Radicals embraced the Utilitarian aphorism that 'the greatest happiness of the greatest number is the foundation of morals and legislation'.¹⁴ From this they concluded that 'if we desire the people to be well governed, we must allow them to govern themselves',¹⁵ which led inevitably towards democracy. A narrowly based government regulated the economy primarily for the benefit of the elite and government expenditure was undertaken for the same purpose, John Bright claimed when he described foreign policy as 'a gigantic system of out-door relief for the aristocracy'.¹⁶ By attacking on the three fronts of electoral reform, de-regulation of the economy and retrenchment of spending, Britain would see 'a people building up the edifices of their liberties'.¹⁷

Whigs and Radicals shared overlapping views of what represented progress sufficient to form an alliance, but the difference of purpose, which showed in tactics, priorities and the details of legislation, was crucial. Attempts to take the party too far in a Radical direction were always vulnerable to a Whig revolt. Too much timidity left the leadership vulnerable to Radical rebellions and mass demonstrations. Both of Russell's governments were brought down by party revolts, three of Gladstone's administrations were destroyed by Liberal disagreements and Palmerston failed to construct a stable Liberal coalition for most of the 1850s. Riding the Whig and Radical horses in tandem was no easy task.

The following sections examine electoral reform and religion, both critical areas of friction where the Radical agenda was clearest; economic policy, where agreement prevailed; and Irish policy, which split the party apart in the 1880s.

Liberals were united by a belief in progress, reform to limit the power of arbitrary government and the landed oligarchy, religious toleration and the growth of popular self-government.

Democracy, that bare and level plain

The Whigs intended the 1832 Reform Act to be a lasting settlement which would enfranchise the middle class and provide representation for the newly industrialised cities but preserve the small borough seats which gave them their hold on the Commons. For a while, Russell was known as 'Finality Jack'¹⁸ for refusing to consider further reform. In the 1850s, when he needed Radical support, Russell regained his enthusiasm, but his bills for extending the franchise met with a poor response in 1851 and 1853, while an 1859 Tory bill was defeated on a motion proposed by Russell, paving the way to the first Liberal ministry. Despite a Liberal majority, for the next six years, Palmerston avoided bringing the issue to the test. As Cobden explained in 1859:

I rather think there is quite as much agitation about parliamentary reform in the House of Commons as in the country. It has got into the House of Commons, and they don't know what to do with it. It is bandied from side to side, and all parties are professing to be reformers; everybody is in favour of an extension of the suffrage; and, upon my honour, I think in my heart no one likes it much, and they don't care much about it.¹⁹

Frustrated by this lack of progress, Bright, Cobden's closest parliamentary ally, organised a campaign to demonstrate the popular demand for the vote, 'the question that will not sleep'. Speaking at Birmingham in 1865, he claimed that 'England is the mother of parliaments', before arguing that 'An Englishman, if he goes to the Cape, can vote; if he goes further, to Australia, to the nascent empires of the New World, he can vote ... It is only in his own country, on his own soil, where

he was born, the very soil which he has enriched with his labour and with the sweat of his brow, that he is denied this right.'²⁰

When Russell took office, after Palmerston's death at the end of 1865, he proposed a moderate extension of the vote only to suffer a defeat at the hands of a Whig clique, dubbed the Cave of Adullam by Bright. Led by Lords Lansdowne, Grey and Grosvenor, its spokesmen were Horsman and Robert Lowe.

The right-wing Whigs feared being swamped by an uneducated working class unable to distinguish their partisan interests from the interests of the nation, and the loss of Whig seats that might follow a redistribution to reflect an enlarged electorate. They were willing to contemplate an extension of the franchise only provided that it was accompanied by 'cumulative voting schemes, life memberships of the House of Lords, indirect election procedures, and other mechanical devices designed to preserve the ascendancy of the minority'.²¹ As Lowe maintained in a *Times* editorial:

We had a dream of an England made up of a society rising by distinct and well-marked gradations from its base to its summit, each part discharging its destined functions without envy and without discontent, with absolute personal freedom, under an equal law, divided between thinkers and workers, between owners and producers of wealth, with all that inequality between man and man which is the result of unrestricted freedom.²²

Later, in the Commons, he wound up a speech against Russell's bill by declaiming:

We are about to barter maxims and traditions that have never failed, for theories and doctrines that have

The right-wing Whigs feared being swamped by an uneducated working class unable to distinguish their partisan interests from the interests of the nation.

never succeeded. Democracy you may have at any time. Night and day the gate is open that leads to that bare and level plain, where every ant's nest is a mountain and every thistle a forest tree.²³

The discontented Whigs reaped a poor reward from their rebellion, as Russell resigned and Derby's minority government allowed Disraeli to 'dish the Whigs' by carrying, in 1867, a bill more radical than anything Russell planned. The case against democracy was lost. In 1872 Lord Hartington, a Whig, introduced the secret ballot, to protect the new voters from bribery and intimidation and, in 1884, the anomalies in Disraeli's Act were eliminated in another large-scale increase in the electorate. Chastened by their experience of Tory duplicity in 1867, the 1884 reform act passed without further revolt by right-wing Liberals.

The greatest blessing

In Victorian Britain, the established Church enjoyed privileges for which members of other denominations paid, through tithes, while some professional posts required adherence to the Anglican Church. Before 1829, Catholics were unable to vote; it was 1858 before Jews could sit in the House of Commons and a non-believer, Charles Bradlaugh, fought for more than five years to take the seat he won as a Radical in 1880.

Whigs broadly supported the established Church, though assigning it a more subordinate position than the Tories, and the great Whig families enjoyed the patronage of Anglican church livings at a time when its vicars were an important part of the local power and educational structures. Palmerston helped to reconcile nonconformists to his government by appointing evangelical bishops and was also concerned to conciliate Irish Catholics. As

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he wrote to Russell, 'To raise and improve the condition of the Catholic clergy is an object which all rational men must concur in thinking desirable.'²⁴

The politically active nonconformists tended to be associated with the Radicals, campaigning for a 'free trade' in religion by removing all the special privileges enjoyed by the Anglican Church. It was the Radicals who pressed for the abolition of tithes, disestablishment and the abolition of religious tests for university posts. The nonconformist Radicals wanted to end state funding for church schools and backed the tighter control of alcohol licensing.

After the splits and failures of the 1866 Reform Bill, Gladstone reunited the party and won the 1868 general election with calls for the disestablishment of the Church of Ireland (which represented no more than 10 per cent of the Irish population). Disestablishment righted an injustice to Irish Catholics (80 per cent of the population) in a manner that reunited the Liberal Party – the nonconformists welcomed the weakening of Anglicanism and the Whigs averted the provision of state funding for Catholicism. Optimistically, Gladstone believed disestablishment would renew the Church of Ireland's missionary vocation. The accompanying disendowment of church funds provided for the relief of Irish poverty.

The comparative ease with which the Irish Church was disestablished gave a misleading sense of Liberal religious accord. Gladstone never contemplated disestablishment of the English Church and campaigns for the disestablishment of the Welsh and Scottish Churches became increasingly significant as Liberalism relied more heavily on Welsh and Scottish MPs after the split of 1886.

The religious disharmony was more publicly exposed in squabbles over education, the other issue hinted at in Gladstone's

manifesto of 1868. In 1870, primary education was largely in the hands of the Anglican Church but, even with some government funding, only 1.3 million out of 4.3 million children attended adequate schools.²⁵ W. E. Forster introduced a bill to create elected boards to fund schools from local taxation but preserving 'anything of the existing system which was good'.²⁶ Nonconformists and Radicals pushed hard for such state schools to be secular, or at least undenominational. Radical and Unitarian, Joe Chamberlain led a deputation to Downing Street comprising forty-six MPs and 400 members of the National Education League, declaiming that:

The Dissenters object to this measure, which they conceive will hand over the education of this country to the Church of England – entirely in many parts of the Kingdom, especially in agricultural districts ... Any Conscience Clause will be absolutely unsatisfactory.²⁷

Ultimately the bill, one of the great achievements of Gladstone's government, was pushed through with Conservative support despite 132 Liberal MPs voting against the leadership in one division and 133 abstaining.²⁸ The dual system of voluntary aided church schools and state schools with non-denominational religious education still survives but the disappointment of the Radical nonconformists contributed to the 1874 Liberal defeat and undermined Forster's chance of becoming leader in 1875.

Chastened but undeterred by the Radical mutiny over elementary schools, Gladstone upset the other wing of the party, in 1873, by tackling the even more complex problem of Irish university education. Trinity College, Dublin, was well funded but Protestant, while the Catholic equivalent was poorly endowed. Gladstone proposed

The politically active nonconformists tended to be associated with the Radicals, campaigning for a 'free trade' in religion by removing all the special privileges enjoyed by the Anglican Church.

a neutral umbrella university to which both Catholic and Protestant colleges could affiliate though controversial subjects, including theology, philosophy and modern history, were not to be taught.

To Lord Hartington, a leading Whig and Chief Secretary for Ireland, the proposals appeared tantamount to robbery of Trinity and its Fellows of their funds.²⁹ Horsman, one of the Adullamites, thought that the University Bill would hand education to the Catholic priests and 'aimed a deadly blow' at 'the greatest blessing that the British Legislature ever conferred upon Ireland'.³⁰ In contrast, nonconformists thought it acceptable, with Osborne Morgan stating it combined 'concession to the Roman Catholics with the strictest maintenance of the secular principle in State education'.³¹

This view was backed by neither the Conservatives nor the Catholic hierarchy. Ten 'English and Scotch' and thirty-five Irish Liberals voted against the bill, with a further twenty-two Irish Liberals abstaining. The University Bill was lost by three votes.³²

The monster monopoly

The key economic achievement of the left in the Victorian period was free trade. The Anti-Corn Law League did not repeat the Chartists' mistakes of using mass demonstrations to intimidate Parliament and threatening public order. Cobden and Bright, its Radical leaders, worked through Parliament to persuade the government to remove the duties on imported grain. In 1845, Russell announced that the Whigs had accepted Cobden's argument.

The Radical case for free trade, supported by the Whigs and more liberal Conservatives, was that indirect taxes on the necessities of life, such as bread, tea and sugar, weighed most heavily on the poorest, for whom the cost of food consumed the highest proportion of income. Free trade was redistributive, particularly

as government revenue became more dependent on income tax, paid only by the better off.

More importantly, the campaign leaders aimed to broaden the distribution of power and undermine privilege. As Cobden argued in 1844:

A band of men united together – the selfish oligarchy of the sugar-hogshead and the flour-sack ... have got together in the House of Commons, and by their own Acts of Parliament have appropriated to their own classes the very privileges, the self-same monopolies, or monopolies as injurious in every respect to the interests of the people, as those monopolies were which our forefathers abolished two centuries and a half ago ... We advocate the abolition of the Corn Law, because we believe that to be the foster-parent of all other monopolies; and if we destroy that – the parent, the monster monopoly – it will save us the trouble of devouring all the rest.³³

The repeal of the Corn Laws by Peel, in 1846, split the Tories rather than the Liberals, effectively keeping them out of power for nearly three decades. Peel's chief supporters were slowly absorbed into the Liberal Party. The Peelite William Gladstone, as Chancellor of the Exchequer under Aberdeen and Palmerston, completed the free trade reforms, as Cobden foretold.

Similarly, union recognition posed little Liberal division. In the 1850s, unions of skilled workers which provided membership benefits in addition to agitation for higher wages began sustained growth. The Trades Union Congress held its first meeting in 1868. Gladstone recognised, in the new unions, sound working men seeking legitimate self-improvement. His 1871 Trade Union Act gave the unions legal recognition

and protection for their funds in the case of strikes, but left Disraeli's Conservative government to establish the legality of peaceful picketing.

The early union leaders, such as George Howell, first Parliamentary Secretary of the TUC, were Liberals. Henry Broadhurst, who succeeded Howell, and Thomas Burt, the miners' leader, were among the first working-class members of parliament, as Liberals. Their views would not be considered left-wing today; as Joseph Arch, founder of a successful agricultural workers' union and himself later an MP, proclaimed, 'I do not believe in State Aid and land nationalisation ... Self-help and liberty, order and progress – these are what I advocate.'³⁴ In the 1880s, the socialist Social Democratic Federation gained a foothold in the union movement but no more than a foothold. It was more in frustration at the Liberal Party's refusal to give them an adequate role than from ideological differences that men like Keir Hardie, Henderson and MacDonald founded an independent Labour Party.

The regulation of employment divided both Whigs and Radicals. Led initially by Tory evangelical Lord Shaftesbury, between 1833 and 1901 a series of acts were passed restricting the minimum age at which children could work in factories, specifying that children should receive an education and limiting the hours that women and children could work. Between 1864 and 1894 legislation began to regulate health and safety at work.

Among Whigs, Macaulay argued, as the left would today, 'that, where the health is concerned, and where morality is concerned, the state is justified in interfering with the contracts of individuals ... Can any man who remembers his own sensations when he was young, doubt that twelve hours a day of labour in a factory is too much for a lad of thirteen?'³⁵ Brougham, a former

Lord Chancellor, opposed factory legislation.

For the Radicals, Fielden worked to limit the hours of women and children to ten a day but Bright countered that, while ten hours a day was 'quite long enough', he differed 'on the point whether a reduction in time ought to be carried by the Legislature or by a regulation between the masters and the operatives themselves.' Even forty years later, he wrote: 'I still hold the opinion that to limit by law the time during which adults may work is unwise and in many cases oppressive.'³⁶ This voluntarist case proved misguided but at a time of limited wages and no social security, when restricted hours risked reducing pay below subsistence levels, not inevitably so.

In the early 1870s, Chamberlain, as Mayor of Birmingham, used municipal ownership of the gas and water supply to provide funding for the redevelopment and slum clearance of the city. Although happy to see this described as socialism, Chamberlain's schemes reflected more his skills as a profit-generating entrepreneur. Chamberlain's break with the Liberal Party came before he had the opportunity to apply entrepreneurial skills to national government, but even the most radical ideas in his Unauthorised Programme of 1885 – compulsory purchase powers to create allotments in rural communities and the funding of free primary education from graduated income tax – were only modest forerunners of twentieth-century New Liberalism. Similarly, in the Newcastle Programme of 1891, formulated after the supposed 'drag' of the Whigs had been removed by the Home Rule split, the most that Liberals proposed by way of economic intervention was to limit the hours of adult male workers and to extend the liability of employers for industrial injuries. The theoretical underpinnings of the constructive use of state power were in development at

The key economic achievement of the left in the Victorian period was free trade.

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the end of the century, but their practical application had to wait for Gladstone's departure.

Mischievous in its effects

The 1873 University Bill defeat magnified Gladstone's Irish difficulties, as Liberal representation in Ireland sank from sixty-five MPs in 1868 to twelve in 1874, when an independent Home Rule grouping of fifty-eight was elected. After 1880, under the leadership of Parnell, these nationalists perfected parliamentary obstruction and capitalised on violent rural discontent through the Irish Land League.

Britain traditionally dealt with such Irish problems by a combination of 'coercion' and compassion. Normal legal procedures were suspended to allow agricultural protesters to be locked up when local juries refused to convict. After order was restored, ameliorative measures were offered. Coercion, tolerated by the Whigs, some of whom were Irish landowners, was unwelcome to Radical civil libertarians. The second Gladstone government initially allowed the special legal powers to lapse and in 1880 proposed a Compensation for Disturbance Bill, overriding property rights to help small tenants in financial difficulties.

When this was defeated by a Whig revolt in the Lords, Irish violence rose and Forster, Chief Secretary for Ireland, reintroduced coercion, which Gladstone balanced with another round of land reform to satisfy Irish tenant demands for fixity of tenure, freedom of sale and fair rent. The bill, passed in 1881, offered a legitimate method of securing rent reductions, undermining the Land League. Nevertheless, the Whig Lord Lansdowne resigned over the Compensation Bill and the Duke of Argyll over the Land Act, both concerned that interference in the rights of landowners might spread to England. Both Irish ministers, Forster and Lord Carlisle, resigned over an understanding negotiated for Parnell's release from prison in

return for co-operation with the Land Act. In addition to property, Gladstone seemed to be sacrificing law and order.

These discontents form the background to Gladstone's 1886 Home Rule proposals. The 1885 general election produced a hung parliament. Ireland had returned no Liberals but eighty-five Home Rule MPs. The minority Conservative government was ousted on a demand for 'three acres and a cow' – allotments for agricultural labourers – and Gladstone began formulating proposals for 'the establishment of a legislative body in Dublin for the management of affairs specifically and exclusively Irish'.³⁷ The establishment of a religion would be excluded. 'Matters of defence, foreign policy, and international trade'³⁸ were reserved to the imperial parliament in London. The Irish parliament would include a second chamber to offer protection to Protestants and a land bill would give landowners security. English progress would no longer be subject to Irish obstruction. Yet leading Whig Lords Hartington, Selborne, Derby and Northbrook could not be enticed to join the ministry.

As Hartington's biographer conceded, 'Liberals had for years denounced the rule of men of one race or religion over those of another in Greece, Poland, Italy, Hungary, Turkey, without admitting that these principles could be used against the government of Catholic Irish by Protestant Anglo-Saxons'. Since 'Mr Gladstone applied Liberal principles honestly, sincerely, and above all, logically, to the case of Ireland', what were the Whig objections?³⁹ Hartington had made his opposition obvious in his manifesto of 1880:

No patriotic purpose is, in my opinion, gained by the use of the language of exaggeration in describing the Irish agitation for Home Rule. I believe the demand so described to be impracticable, and considering that

any concession, or appearance of concession, in this direction would be mischievous in its effects to the prosperity of Ireland as well as that of England and Scotland, I have consistently opposed it in office and in opposition and I shall continue to oppose it.⁴⁰

Gordon Goodman's article on the Liberal Unionists gives a broader explanation. The Whigs feared that Home Rule was only a step towards full independence. Ireland's example would be the signal for similar agitation within the Empire, and end in imperial disintegration. Moderate opinion was shocked by the virulence of the nationalist movement, which included barn burning, attacks on livestock, and the murder of Frederick Cavendish, the Chief Secretary for Ireland and Hartington's brother. Home Rule would be a craven surrender to malcontents and criminal anarchy. Finally, the spectre of Protestant Ulster subject to a predominantly Catholic parliament at Dublin was reason enough to reject Home Rule.⁴¹

The rebels, as Hamar Bass stressed, had an alternative: 'I was and still am prepared to support a very liberal measure of Local Self-Government for Ireland but I fail to see why such a measure should not be equally applicable to England, Scotland, and Wales.'⁴²

When the Home Rule Bill was put to the vote, ninety-three Liberals, the majority moderates and Whigs but including Chamberlain and Bright, ensured its defeat. Gladstonian Irish policy had tested Whig tolerance to destruction. In the ensuing election, the dissidents fought as Liberal Unionists in alliance with the Conservatives and the split was never healed. In the Salisbury government, which followed, county councils were introduced across the UK.

Conclusions

The Victorian parties were fighting about the distribution of

Since 'Mr Gladstone applied Liberal principles honestly, sincerely, and above all, logically, to the case of Ireland', what were the Whig objections?

power rather than income, about inequalities of privilege rather than class. In this context, figures such as Cobden and Bright, who were in the vanguard of those seeking to break down the monopoly of power and hand it over to the whole people, should be recognised as champions of the left rather than the right.

The Whigs were not opposed to the direction of change, but their resistance to the pace of progress, their fear of Gladstone's power to arouse the masses and their desire to retain a form of paternalism suggests that figures such as Lowe, Hartington and Argyll should be seen as figures of the right. To the Whigs, the rights of aristocratic property ranked above the creation of yeoman farmers in Ireland, the Anglican influence over education needed preservation from secularisation and the unity of the Empire was more important than devolution. Chamberlain once described Hartington as a 'drag on the wheel of progress'. After Hartington had brought Home Rule to a shuddering halt, his strain of Whiggism faded. Its champions were absorbed into an alliance with Conservatism that held power for most of the next two decades.

The attempt to carry Home Rule marked the high-water mark of Gladstonian Liberalism. The party needed a new direction. Attempts, by Rosebery and other rightward-leaning Liberals in the 1890s, to promote imperialism and national efficiency enjoyed only limited electoral appeal. The alternative, which proposed that Liberalism should 'concern itself with the liberation and utilisation of the faculties and potencies of a nation and a municipality, as well as those of individuals and voluntary groups of citizens',⁴³ proved more fruitful. The Liberals returned to government in 1905 principally as a result of Tory quarrels over protectionism and this New Liberalism, which promoted the constructive use of government intervention to rectify social problems, proved a

success under Asquith's leadership. From this new approach and from the new Labour Party came a redefinition of what it meant to be on the left.

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- 5 Norman Gash suggests that by 1841 newspapers were classifying MPs as Conservatives and Liberals in reports of election results; Norman Gash, *Aristocracy and People: Britain 1815–1865* (Edward Arnold, 1979), p. 163.
- 6 This paragraph and its quotations are derived from D. G. S. Simes, *A Long and Difficult Association: The Ultra Tories and the 'Great Apostate'*, http://www.archives.lib.soton.ac.uk/wellington/pdfsforall/pol_simes_ed.pdf, pp. 4–8.
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The Victorian parties were fighting about the distribution of power rather than income, about inequalities of privilege rather than class.

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- 28 *Ibid.*, p. 116.
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THE CAREER OF FROM LEFT TO RIGHT?

Ian Packer analyses the political career of John Morley (1838–1923), a leading figure for thirty years in the late Victorian and Edwardian Liberal Party.

Morley combined a deep distrust of most types of social reform with a distinguished record as a proponent of Irish Home Rule and determined opposition to imperial expansion and an aggressive foreign policy. So where did he belong on the Liberal political spectrum? On the 'left' or on the 'right'?

John Morley represents many of the contradictions that historians face when using the terms 'right' and 'left' to describe Liberal politics in the late nineteenth and early twentieth centuries.¹ If the terms are given their contemporary meanings, then one of the most important methods of discerning whether a Liberal is to be assigned to the right or left of the party has been their attitude to taxation and welfare, with those dubious about the role of the state often being dubbed by historians as 'right-wing', while enthusiastic social reformers are 'left-wing'. From this viewpoint Morley was a Liberal of the 'right' in the early twentieth century. He ended his political career as the first and only Viscount Morley of Blackburn, the septuagenarian senior statesman of Asquith's Cabinet, and the butt of some of his colleagues' humour for his political timidity and dislike of the new agenda of social reform.

However, this is not the only modern definition of 'left' and 'right' in Liberalism. Attitudes to Britain's role in the world can also be used to locate Liberals on the party's spectrum, and on this basis Morley remained a 'left-wing' Liberal. He was a leading

proponent of Irish Home Rule, a fairly consistent opponent of imperial expansion and, at the age of seventy-five, he resigned from the Cabinet over its decision to declare war on Germany in August 1914. This doubt over whether Morley was on the party's 'right' or 'left' was shared by his contemporaries. His long political career illustrates how competing definitions of 'right' and 'left' (or moderate and Radical to use nineteenth-century terms) arose, ensuring, to many people's confusion, that Morley ended his days as a symbol of both 'left-wing' and 'right-wing' Liberalism, depending on which definition was used.

In the first half of his life it seemed unproblematic to most of his contemporaries that Morley was a Liberal of the party's 'left', or Radical, wing. He was born on 24 December 1838 in Blackburn, the son of a surgeon who had abandoned Methodism for evangelical Anglicanism.² After a varied education at local Congregationalist and grammar schools, University College School in London and Cheltenham College, he was sent to Lincoln College, Oxford, with the intention that he should become a clergyman. But at Oxford he experi-

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enced a crisis of faith and he left the university in 1859 determined to avoid the vocation his father had mapped out for him.

As he was without influential connections one of the few careers open to him was journalism and he was fortunate that the mid-Victorian era saw the heyday of the highbrow journal. Morley excelled at the kind of learned essay on literature, history and politics they regularly required and, at the age of twenty-eight, he became editor of the new *Fortnightly Review* and in his fifteen years in charge made it into one of the most important forums for intellectual debate in Victorian Britain.³ Gradually, he achieved a degree of financial comfort, if not of security. On 28 May 1870 he married Rose Mary Ayling (1840–1923), probably after they had lived together for some years. She already had two children of uncertain paternity, though her marriage with Morley was childless. He also found time to write a steady stream of books, most of them on eighteenth-century enlightenment figures, including Burke, Diderot, Rousseau and Voltaire.⁴ His most famous early work was probably his essay, 'On Compromise' (1874), which explored his agnosticism and the

His long political career illustrates how competing definitions of 'right' and 'left' (or moderate and Radical to use nineteenth-century terms) arose.



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need to speak out against the forces of conformity in society. The essay both reflected Morley's own life and the influence of the Liberal philosopher, John Stuart Mill, who Morley knew well in his last years.⁵

But at the same time, Morley was actively involved in politics, standing as a Liberal at Blackburn in 1869 and Westminster in 1880 before being elected for Newcastle in 1883. He also edited the Liberal daily paper, the *Pall Mall Gazette*, in 1880–83. In his journalism Morley insisted on the importance of the writer as a formulator, through free expression and debate, of public opinion, by which he meant the opinion of the intellectual elite of which he was a central component.⁶ He believed it was the duty of this group to direct government into the paths of disinterested rule on behalf of all the community and to free society from state interference, which could only harm its 'natural' development and progress. His enemies were the traditional authorities who insisted on their divine or hereditary right to determine opinion and policy – primarily the Church of England and the aristocracy. These opinions made Morley seem a much more radical reformer than the party's leaders, such as Gladstone and his Whiggish colleagues. Certainly his association with issues like church disestablishment, secular education and reducing the powers of the House of Lords, and his friendship with the Radical figures Joseph Chamberlain and Sir Charles Dilke, put him firmly in Liberalism's advance guard.⁷

But what brought Morley to the forefront of politics was his attitude to Ireland and to imperial expansion.⁸ He consistently argued that it was illegitimate for the British government to use coercion to govern Ireland against the will of its people. He regarded the Irish 'land war' as merely an attempt to redress real grievances and repression as only likely to lead to an interminable cycle

of violence and reprisals. It was intolerable for the government to repress rights of expression and organisation and to use arbitrary powers, and Morley feared that their use in Ireland would set a precedent for their use in Britain. Similarly, Morley opposed much of the imperial expansion that took place in Africa in the 1870s and 1880s, such as the Zulu War of 1879 and the Sudan expeditions of 1884–85, arguing that societies had to be left free to develop in their own ways and that Britain would not benefit from the massive expense involved in acquiring distant outposts. Instead, imperialism threatened open government by concentrating power in the hands of soldiers and officials.

These views were anathema to many Conservatives and moderate Liberals as they seemed to contradict Britain's national interests and to endorse violence against property and the forces of law and order in Ireland. Morley seemed a dangerous figure on the Liberal Party's far 'left'. When he moved into the party's leading group it was because Liberalism was perceived to have lurched towards radicalism, rather than because he became more moderate. In December 1885 it was revealed that Gladstone, the Liberal leader, had been converted to a policy of home rule for Ireland. Although Morley had not previously associated himself with this idea it was an entirely logical outgrowth of his own vehement opposition to coercion, and on 21 December 1885 he became the first leading Liberal publicly to support Gladstone.⁹ When the latter formed his new Cabinet in 1886 he appointed Morley to the crucial post of Chief Secretary for Ireland.

This was the central moment in Morley's career. It irrevocably associated him with the cause of Irish home rule and the Liberal–Irish Nationalist alliance. Many Liberals refused to accept the new policy, because they saw home rule as leading to imperial disintegration, mob rule and the

requisition of property.¹⁰ They split off to form the new Liberal Unionist party in alliance with the Conservatives. When Gladstone's home rule bill was defeated in the Commons it proved the crucial dividing issue between the Gladstonians and the new Unionist alliance at the subsequent election of 1886. If the Unionists were the party of the 'right' and the Liberals that of the 'left' then Morley was a key advocate of the policy which Unionists insisted made the Liberals most radical, irresponsible and 'left-wing'. He served as Chief Secretary for Ireland again in 1892–95 under Gladstone and Rosebery and shared with Gladstone the responsibility for the Irish home rule bill of 1893, which was defeated by the House of Lords. By this time he was very close to Gladstone, who was happy to declare 'I love John Morley'.¹¹

This association with Ireland and Gladstone made Morley one of the party's leading figures, but he was unable to advance his position during the troubled 1892–95 governments and lost his seat at the 1895 general election, though a safer berth was soon found for him the next year at Montrose Burghs, which he served as MP until he went to the Lords in 1908.¹² Contemporaries commented that while Morley could be a fine speaker and was a competent administrator he was exceptionally vain and touchy and was often paralysed by indecision and self-doubt and these factors helped prevent him forcing his way to the top of Liberal politics. In opposition after 1895 he continued to press the case for home rule (against the wishes of those Liberals who wanted to backtrack on this commitment) and to express his doubts about imperial expansion, especially in the Sudan in 1898. In 1898–99 he co-ordinated his withdrawal from the Liberal leadership with Sir William Harcourt in protest against the pro-imperialist stance of some of their colleagues. Per-

Morley was a Liberal of the 'left', or a definite Radical, to use the terminology of the time. But this was only true as long as 'left-wing' policies were defined in terms of the vigour of a person's commitment to political freedoms.

haps to Morley's chagrin, his fellow ex-Cabinet ministers did not plead with him to return and take up the Liberal leadership and selected Sir Henry Campbell-Bannerman as their new chief. Morley turned much of his energies to his official, three-volume *Life of Gladstone*, which was published, to much acclaim, in 1903.

Thus, up to this time, in terms of what contemporaries perceived as being the central issues that divided Liberals from Conservatives, and Liberals from each other, Morley was a Liberal of the 'left', or a definite Radical, to use the terminology of the time. But this was only true as long as 'left-wing' policies were defined in terms of the vigour of a person's commitment to political freedoms, whether this meant hostility to authorities that claimed to rule with divine or hereditary sanction, opposition to imperial expansion or advocacy of Irish home rule. In the late nineteenth century another definition of 'left' and 'right' was coming to the fore, which sought to replace the older terms. Socialist and labour movements and collectivists within Liberalism and Conservatism all began to press for more state intervention in society. The new Labour Party, founded in 1900, and New Liberal journalists and politicians inside the Liberal Party, increasingly advocated that the state should produce social legislation to improve the conditions of the poorest members of society, even if this meant interfering with the workings of the free-market economy, and, if necessary, to pay for these measures by taxing the wealthy.¹³ In their eyes, approval of these policies made a person 'left-wing'. To oppose them, or even to have doubts about them, was to be 'right-wing', even if the politician in question was an advocate of Irish home rule or an opponent of the House of Lords.

Thus, much to Morley's surprise, he began to be perceived by some people in politics as a 'right-wing' Liberal. This was unavoidable

in some ways. The Liberalism Morley had imbibed in the 1860s had not included this new collectivist agenda and he had staked his career on home rule and anti-imperialism. The Webbs were particularly scathing about Morley's ignorance of the 'new' politics.¹⁴ This did not mean he had no interest in domestic matters. In the late 1880s he had acted as patron of younger Liberal MPs like Asquith, Haldane and Arthur Acland, who were interested in the new collectivist thinking.¹⁵ He had become closely associated with both temperance reform and a 'rural programme' to appeal to agricultural labourers. But he was sceptical about many of the new social reform ideas that were being floated. In particular, in the late 1880s many trade unions took up the idea of a statutory eight-hour day, both on humanitarian grounds and as a way of alleviating unemployment by spreading work around. Morley opposed the proposal, leading to acrimonious disputes with local socialists in his Newcastle constituency. He noted that labour organisations were divided about the idea and that, for instance, miners in the North East were totally opposed to it.¹⁶ Surely, he suggested, fewer hours worked would just mean lower pay for most people?

These were acute criticisms, but they were not necessarily wise. During the 1892–95 government, most Liberal MPs were willing to endorse the regulation of the hours of work of groups like the miners and railwaymen who had real electoral significance. Morley's high-profile rejection of this idea made him look isolated and out of touch. But Morley did not retreat. Indeed, he seemed to find some pride in swimming against the collectivist tide. Increasingly, he started to identify himself as a 'Cobdenite'.¹⁷ He had written a biography of the mid-Victorian radical in 1881 and clearly found his anti-imperialism and opposition to an aggressive foreign policy congenial. But Morley also started to emphasise



John Morley in 1900 (drawing by F. C. Gould).

Cobden's laissez-faire economic thought and to make connections between these policies and his ideas on external affairs. To Morley, there seemed to be a real unity between opposing the expansion of the state abroad and objecting to extending its operations at home. Both were inimical to the liberty he held to be central to his creed.

This approach was the origin of the 'right-wing' Morley of the early twentieth century. In the early 1900s he returned to active politics and in 1905 Campbell-Bannerman made him Secretary of State for India in the new Liberal Cabinet – a post he exchanged for Lord President of the Council in 1910.¹⁸ At the India Office Morley was not unaware of the irony of his translation into an imperial ruler. He shocked many of his admirers by presiding over deportations, detentions without trial and the suppression of newspapers in the course of the campaign against armed opponents of British rule in Bengal. But he also instigated

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the 'Morley-Minto' reforms of 1909 which made non-officials, many of whom were elected, a majority on all provincial councils and increased the powers of these councils. Though he remained an active participant in the Cabinet his behaviour often seemed petulant to colleagues, particularly in his constant threats to resign over both major and minor issues.¹⁹ Perhaps he genuinely doubted his willingness to continue in politics as his age increased and his health declined. Possibly, having missed the highest prize of the premiership, he just needed to be reassured of his importance by being persuaded to remain in the Cabinet. Both Campbell-Bannerman and his successor, Asquith, went along with this behaviour. After all, through his friendship with Mill and Gladstone, Morley was a living link with the party's past and a guarantee that it remained true to its traditions.

Morley's scepticism about social reform fitted in with this view of him as a grumpy old man, unimpressed by 'new-fangled ways', and a relic of the past at the Cabinet table. This was the Morley who always had a reason to oppose new measures: who was 'frightened' by the implications of the 1909 People's Budget;²⁰ or who declared on the subject of old-age pensions, 'It will be injurious to us with the lower middle-class, who after all are no inconsiderable contingent of our party strength. On the other hand, we shall hardly be able to produce proposals magnificent enough to make the workmen ardently enthusiastic, or even decently satisfied.'²¹

This picture of Morley muttering against the new agenda of social reform in Asquith's Cabinet makes a neat conclusion to his political odyssey from the 'left' of the party in the 1880s to the 'right' in the 1900s.²² But it is also misleading. Morley was only a 'right-wing' Liberal if collectivism was the central political issue and the determining factor in who was on the 'left' and who was on the

'right'. But this was only intermittently true in the Edwardian era. The 'old' agenda that Morley had advocated in Victorian Britain stubbornly refused to make itself irrelevant. At the 1906 general election the great issue was free trade against tariff reform. In the 1910 elections it was the role of the House of Lords. In 1912–14 it was Irish home rule and the threat of armed conflict in Ireland. On all of these issues, Morley was in the advance guard of his party. He preferred reducing the Lords' powers to amending its composition and he remained one of home rule's firmest friends in the cabinet.²³ Moreover, it can be argued that within the Liberal leadership Morley remained one of its most 'left-wing' members on some crucial topics.

In 1899–1902 the great issue for most people in the Liberal and Labour Parties was the Boer War launched by the Conservative government. Morley, not unexpectedly given his previous record, was among its foremost opponents, declaring it simply to be 'wrong' to launch a war for imperial conquest.²⁴ So impressed was Keir Hardie that in an open letter in the *Labour Leader* in June 1900 he offered Morley the leadership of the Labour Party that had been founded four months previously – a curious offer if Morley was consistently perceived as a 'right-wing' Liberal.²⁵ Once the Anglo-French military conversations became known to the Cabinet in 1911, Morley was one of the most prominent opponents of any intervention in European war. Finally, in August 1914 Morley concluded his political career by resigning from the Liberal Cabinet, along with John Burns, rather than accept the decision to declare war on Germany.²⁶ His primary motivation seems to have been his long-standing loathing of the reactionary regime in Russia and fear that war would lead to its spread across Europe. In opposing the war, Morley aligned himself with twenty or

He could justly claim to be remembered both as a 'left-wing' and a 'right-wing' figure, depending on whether his obituarist felt that what mattered was his opposition to the First World War or his doubts about old-age pensions.

so Liberal MPs, the leaders of the Independent Labour Party like Keir Hardie, Ramsay MacDonald and Philip Snowden, and, in the rest of Europe, a smattering of radicals and socialists who found themselves condemned and persecuted for opposing the 'national interest' of their respective countries. He had started his political life as a pariah because his religious views were considered too unorthodox, only to end his involvement in politics in the company of pacifists, socialists and revolutionaries. His final years were spent in retirement at his home in Wimbledon and in composing retrospective works like his *Recollections* (1917).

The notion of whether Morley can be assigned to the 'right' or 'left' of Liberalism brings into stark relief the need to be careful in placing these terms within a closely defined historical context. On issues connected to social reform and redistributive taxation Morley was clearly a 'right-wing' Liberal to fellow Liberals in the early 1900s. But before the late 1880s at the earliest these issues were not significant enough to determine a politician's place on the political spectrum. Even in the early twentieth century they had to share the political stage with the agendas of political freedoms, anti-imperialism and a moral foreign policy that Morley had imbibed in his youth. On all these issues Morley was a 'left-wing' Liberal to his contemporaries. When he died at his home in Wimbledon on 23 September 1923 he could justly claim to be remembered both as a 'left-wing' and a 'right-wing' figure, depending on whether his obituarist felt that what mattered was his opposition to the First World War or his doubts about old-age pensions.

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(Woodbridge: RHS/Boydell & Brewer, 2001) and *The Letters of Arnold Stephenson Rowntree to Mary Katherine Rowntree, 1910–18 (RHS/CUP, 2002)*.

- 1 For biographical studies of Morley, see D.A. Hamer, *John Morley: Liberal Intellectual in Politics* (Oxford: Clarendon Press, 1968); F.W. Hirst, *Early Life and Letters of John Morley*, 2 vols (Macmillan, 1927); J. H. Morgan, *John, Viscount Morley. An Appreciation and Some Reminiscences* (Murray, 1924); J. L. Morison, *John Morley: A Study in Victorianism* (Kingston, Ontario: Jackson Press, 1920); W. Staebler, *The Liberal Mind of John Morley* (Princeton, NJ: Princeton University Press, 1943). Also, J. W. Bicknell and C. L. Cline, 'Who was Lady Morley?', *Victorian Newsletter* (Fall, 1973), pp. 28–31.
- 2 Morley dealt with his early life in his *Recollections*, 2 vols (Macmillan, 1917), vol. 1, pp. 3–35.
- 3 See Hamer, *John Morley*, especially pp. 70–74, 79–85. Allegedly, Morley expressed his agnosticism by allowing God to be spelled with a small 'g' in the pages of the *Fortnightly*.
- 4 *Edmund Burke: A Historical Study* (Macmillan, 1867); *Diderot and the Encyclopaedists*, 2 vols (Chapman & Hall, 1878); *Rousseau*, 2 vols (Chapman & Hall, 1873); *Voltaire* (Chapman & Hall, 1872); 'On Compromise' appeared in the *Fortnightly Review*, new series, 88, 90–1 (1874).
- 5 *Recollections*, vol. 1, pp. 52–67.
- 6 The best guide to Morley's early thought remains Hamer, *John Morley*, pp. 16–80.
- 7 Hamer, *John Morley*, pp. 104–11; *Recollections*, vol. 1, pp. 147–63.
- 8 See Morley's articles in *Pall Mall Gazette*, 21 October 1881, 23 February 1883, 10 August 1882.
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- 20 Morley to Lord Crewe, 13 December 1908, Cambridge University Library, Crewe papers, 37.
- 21 Morley to Lord Bryce, 6 January 1908, quoted in Hamer, *John Morley*, p. 355.
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- 24 *Recollections*, vol. 2, p. 86.
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British Liberal Political Studies Group Winter Conference 2006

Call for Papers

The British Political Liberal Studies Group winter conference will be held on the weekend of the 13–15 January 2006, at the University of Wales Conference Centre in Gregynog, Powys. This conference is held in conjunction with the Liberal Democrat History Group.

Proposed panels for papers include:

1. The Liberal Democrats and the 2005 general election
2. The Liberals of 1905: 'on the road to a landslide'?
3. The Liberal Democrats and devolution: papers on the Liberal Democrats and devolution in Scotland, Wales, GLA and English regions
4. The SDP a quarter of a century on
5. The Liberal Democrats: campaigning, gender and candidate selection
6. Prime Ministers, leaders and other important Liberal figures
7. The Liberals and issues of policy, past and present

Paper-givers are required to submit a 200-word summary of their paper to the Conference Convenor. If the paper is deemed of the required standard for the group then a space will be allocated for it on a relevant panel. Papers should be submitted by 1 September 2005. Please submit ideas to the Conference Convenor, Dr Russell Deacon (rdeacon@uwic.ac.uk).

You need not present a paper in order to attend the conference! The attendance fee is £100 for the weekend or £60 for staying on either the Friday or Saturday night. This rate applies to member of the British Liberal Political Studies Group or the Liberal Democrat History Group. Non-members will be charged £125 and £70 respectively. The Saturday night will feature a dinner with a guest speaker.

Please email rdeacon@uwic.ac.uk to obtain a booking form.

Dr Russell Deacon, British Liberal Political Studies Group

UWIC, Cyncoed, Cardiff CF23 6XR

Tel: 02920 417102

'THE LAST OF THE FRANCIS WRIGLEY HIRST'



'Liberty above all things' – Francis Hirst (1940)¹

Jaime Reynolds describes the career of the leading ideologue of 'old Liberalism' in the interwar Liberal Party, Francis Wrigley Hirst.

For H. J. Laski, Francis Hirst was the 'last of the Liberals'.² And Hirst was indeed a rare and unbending exponent and publicist of classical Liberalism in the first half of the twentieth century, at a time when such ideas were being overwhelmed by war and collectivism. He can be seen as the last in the line upholding the pure doctrine of what he called the 'great watchwords of Liberalism – Peace, Liberty, Free Trade, Public Economy, and Good Will among Nations'³ in the tradition of Adam Smith, Cobden, Gladstone and John Morley. Today he is a largely forgotten figure, remembered only as an outmoded 'primitive Liberal' on the fringes of the party, whose laissez-faire creed had been toppled by the new social Liberalism in the years before 1914 and buried by Keynes and Beveridge in the 1930s and 1940s.⁴

Nevertheless Hirst's career is of continuing interest. More than anyone else he continued robustly to articulate and propagate traditional Radicalism from within the Liberal Party until the end of the 1940s. While his brand of Liberalism was in decline, it was still a significant element in the thinking of many Liberals at the

time. Moreover those ideas have, to some degree, come back into fashion in recent decades among neo-liberals and libertarians.

Francis Wrigley Hirst was born on 10 June 1873 at Dalton Lodge near Huddersfield. Both his parents came from wealthy mill-owning families with deep nonconformist and Liberal roots. His maternal aunt, Mary Wrigley, married William Willans (1800–63), the leading figure in Huddersfield Liberalism and nonconformity and grandfather of Herbert Asquith. Another Wrigley started the US chewing gum firm. Hirst's father Alfred was forced to retire from the woollen textile business in 1886 because of failing eyesight and the family moved to Harrogate, where he worked in the cause of the blind. This does not seem to have involved much hardship. Hirst later recalled that shortly before retiring his father had cleared a profit of £10,000 (the equivalent of £500,000 today) from just one import deal.⁵

Hirst attended Clifton College in Bristol from 1888–91 and then won a scholarship to Wadham College, Oxford, securing a double first in Classical Moderations and Greats in 1896. He was President of the Oxford Union

THE LIBERALS' HIRST (1873 – 1953)

the same year, succeeding John Simon, who was to become a life-long friend.⁶ Other friends at Oxford included Hilaire Belloc, F. E. Smith and Leo Amery.

Hirst was one of the first at Oxford to study political economy, naturally of the classical variety. He was strongly influenced by Alfred Marshall and Professor F. Y. Edgeworth (1845–1926), a vigorous opponent of tariff reform.⁷ Hirst was already an ardent Liberal, joining the radical Russell Club.

Having narrowly failed to secure a research scholarship at Oxford, Hirst earned his living coaching students, lecturing on local government at the newly founded London School of Economics, and writing. In 1899 he was called to the Bar and practised as a barrister for the next few years, without much financial reward, giving up in about 1906 to concentrate on journalism and writing. He had cut his teeth as a journalist as one of the talented young writers that C. P. Scott brought into the *Manchester Guardian*. In 1907, largely on the recommendation of John Morley, Hirst was appointed editor of *The Economist*, a post he was to hold until 1916.⁸

Hirst had forged his close friendship and political partnership with Morley in the summer of 1899, and again in 1901, when he worked as Morley's researcher on his celebrated biography of Gladstone, spending many happy weeks exploring Gladstone's voluminous papers at Hawarden Castle.⁹ Hirst soon became Morley's intellectual and political amanuensis.¹⁰ Together with several other young Liberals, including Hilaire Belloc, John Simon and J. L. Hammond, Hirst published *Essays in Liberalism* in 1900, contributing an essay on Liberalism and Wealth. The book – which aimed to reassert the doctrines of classical liberalism then under increasing attack from Fabians and New Liberals – was dedicated to Morley as the 'embodiment of philosophic liberalism ... the wellspring of a liberal tradition which united the doctrines of Mill and Cobden and represented the still-living personality of Gladstone'.¹¹ Hirst was suspicious of the New Liberals – what he called 'the new type of Liberal politician who offers the public a mixed pottage of socialism and jingoism ...'.¹²

At this time Hirst was closely involved in the protest movement against the Boer War in which

Hirst was a rare and unbending exponent and publicist of classical Liberalism in the first half of the twentieth century, at a time when such ideas were being overwhelmed by war and collectivism.

Morley was a leading figure. Hirst was a founder of the League of Liberals Against Aggression and Militarism, serving on its committee.¹³ He contributed to a collection of essays on *Liberalism and the Empire* (1900), accusing Cecil Rhodes's Chartered Company of inciting the conflict with the Boers.¹⁴ He also worked with Simon, Belloc, G. K. Chesterton and J. L. Hammond in the pro-Boer *Speaker*, the forerunner of *The Nation*, which under the editorship of H. W. Massingham became a standard-bearer of advanced Liberal opinion.¹⁵

In 1903 Hirst married Helena Cobden, great-niece of Richard Cobden, and eventually they were to live in Cobden's old home, Dunford House near Midhurst in Sussex, which they turned into a shrine to the great free trader and his ideas. The marriage was long-lasting and happy, although they were at odds over Helena's suffragette activity, which led to her arrest in 1913.¹⁶ They had no children.

Already, in his twenties, through his friendship with Morley and his prominence in Liberal circles and at the Union at Oxford, he had built up a wide acquaintanceship with many of the leading politicians of the day,

'THE LAST OF THE LIBERALS'



helped by the fact that he was excellent company, 'hospitable and inclusive', and 'a fascinating conversationalist' with a 'genius for friendship'. He had many interests outside politics: he was a spirited but not particularly good chess player, a keen fly-fisherman and sports enthusiast (cricket, golf, athletics), and a lover of the Classics, especially Latin poetry.¹⁷

His first two solo books appeared at the height of Joseph Chamberlain's Tariff Reform campaign. *Free Trade and other Fundamental Doctrines of the Manchester School*, a collection of extracts from the leading classical liberal pioneers which was published in 1903, and *Adam Smith*, which appeared in Morley's 'English Men of Letters' series in 1904, set the pattern of clear and orthodox exposition of classical liberal thought. Hirst was in the thick of the Liberal defence of free trade, contributing to *Fact versus Fiction* (1904), which the Cobden Club published to refute Chamberlain's arguments.¹⁸ He also wrote a number of academic and technical studies on local government and legal and commercial issues in these years.

As editor, Hirst expanded and modernised *The Economist*, previously a rather dull journal, turning it into a lively and partisan leader of Radical opinion. Working hand-in-hand with the anti-militarist wing of the Liberal Party, he sought to counteract 'the Armour-plate press' which loudly demanded a naval arms race with Germany. A good illustration of how Hirst operated behind the scenes came in March 1912 when Churchill proposed an increase in the naval estimates to build new Dreadnoughts, in defiance of the 'Radicals and Economists' and a strongly worded resolution recently adopted by the National Liberal Federation (NLF). Morley leaked to Hirst information about the division of opinion in the Cabinet on this issue, including the opposition of Lloyd George, the Chancellor of the Exchequer. Hirst helped Sir John Brunner, chairman of the

Top: The six writers of *Oxford Essays in Liberalism* (1897) – standing: H. Belloc, J. L. Hammond, F. W. Hirst; seated: P. J. Macdonnell, J. A. Simon, J. S. Phillimore.

Left: Hirst's farewell party given by the staff following his sacking as editor of *The Economist* in 1916 – he is seated with Mary Agnes Hamilton, later a Labour MP.



NLF, to draft circular letters of protest to constituency associations and editors, and in July he suggested that Brunner write to Asquith to say that he would call a special meeting of the NLF to discuss 'this fatal and provocative policy'. In the autumn Hirst ghosted a manifesto from Brunner to every Liberal Association chairman before the NLF meeting held on 21 November. By the time the meeting was held, the Cabinet had found a compromise formula and the crisis had subsided, although the eventual outcome was a defeat for Hirst and the Economists.¹⁹

Hirst is sometimes described as an isolationist, but it would be more accurate to say that he stood for active efforts to maintain international peace in Gladstonian style through the 'Concert of Europe'. He attempted to lower international tensions by sending the journalist Dudley Ward to Berlin as a correspondent with a wide brief to promote friendly relations with Germany.²⁰ He also upheld the Gladstonian tradition of concern for oppression in Europe. In 1913–14 Hirst was a member of the International Commission established by the Carnegie Endowment for International Peace, which investigated Serbian atrocities against the Macedonian (Bulgarian) population during the Balkan Wars of 1912–13. The report was published in 1914.²¹

Hirst blamed the Liberal government for the slide to war in 1914. He later wrote that 'the death of Campbell-Bannerman made way for Mr Asquith and so gave the Liberal Imperialists a free hand in foreign policy and at the same time opened the door to a great expansion of armaments ... The real reason behind these tremendous additions to the Navy lay concealed in the secret diplomacy of the Liberal Imperialist Ministers ...'²² When war broke out in August 1914 Hirst, alongside his friends Morley and John Burns, who resigned from the Cabinet, was in the small group of Radicals

Hirst is sometimes described as an isolationist, but it would be more accurate to say that he stood for active efforts to maintain international peace in Gladstonian style through the 'Concert of Europe'.

who opposed the war even after the German invasion of neutral Belgium. He immediately began efforts to build a broad alliance of the various anti-war currents.²³

The formation of the Coalition government under Asquith in May 1915 greatly increased the pressure to introduce conscription, which Hirst loudly opposed. He wrote to Sir John Brunner that 'the Liberal Imperialists and Tory imperialists together are quite capable of working up a panic and rushing the country into military slavery'.²⁴ *The Economist* immediately stepped up the campaign against compulsory military service, which it continued stubbornly in 1916 when Asquith brought in conscription.²⁵

Hirst's opposition to the war was, to a significant degree, budgetary. He later wrote of 'the Great War, the most tremendous economic catastrophe recorded in history',²⁶ setting out his case in several of his books.²⁷ He never wavered in his orthodox Cobdenite critique of war, writing in 1947 that two world wars had left Britain 'shorn of its liberties, in a state of bankruptcy and serfdom, oppressed by ruinous taxation, overwhelming debt, and conscription, manacled by more and more inflation, entangled in new alliances ... and with military commitments in all parts of the world'.²⁸ He was secretary of a committee of economists critical of Lloyd George's finance policy formed under the Economic Section of the British Association.²⁹

Unlike the many anti-war Liberals who gravitated towards the Labour Party, Hirst, on account of his economic liberalism, utterly rejected socialism. He told his good friend, Molly Hamilton, later a Labour MP, that 'anyone who has any truck with Socialism must be intellectually flabby'.³⁰ Nor was the Conservative Party an option, not least because of its protectionism which, in Hirst's book, was equally if not more detestable. It was said that if a Tory entered the room, Hirst 'was able to detect it, "to smell out" the

charlatan, so to speak'.³¹ None of this prevented Hirst from enjoying a wide circle of friends from both the Conservative and Labour Parties.

In November 1914 Hirst successfully stirred up opposition in the House of Lords to a provision of the Defence of the Realm Act, then being rushed through Parliament, which would have allowed a secret court martial to sentence non-military personnel to death.³² In 1915 Hirst took on the government in the outstanding civil liberties case of the war, the Zadig case. Arthur Zadig, though born of German parents, had been a naturalised British subject for ten years. In October 1915 he was detained by the Home Secretary under the Defence of the Realm regulations on the grounds of his 'hostile origin and associations'. A defence fund was established and the case taken through the courts up to the House of Lords where Hirst appeared for the appellant arguing that the rights of British subjects under the Magna Carta and the Habeas Corpus Act could not be overthrown without express legislation. Although the Law Lords found against Zadig (with a powerful dissenting opinion from the Radical Lord Shaw), Hirst was widely judged to have won the moral argument and Zadig was released shortly afterwards.³³

Hirst's outspoken opposition to the war cost him the editorship of *The Economist* in 1916 when Walter Wilson Greg, the most important trustee, lost patience with having to defend the paper's pacifist stance. Hirst's removal was handled in 'a highly civilised fashion'.³⁴ For some time before his resignation he had been discussing with Sir Hugh Bell, the great ironmaster and fervent libertarian, and with anti-war Radical MPs such as Gordon Harvey, Percy Molteno, Richard Holt, D. M. Mason and Godfrey Collins, the establishment of a new weekly, *Common Sense*, with Hirst as editor. This 'fanatically free trade'

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paper appeared in October 1916 and survived until early 1921.

Consistent with his belief in exploring every avenue that might end the war, Hirst rushed to the support of the former Conservative Foreign Secretary, Lord Lansdowne, when he called for a negotiated peace with Germany in November 1917. Hirst was seen as the leader of 'a party of sorts' that tried to exploit Lansdowne's initiative', forming a 'Lansdowne League' to arouse public support. The *Common Sense* office became a pacifist headquarters.³⁵

Hirst fought a rearguard action against creeping wartime protectionism. With his usual allies – Bell, Harvey, Molteno, Holt and Collins, joined by Sir John Simon, John Burns, Leif Jones and Lords Beauchamp, Bryce, Courtney and Eversley – he protested in July 1916 against the protectionist resolutions put forward by the government for the Economic Conference of the Allies held in Paris.³⁶ *Common Sense* carried on the fight in 1919–21 against protectionist measures put forward by the Lloyd George Coalition. Hirst and his collaborators formed an 'Anti-Embargo League' which forced the government to abandon sweeping restrictions placed on imports, but had less success against 'anti-dumping' measures later.³⁷

Hirst unsuccessfully stood for parliament in Sudbury in January 1910, defending a seat captured by the Liberals in 1906. He claimed that he was 'destroyed [by] ... Beer & Feudalism & sheer brutality', although in fact the swing to the Conservatives there (6.7%) was closely in line with the average swing in Suffolk (7%). He also stood for Shipley, Yorkshire in the 1929 general election. Shipley was a three-way marginal with the Liberals in third place with about 30%. Hirst's vote was disappointing, despite – or perhaps because of – his treating the voters to a 'masterly interpretation of the philosophy of Cobden and Gladstone'. Against the national trend, his vote dipped by 3% compared

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with both the 1924 general election and a by-election in 1930 that was contested by a new candidate.³⁸

In the 1920s and '30s he was increasingly out of tune with the party leadership. He had very little enthusiasm for Asquith and even less for Lloyd George³⁹; Campbell Bannerman was the last Liberal leader who Hirst counted as a sound Cobdenite.⁴⁰ Hirst was prominent in a number of organisations on the fringes of the party that sought to keep the flag of classical liberalism flying. He was an executive member of the Free Trade Union and remained very active in the Cobden Club, writing pamphlets and serving as its secretary from 1935. He also chaired the Liberal Free Trade Committee from 1931.⁴¹ In addition, Hirst was the moving force behind the 'Public Economy League', a group formed in 1919–20 to press for reductions in public expenditure. The League was still active during the Second World War when Hirst lobbied the Chancellor of the Exchequer, Sir Kingsley Wood, to curb the growth of expenditure and tackle rising inflation.⁴²

Hirst remained an orthodox Cobdenite in international affairs during the 1930s, favouring the solving of problems through international law and arbitration rather than through collective security and the League of Nations. Such was his opposition to war that he joined Herbert Samuel and a handful of other Liberals in supporting the Munich agreement in 1938. He was not, however, a pacifist and accepted that the defence of freedom justified the use of force both at home and abroad against its enemies (threatening Communist and Fascist parties in particular).⁴³

Hirst's influence behind the scenes is difficult to assess. He seems to have had easy access to leading politicians in all three parties throughout his career. In December 1905 we find him writing to Campbell-Bannerman as he formed his Liberal

government, urging the case for retrenchment to reverse 'the vast sums destroyed and wasted during the last ten years, and the results; borrowed credit, less enterprise in business and manufactures, reduced home demand and therefore output to meet it, reductions in wages, increase in pauperism and unemployment.'⁴⁴ Eighteen years later, as Ramsay MacDonald formed the first Labour government, according to gossip Hirst again had the ear of an incoming Prime Minister. The journalist R. T. Sang wrote to Josiah Wedgwood, a Liberal MP who had defected to Labour:

You have all been wondering who [m] JRM [acDonald] has been relying on – if anyone – for advice on the formation of his Government. No one has hit upon the fact which has been carefully concealed. But he had gone to the worst possible source for advice and inspiration – F.W. Hirst. Last week JRM, Hirst and Lloyd George breakfasted together and went through the Cabinet proposals. JRM offered Hirst the Chancellorship and pressed him to take it. Hirst refused in JRM's own interest, as he believed the Party would not stand the exclusion of [Philip] Snowden, and it was Hirst who advised Snowden for it. Hirst has got [Lord] Parmoor to come in and influenced some other strange selections.⁴⁵

It is unclear what truth if any there is in this report. The choice of Hirst and Lloyd George, ideological opposites within the Liberal Party, for such soundings seems odd, especially as Hirst held no office in the party. MacDonald's supposed offer of the Exchequer to Hirst seems even more improbable, as Philip Snowden, as the Labour Party's acknowledged financial expert, had an indisputable claim to this position and

Hirst was not even a Member of Parliament. Hirst and MacDonald were old comrades from the anti-war movement and had known each other since Hirst's university days (Hirst was also a close friend of Mollie Hamilton, who was living with MacDonald at the time). It is also true that MacDonald made some unexpected ministerial appointments of Liberal and Conservative personalities and there is a good deal of mystery about how he made his choice, but it was Lord Haldane, the most prominent of these, who seems to have been the key influence. The appointment of Lord Parmoor, an in-law of the Webbs and one of Labour's few supporters in the Lords, did not require prompting by Hirst. In all probability Hirst expressed his ideas for appointments to MacDonald, but the influence Sang ascribed to him seems greatly exaggerated.⁴⁶

Hirst's influence as a journalist and writer was more definite. He continued to write prolifically in the inter-war period. He liked to dictate straight on to the typewriter and was usually able to send articles to press almost without correction.⁴⁷ In the 1920s his annual analysis of the budget in *Contemporary Review* was widely respected. In 1925, *A History of Free Trade from Adam Smith to Philip Snowden*, which ran into several editions, appeared. This was followed by biographical studies of great Liberals on both sides of the Atlantic: a *Life of Thomas Jefferson* (1926) and *The Early Life and Letters of John Morley* (1927), followed in 1931 by *Gladstone as Financier and Economist*. Several of his works, including those on Smith, Morley and Gladstone, have still not been entirely superseded in the literature. His *The Consequences of the War to Great Britain* (1934) interpreted recent British history and politics from a Cobdenite Liberal point of view.⁴⁸

In 1935 Hirst published two books that summarised his political and economic outlook. The weighty and ambitious *Liberty and Tyranny* traces the history of

individual freedom from Classical Antiquity through the British and American liberal thinkers of the seventeenth, eighteenth and nineteenth centuries and defends its superiority over the then ascendant ideologies of Nazism, Fascism and Communism, which Hirst inclines to lump together in many of their collectivist characteristics. Its shorter companion volume, *Economic Freedom and Private Property*, sets out the case for economic liberty and is fluent and pithy and much more accessible to the modern reader.

Hirst has been characterised by some contemporaries and later commentators as a 'laissez-faire Liberal', although he hotly rejected the term, at least if it was understood as meaning that 'government should abstain inertly from constructive work'.⁴⁹ He certainly favoured a limited role for the public sector and strict economy in public expenditure, furiously attacking the growth of the state especially during wartime when, he claimed 'the British nation found out the meaning of bureaucracy, and learnt the difference between being served and being ruled by a Civil Service'.⁵⁰ Hirst considered that the State should be responsible for defence and police, provision of public goods, and education. He also accepted the need for municipal services: public health, lighting, roads etc. In general, however, the state should only take responsibility for services 'plainly beneficial to society which cannot be left to private enterprise'. As G. P. Gooch wrote of him, Hirst 'remained a "Manchester" man to the end, much less convinced than myself of the capacity of legislation to increase our happiness and welfare by State action and social reforms to create the Welfare State ... he was a Cobdenite ...'⁵¹ Nevertheless, following Adam Smith, Hirst claimed that he 'had no pedantic objection to the state managing a business if it can manage it well'. He also wrote positively of the progress in education, public health, old age pensions, and other public serv-

ices in the years before 1914. He sought to distance his ideas from ideological laissez-faire of the sort advocated by Herbert Spencer, or for that matter by some modern libertarians. He rejected the idea that civilisation could be built on the basis of narrow individualism, and called for active participation of the citizen in the management of local and national affairs and public spiritedness.⁵² He wanted to return to what he called 'the long reign of economic liberty' between 1846 and 1914 when, as he pointed out, both Liberal and Conservative governments promoted social reforms involving large expenditure.

Sound money occupied a central place in Hirst's economic thinking; indeed it was something of an obsession. He was a fervent advocate of the Gold Standard and preferred a metallic gold and silver currency of the sort that existed in Britain from the early nineteenth century until 1914 to the fully convertible paper currency linked to gold that was established by Churchill in 1925 and survived until 1931. As he never tired of repeating, 'experience has proved that sooner or later an inconvertible paper currency with no intrinsic value comes to grief ... a moment always comes when the temptation to inflate is irresistible ... it [is] madness for any nation which has the choice to allow its currency to become the plaything of politics ... A currency must be knave-proof and fool-proof.'⁵³

Hirst gave his memoirs (which closed before the First World War) the title 'In the Golden Days' and he was in no doubt that the rot in British politics, society and the economy set in with the abandonment of the Gold Standard in 1914. He wrote that the old metallic currency 'was as nearly automatic and perfect as any country need desire. The Great War dissolved it. Had we remained neutral ... there is no reason for supposing that the system would have broken down.'⁵⁴ However he accepted that the decision to abandon the Gold

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Standard again in 1931 was justified at the time, while hoping for its restoration and putting forward ideas for international management of the price of gold.

The contrast between libertarian Conservatism and Hirst's 'old Liberalism' was demonstrated by his involvement with Ernest Benn's Individualist Movement. Benn had founded the movement in 1926 while still a Liberal, but had broken finally with the party in 1929. Hirst seems to have been closely involved from the start, as was his old friend Sir Hugh Bell, who was a co-founder. Hirst helped to write *The Philosophy of Individualism: A Bibliography*, published by Benn's Individualist Bookshop in 1927. The movement took on a new lease of life with the national mobilisation and planning of the Second World War. Hirst published a pamphlet on *Free Markets or Monopoly?* in 1941 and helped to draft the *Manifesto of British Liberty* issued in mid-1942, of which he was a signatory. He was a leading figure in the Society of Individualists established by Benn in November 1942, and his protégé, Deryck Abel, became secretary of the Society. Hirst seems to have favoured a broad national membership (80–100 members in each constituency), while others wanted to keep it as an elite Establishment lobby. In 1944 a rift between Hirst and Benn opened up. Hirst wanted the Society to lead a civil liberties campaign against the internment of political opponents of the war under Regulation 18b of the Defence of the Realm Act, but Benn, an instinctive 'patriot' on such matters, refused to get involved. In September 1944, Benn agreed to amalgamate the Society with the National League for Freedom, which claimed some forty Conservative MPs and a number of industrialists amongst its membership. Hirst, with a few Liberal followers, resigned, protesting that this 'signified reaction, protection, mercantilism and monopoly'.⁵⁵

Accounts of the post-war renaissance of economic liberal-

Hirst, though an indifferent politician, was undoubtedly the leading ideologue of individualist Liberalism in the first four decades of the twentieth century, a viewpoint that saw economic liberalism, civil liberties, peace and internationalism as an indivisible whole.

ism, mostly written by Thatcherite Conservatives, tend either to ignore or dismiss the influence of the old Radical Liberal current.⁵⁶ In fact there were important continuities, which included Hirst's activity. The origins of the revival can be traced to 'Le Colloque Walter Lippmann', a gathering of economic liberal academics held in Paris in August 1938 to analyse and find ways to reverse the decline of liberal thinking in Europe. The meeting was inspired by *The Good Society* by the American publicist, Walter Lippmann, published in 1937.⁵⁷ Hirst did not attend the meeting, but Lippmann prominently acknowledged his debt to Hirst's *Liberty and Tyranny* in his book.⁵⁸ Hirst propagated classical liberalism among the younger generation of economists through his writing and lectures, for example at the London School of Economics (of which he was a governor) in the late 1930s, where Lionel Robbins and Friedrich von Hayek gathered a group of anti-Keynesian academics and students who formed the vanguard of the neo-liberal revival after the war.⁵⁹ Hirst and some of the post-war neo-liberals certainly must have known each other through involvement in such bodies such as the Free Trade Union⁶⁰. In the late 1930s and '40s he organised conferences for undergraduates at Dunford House to introduce them to a traditional Liberal perspective on current events. He sought to popularise such ideas through his short book *Principles of Prosperity* (1944), but with its somewhat antiquated flavour it received nothing like the attention of Hayek's *Road to Serfdom*, published the same year.

Hirst was, naturally, strongly opposed to the interventionist economics of Maynard Keynes, which were increasingly influential in the Liberal Party in the inter-war period and after 1945, and this contributed to his disillusionment with the party.⁶¹ He frequently attacked Keynes's ideas in his books and in private his denunciations of Keynes were

even more outspoken.⁶² He was also increasingly doubtful about the welfare state in his later years and critical of what he called 'the Beveridge Hoax'.⁶³ For their part, some Keynesians were suspicious of Hirst's continued influence on Liberal economic thinking.⁶⁴ He dated the opening of the rift between 'the old and the new Liberals' to 1935, but he remained an active and popular member of the party until the final years of the war, and was regularly elected by the Assembly to the Party Council.⁶⁵ The break seems to have come at the end of 1944 when the Liberal Free Trade Committee was forced out of Liberal Headquarters, and carried on its campaign against Beveridge's influence over the party independently from Dunford House.⁶⁶

For many years Hirst had also spread the word on the other side of the Atlantic. He was very well known in US economic liberal circles. His first visit there had been in 1907 to advise Senator Aldrich's Monetary Commission, which preceded the establishment of the Federal Reserve Bank.⁶⁷ In 1921 he lectured on economics at Stanford University in California.⁶⁸ In 1935, on his last visit to the US, he lectured at Wesleyan University and delivered the prestigious Princeton Public Lecture on *The Value of Liberty*. President Herbert Hoover was a close friend.⁶⁹

Despite increasing ill health from about 1949, Hirst continued to take a lively interest in politics until shortly before his death, on 22 February 1953.

Hirst, though an indifferent politician, was undoubtedly the leading ideologue of individualist Liberalism in the first four decades of the twentieth century, a viewpoint that saw economic liberalism, civil liberties, peace and internationalism as an indivisible whole. He was unashamedly backward looking and nostalgic: for him, Victorian Liberal England truly represented the golden days. He insistently restated Cobdenite and Gladstonian principles and

sought to show how their abandonment lay behind the troubles of his day. However he failed to develop a modern and persuasive expression of these ideas to match Keynes, Beveridge and other social liberal thinkers on the left, or to pre-empt the neo-liberalism of Hayek and the New Right. By the time of his death his brand of Liberalism was almost extinct. In that sense he can indeed be seen as 'the last of the Liberals'.

Dr Jaime Reynolds is guest-editor of this special issue. He studied at LSE and has written extensively on British and East European political history.

- 1 Inscription by Hirst to the Bishop of London in author's copy of F.W. Hirst, *Liberty and Tyranny* (London, 1935).
- 2 G. P. Gooch et al., *F.W. Hirst By His Friends* (London, 1958), p. 90.
- 3 F.W. Hirst (ed.), *Alexander Gordon Cummins Harvey: a Memoir* (London, 1925),

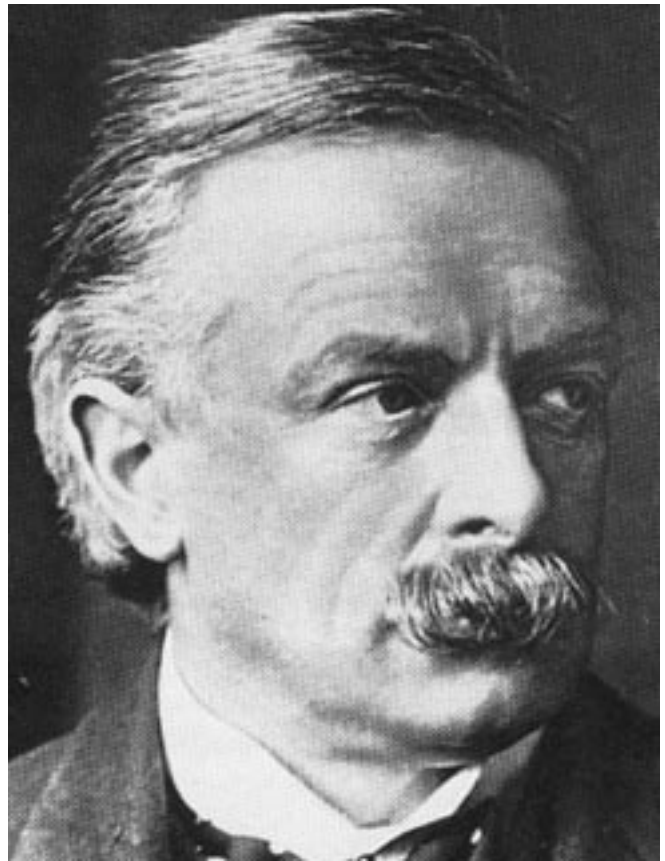
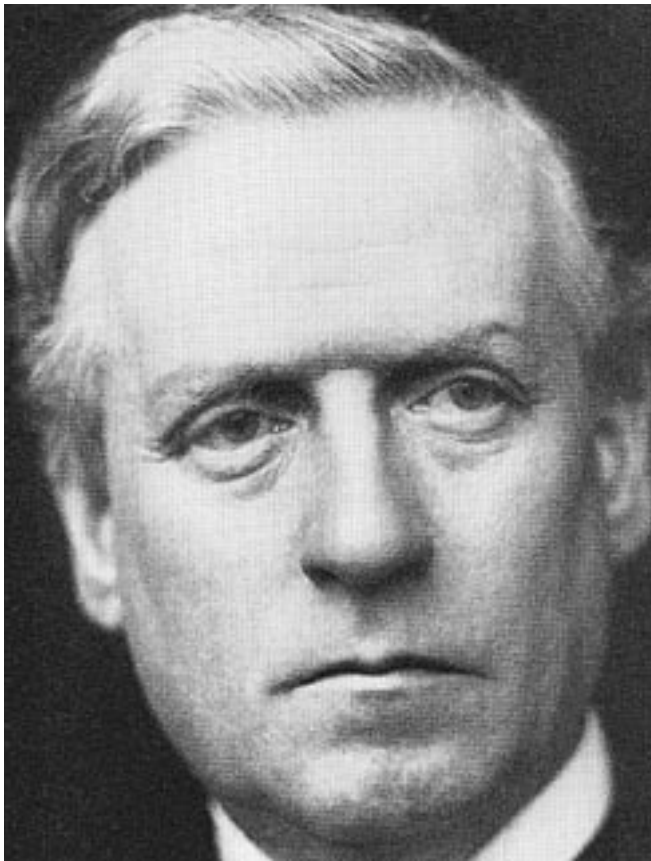
- p. 122.
- 4 There is an entry for Hirst in the *Dictionary of National Biography* written by Roger Fulford (1971), but he is not included in *The Dictionary of Liberal Biography* (1998). Some friends of Hirst's including Gilbert Murray, G. P. Gooch, Roger Fulford, Maurice Bowra, Arthur Ransome, and Herbert Hoover produced a short volume of recollections in his memory entitled *F.W. Hirst By His Friends* in 1958. A few of his books were reissued in the 1960s and '70s, but *Liberty and Tyranny* and *Economic Freedom and Private Property* have long been out of print and are now difficult to obtain. W. H. Greenleaf devoted considerable attention to Hirst in his book *The British Ideological Heritage* (London, 1983) pp. 97–100. Anthony Howe, *Free Trade and Liberal England 1846–1946* (Oxford, 1997) also gives Hirst some prominence (p. 282). Howe cites Hirst's diary, but this refers only to limited extracts included in Hirst's privately published pamphlet *The Formation, History and Aims of the Liberal Free Trade Committee 1931–1946*; the diary itself appears to

- have been lost. Most histories of the Liberal Party and Liberal ideas ignore or dismiss Hirst, although there is greater interest among libertarians; see, for instance Mark Brady, *Against the Tide: The Life of Francis W. Hirst* (www.libertyhaven.com, 1999). Hirst's papers (together with those of John Morley) were acquired by the Bodleian Library, Oxford, in 2000. Hirst's memoirs, *In the Golden Days* (London 1947) only go up to 1906.
- 5 Hirst, *Golden Days*, pp. 54–55, 58.
- 6 J. Simon, *Retrospect* (London, 1952), p. 34.
- 7 Hirst, *Golden Days*, p. 134–5.
- 8 Gooch, *Friends*, p. 62. For Hirst's editorship of *The Economist*, see R. Dudley Edwards, *The Pursuit of Reason – The Economist 1843–1993* (London, 1993).
- 9 Hirst, *Golden Days*, p. 162; Hirst, *Early Life and Letters of John Morley* (London, 1927) introduction.
- 10 However there is only one brief mention of Hirst in Morley's *Recollections* (London, 1917).
- 11 *Ibid.*, pp. 160–61.
- 12 Hirst, *Gordon Harvey*, p. vii.
- 13 Hirst, *Golden Days*, pp. 193, 199.
- 14 Hirst, *Golden Days*, pp. 183–5. This view is not shared by modern historians, see I. R. Smith, *The Origins of the South African War 1899–1902* (London, 1995).
- 15 Hirst, *Golden Days*, p. 192; Simon, *Retrospect*, p. 45.
- 16 M. A. Hamilton, *Remembering My Good Friends* (London, 1944), p. 82.
- 17 Gooch, *Friends*, chapters by J. E. Allen (Hirst's brother-in-law) and Arthur Ransome (an angling partner), pp. 13, 48–57.
- 18 Hirst, *Golden Days*, p. 248.
- 19 S. Koss, *The Rise and Fall of the Political Press in Britain*, vol. 2 (London, 1984), pp. 211–12. S. Koss, *Asquith* (London, 1976), pp. 149–50.
- 20 S. Koss, *Rise and Fall*, p. 211.
- 21 *Unfinished Peace, Report of the International Commission on the Balkans*, 1996. Carnegie Endowment for International Peace, Washington. See also www.macedoniainfo.com/macedonia/foreword.htm.
- 22 Hirst, *Harvey*, pp. 71, 75.
- 23 C. Hazlehurst, *Politicians at War* (London, 1971), p. 125 citing letter from Hirst to C. P. Trevelyan, 12 August 1914, Trevelyan MSS.
- 24 C. Hazlehurst *Politicians at War*, p. 270.
- 25 Hirst, *Harvey*, pp. 109, 114–15. See also Dudley Edwards, *Pursuit of Reason*, pp. 561–67.
- 26 F.W. Hirst, *Money: Gold, Silver and Paper* (London, 1933), p. 167.
- 27 Notably *The Political Economy of War* (London, 1915).
- 28 Hirst, *Golden Days*, p. 202.
- 29 Gooch, *Friends*, p. 17.
- 30 Hamilton, *Remembering*, p. 80.

Francis Wrigley Hirst 1873–1953: Selected writings

- Hirst et al., *Essays in Liberalism by Six Oxford Men* (London, Cassell, 1897)
- Hirst et al., *Liberalism and the Empire, Three Essays* (London, Brimley Johnson, 1900)
- Joseph Redlich and F. W. Hirst, *The History of Local Government in England* (London, Macmillan, 1903, reprinted until 1970s)
- Free Trade and other Fundamental Doctrines of the Manchester School* (London and New York, Harper & Brothers, 1903, reprinted 1968)
- Adam Smith (English Men of Letters series, London, Macmillan, 1904)
- Arbiter in Council* (London, Macmillan, 1906 anonymous)
- The Stock Exchange: A short study of investment and speculation* (London, H. Holt, 1911; 2nd ed. London, Thornton Butterworth, 1932)
- The Political Economy of War* (London, J. M. Dent, 1915)
- From Adam Smith to Philip Snowden: A History of Free Trade in Great Britain* (London, T. Fisher Unwin, 1925)
- Hirst (ed.), *Alexander Gordon Cummins Harvey: a memoir* (London, Richard Cobden-Sanderson, 1925)
- Life and Letters of Thomas Jefferson* (London, Macmillan, 1925)
- Hirst and J. E. Allen, *British War Budgets* (Oxford University Press, 1926)
- Early Life and Letters of John Morley* (London, Macmillan, 1927; reprinted 1975)
- Gladstone as Financier & Economist* (London, Ernest Benn, 1931)
- Money: Gold, Silver and Paper* (London, Scribner's, 1933)
- The Consequences of the War to Great Britain* (Oxford University Press, 1934)
- Liberty and Tyranny* (London, Duckworth & Co, 1935)
- Economic Freedom and Private Property* (London, Duckworth, 1935)
- Armaments: the Race and the Crisis* (London, Cobden-Sanderson, 1937)
- Principles of Prosperity* (London, Hollis and Carter, 1944)
- In the Golden Days* (London, Frederick Muller, 1947)

concluded on page 35



Leaders of the split: Asquith and Lloyd George

Even during its periods of greatest success, the Liberal Party suffered many splits, but that occasioned by the First World War proved to be the most damaging. The contradictions evident in explaining the ideological foundations of the dispute help explain why it is more usually depicted as a clash of personalities than of strategy. **Martin Farr** examines what happened in December 1916.

If the fate of the Liberal Party, early in the twentieth century, was to lose its interventionist left wing to the Labour Party, its libertarian right wing to the Conservative Party, and in so doing render itself flightless (if not, quite, like the dodo), then the split between the Prime Minister, H. H. Asquith, and the Secretary of State for War, David Lloyd George, in 1916 can be seen as the moment when that which was merely possible became that which was really quite likely. How far a process of natural selection had been operating remains unclear at the time of writing.

The episode has featured prominently in the study of the decline of the Liberal Party.¹ The immediate appeal is obvious. The circumstances surrounding the events of the first week of December 1916 possessed the gruesome attractions of a bad

novel: there was drama, with strong personalities intriguing against a dramatic backdrop, ostensibly citing great issues of state; there was comedy, with a Whitehall farce of gossip and briefings, golf and bridge parties, scurrying and scribbling wives and mistresses, and a pervasive theatricality; and there was tragedy, with the deadening knowledge of the ultimate futility of everyone's endeavours, as the party was lost through the dispute and its aftermath, and the field of battle left to the enemy. To exacerbate the frustrations, both protagonists were surrounded and distracted by lesser men, many without a liberal bone in their bodies, and most of whom owed such positions of influence as they occupied, or were to occupy, to the patronage of the Right Honourable members for East Fife and Caernarvon.²

LEFT, RIGHT

DECEMBER 1916:

THE FORWARD MARCH OF LIBERALS HALTED

The personally political has remained the main appeal of the subject.³ In the seductiveness of engaging with personalities rather than policy, the ideological significance of the split has been marginalised as one of largely academic interest, in both senses.⁴ Insofar as ideas have registered, the split is held to have marked the breaking of a party which, despite the efforts of some before the war to engage with the challenges of industrial democracy, was squeezed by left and right, failing to recognise the necessity of organisation and intervention, or to at least mouth the rhetoric of belligerence. Both Labourism (notwithstanding the opposition of some of its leading figures, such as Keir Hardie and Ramsay MacDonald) and Conservatism, in their different ways, recognised the importance of a strong state in wartime, and of subordinating other matters

to that end. The contrast with liberalism, as caricatured by the popular press and opposition politicians, was thought to be clear: Liberals were antediluvian quasi-pacifists wedded to narrow partisan advantage, resistant to the requirements of 'total war', and who had to be dragged from office by men of action. To that extent, the hardy perennial of exam questions – 'To what extent did war revolutionise or merely hasten existing trends?' – is well suited to the Liberal Party.⁵ If the party had been managing, relatively comfortably, to accommodate New and Classical Liberals, Pro-Boers and Liberal Imperialists, why could it not agree over the prosecution of a war that most supported? It appeared to many that the 'New' failed fully to overcome the 'Old': the interventionists stymied by the libertarians, the left thwarted by the right, as it were. By failing

The circumstances surrounding the events of the first week of December 1916 possessed the gruesome attractions of a bad novel.

to hang together, the political liberals and the economic liberals thereafter hanged separately.

The ideological division was closely bound with the personal disagreements that split the Liberals during the war and subsequently: it was on the rock of personality that principles broke. This has left philosophical analysis of this climactic episode in Liberal government relatively poorly served. Students still cling to 'Liberal' as a synonym for 'laissez faire', with Liberals airily conducting war policy as 'business as usual' on 'limited liability principles'. While the personal disagreements are well known, the ideological split is often misunderstood, being both exaggerated in substance and compressed in form by the usual simplicities of party political philosophy. If aphoristic definitions for 'left' and 'right' might be, respectively, freedom

LEFT, RIGHT

through control, and freedom from control, the dilemma for Liberals in a wartime and post-war world was obvious. The popular desire – or perhaps need – to label policies or politicians as being of the left or the right that still besets Liberals early in the twenty-first century can be seen to have its roots early in the twentieth. Though conventional political discourse requires it, however, the 1916 split cannot satisfactorily be explained in such stark terms. That such an ideologically polarised approach is not helpful does not necessarily mean it is not interesting.

Asquith and Lloyd George were successive Chancellors of the Exchequer, pioneering that office into the engine of government it has remained. Ideological change would find its expression there more than elsewhere, yet their policies marked a coherent philosophical progression. What was different – significantly, as far as Liberals at war were concerned – was that there had been a dramatic escalation of both rhetoric and ambition under Lloyd George by the time the war broke out. With the most notable exceptions of John Burns and John Morley, the party went to war united, if less enthusiastically than most of the population, but that lack of evident enthusiasm, even on the part of Liberal Imperialists who could hardly be described as pacific, remained a crippling handicap. Some German-speakers, such as R. B. Haldane and Prince Louis of Battenberg, were vilified for it and perished; others, like Reginald McKenna, were vilified but survived, forced into harrying dachshunds during the spy hysteria.⁶

It was only when those errors and accidents inevitable in so unprecedented an undertaking were exploited by opponents well aware that the government required a fresh mandate even without a great national crisis that a reconstruction of the

With the most notable exceptions of John Burns and John Morley, the party went to war united, if less enthusiastically than most of the population, but that lack of evident enthusiasm, even on the part of Liberal Imperialists who could hardly be described as pacific, remained a crippling handicap.

ministry was necessary. Of course, in times of crisis, coalitions may be desirable even when they are not necessary, though there were not then such precedents (although, in the curious circularity of the period, Lloyd George had tried to organise a coalition in 1910, and in so doing infuriated many of his colleagues, instilling in some the distrust of his methods and motives that proved insurmountable in 1916). Asquith's May 1915 coalition was a tactical triumph but a strategic misjudgement. While Tories had been denied the main offices of state, their approach to the conduct of the war – that of an unlimited commitment – could no longer be denied. Moreover, the surrender of government, though necessary even by the peacetime electoral timetable, smarted for many Liberals, some of whom saw it as a betrayal by Asquith; that they tended also to be those who would come to hold Lloyd George responsible for the December 1916 split illustrates how fractured the factions would become. Any move to the right, therefore, could thereafter appear as a political defeat, which any Liberal concerned with liberal principles might feel inclined to resist. The fear of emboldening opponents served to hinder clear action, and make change appear to be more resisted than it was.

The issues around which this analysis can be based soon arose, and went beyond the circumstantial (such as the mental wellbeing of Admiral Fisher, the number of faulty shells at the front, or the topography of the Dardanelles) which helped derail what proved to be the last Liberal government. Unfortunately for Asquith, the divisions wrought by the necessary escalation in the war effort were felt most by the still-ascendant Liberals. Compulsion in general, and conscription in particular, was advocated by a group which, though few in number, were loud in voice, with Lloyd George as its mouthpiece. In this, Lloyd George was opposed

by Asquith's leading lieutenants in the three great offices of state: the Home Secretary, Sir John Simon; the Foreign Secretary, Sir Edward Grey; and the Chancellor of the Exchequer, McKenna – and, indeed, by the majority of the ministerial Liberals. Whatever the Liberals' numerical superiority, a relentless intensification of the conflict as advocated by Tories became increasingly hard to deny, both politically and militarily. Conceived of as the panacea for the western front, conscription proved to be the single most controversial issue on the home front, and, as is often the way with divisive issues, had neither the disastrous consequences feared by opponents nor the transformative effect proclaimed by its advocates. In what could be described as the first December crisis, of 1915, Simon, Grey, McKenna, and the President of the Board of Trade, Walter Runciman, resigned from the Cabinet over the issue. Grey, McKenna, and Runciman then changed their minds. The government remained intact, and conscription was introduced in January 1916.

The animosity caused by the debates over conscription, as well as those concerning war strategy and even the language of politics, festered. This, together with the growing military impotence and political anxiety of the French and the Russians,⁷ the economic influence of the Americans,⁸ and a Tory party and press revitalised by its apparent success in accelerating the war effort, produced the second December crisis, the political manoeuvrings of which led to Asquith's resignation and Lloyd George's accession. The real division had been over strategy: whether the war should be long or short, of subsidies or armies, or whether the risk of achieving German capitulation was preferable to the slow erosion of British economic power and diplomatic autonomy: whether it was worth gambling all on a 'knock-out blow' when that blow might prove to be

only glancing. That debate was rendered practically irrelevant by increasingly desperate representations from both Paris and Petrograd, the failure of the 1916 summer offensive, and the portentous flexing of muscles in Washington and New York. The German U-boat offensive in the spring of 1917 brought the Americans into the war, and their implicit underwriting became explicit participation. External pressures and internal compromise had ensured that by the time of the split, there were little grounds for disagreement amongst Liberals; another irony.

For a war in which Britain chose to fight, the principal political issue was and remained the extent to which choice was summarily subordinated to the national interest. Organisation would be the key to prevailing in what would be an industrial war against Germany, and German organisation had been a model for many New Liberal ideas of the period. Nevertheless, the Liberals were held to have failed since they feared Prussian methods in a war against Prussianism. The extent to which this canard has remained is one of the enduring fascinations of the war.⁹ The clarion 'War Socialism' was, after all, uttered by a Liberal, albeit so irregular a Liberal as Winston Churchill (who thus demonstrated that not all converts to Conservatism were libertarian). In the spirit of the New Liberal reforms of the Edwardian period, the government had by the summer of 1915 already overseen the introduction of what at the times were draconian measures, dramatically imposing itself on areas of public life hitherto untouched by central control. Left and right, as it were, were united, and no more starkly than Lloyd George and Ernest Benn in harness at the Ministry of Munitions. The Defence of the Realm Act, the Munitions of War Act, and related measures further contributed to the subordination of the individual which may

be seen both as necessary precursors for the exercise of compulsion more generally, and conscription in particular, as well as of a continuation of pre-war Liberal policy. This is a fact often overlooked. The second December crisis was a matter of degree and a matter of motive. In this light, 'business as usual' takes on a new meaning.

The notion that December 1916 marked no significant change in policy is perhaps best illustrated by the single most controversial measure of the war: conscription. Conscription is as central to the concerns of this article as it is to much else, for the division over conscription was a left/right issue, if not for the reasons given at the time. The opposition of Liberals to conscription tended to be twofold: from a libertarian objection to the assault on the freedom of the individual, in that a person should not be compelled to fight, such as that which Simon or F.W. Hirst presented; or an economically liberal view, in that conscription could not be afforded, which was McKenna's and Runciman's position. Yet where the former was a stance from which it was difficult to retreat, from the latter position compromise was quite possible, and compromise McKenna and Runciman did. For the Chancellor and his friend and adviser, John Maynard Keynes, it actually offered new opportunities and firmer ground for opposition to the conduct of the war favoured by Lloyd George and the Conservative Party, but by then the political momentum was lost.¹⁰

The next best indication of a policy already admitted yet which was claimed to proffer the parting of the ways, was free trade. It was, among other reasons, for the continuance of free trade, and the assuaging of its adherents, that Asquith gave the Treasury to the once Secretary of the Free Trade Union, McKenna, and the Board of Trade to another genetic laissez-fairer, and scion of shipping,

Runciman, and it followed that they were also two of the leading opponents of conscription. Yet it was the free-trader Chancellor who, in what became almost his only popular historical footnote, introduced tariffs, in September 1915. The McKenna Duties were essentially symbolic, but even a symbolic surrender to protection could be seen as handing over the keys to the fortress. McKenna faced pronounced criticism from Liberals, and he offered a variety of explanations, tailored to the critic in question. To F.W. Hirst, of *The Economist*, for whom almost every aspect of the financial management of the war was an affront to Liberalism, they were presented as a temporary gesture; to C. P. Scott, of *The Manchester Guardian*, riding the Liberal tiger more effectively than most, they were a practical necessity. Of course, no number of compromises could atone in the eyes of critics for the occasional applications of traditional Liberal principle, a late example being the sale of enemy property in East Africa: the Nigeria debate in November 1916, like that of Norway in May 1940, being a proximate cause of the collapse of a national government.

The split did not lead to opposition as such, official or otherwise. Notwithstanding the geography of the chamber of the House of Commons, Asquith and his Liberals were often not even metaphorically two swords' lengths away, and did not formally oppose Lloyd George over the remaining controversial issues of the war, such as conscription in Ireland, or a negotiated peace (the need for which, for many Liberals – and the odd Tory – was desperate). When they did, as in the Maurice debate of May 1918, the party remained divided, and prey to the instincts of its opponents. Similarly, after the crash of the 1918 general election, the dispersal of Liberals in the wreckage was far from ordered.¹¹ Principle played a part in where they fell, as did practice, and the

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LEFT, RIGHT

desire to practise in government marked many defectors as being more pragmatic than their erstwhile colleagues, or more hungry than their erstwhile leader. Yet another irony, or yet another tragedy, was that the most pragmatic and most hungry of all, Lloyd George, within four years never practised again. The immediate victor was therefore also the ultimate loser, and a man of the left. The Liberals with nearly as far to fall – Asquith, Grey, Haldane – were on the right of the party. Their political fate was comparable, suggesting the role of ideology was less important than that of tactics, personality, the electoral system, and age, of which Grey's blindness was the most poignant representation.

Both world wars offered public figures undesirable but tenured positions as scapegoats, and after 1918 they tended to be Liberals. It was left to the rest to make sense of it as best they could, and in so doing demonstrated the unfamiliarity of the new landscape. Donald Maclean and George Thorne stayed with the Old Man; Hilton Young and Christopher Addison with the Son of the People. Some went with neither; Edwin Montagu with both. Sooner or later, to an extent lesser or greater, Haldane, Josiah Wedgwood, Francis Acland, E. D. Morel, R. L. Out-hwaite, H. B. Lees-Smith, Joseph King, C. P. Trevelyan, Christopher Addison, and Ernest's brother William Wedgwood Benn, veered left and found a more comfortable berth in the Labour Party, as did thousands of activists. Others, including, Churchill, McKenna, Simon, Runciman, Fred Guest, Alfred Mond, and George Lambert, either joined or at least endorsed the Tories, as did most of the electorate. Even here, however, the dichotomy is unsatisfactory. Churchill was no more reliable a Conservative than he was Liberal; and McKenna, though he endorsed Andrew Bonar Law, and consented to serve as Stanley Baldwin's Chancellor, advocated closer links with Labour, advised

Both world wars offered public figures undesirable but tenured positions as scapegoats, and after 1918 they tended to be Liberals.

Ramsay MacDonald, and became a notably Keynesian banker in a time when there were no others, to be vilified anew. Even for those who remained at least nominally Liberal, identity could be indistinct. Far from dressing to either left or right, few Liberals were confessedly either Asquithian or Georgian, and for several years, their motion positively Brownian.

It is just as easy to over-dramatise as it is to maintain that the Liberal governments of 1905–16 represented the best chance of Liberalism providing progressive and effective government in the new mass democracy, and that their failure was due almost wholly to the split of December 1916. The reasons for the split were varied, and in many cases longstanding. There was a partisan aversion to conceding ground to Conservatives, as well as a fear of newly confident organised labour. In that the war promoted the general acceptance of intervention and organisation, it benefited both left and right, and, indeed, both Labour and Conservatives – the flat-capped and the hard-faced – benefited from the war. The Liberals, who had largely guided that advance, were broken, assisted by a more general cultural disengagement, with few Liberals other than Lloyd George conversant with the language of war, or, as was to be proved, of popular politics.

The second December crisis remains vital even as it is partially (or even mis)understood. For those without Liberal sympathies it may demonstrate the vitality of an adversarial system. It is certainly difficult accurately to colour the key political issues as either red or blue, even if, for the purposes of this special edition, it is in some way desired. For those with such sympathies, the episode remains distressing when its consequences are considered. That the principal party victors of the war were theoretically oppositionist, yet advocated a

similar approach, reinforced this point; the war marked a classic squeeze, the like of which would become all too familiar. Just as the personnel lined up personally rather than politically, the system required a governing party of the left and of the right. The 'system' may be a less engaging or animating concept than either politicians or ideology, but no less important, as (usually Liberal) efforts to reform it demonstrate.

The December 1916 cleaving did not split into left and right in any meaningful way, nor should it be expressed in such terms, even when the historian is charged with making sense of such things. In 1914 Lloyd George could be claimed for the left and Asquith for the right; four years later the former sat with the Tories with the latter contemplating association with Labour. The Liberal approach to the war was a consistent one – one which consistently moved with events. That is a better definition of governance than it is of indecision. 'Business as usual' did not evolve into 'War Socialism' as neither ever really existed, away from the dais. The way in which Liberals extemporised the management of 'total war' was quite laudable, but ensured that the partial fraud of the change of personnel in 1916 could come to be seen as all the more frustrating. Insofar as the political manifestation of the war was a muddle, it was therefore at one, for once, with the military; that the British system requires such contrapositional notions as left and right is not the least irony of the subject to Liberal history, and, in that, is as satisfactory a microcosm of liberalism in the twentieth century as one could hope to find.

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- 55 D. Abel, *Ernest Benn: Counsel for Liberty* (London, 1960)
- 56 For the classic Thatcherite interpretation see D. Willetts, *Modern Conservatism* (Penguin, 1992).
- 57 R. Cockett, *Thinking the Unthinkable* (London, 1994), p. 9–10.
- 58 W. Lippmann, *The Good Society* (Boston, 1937), p. viii. Lippmann's book also influenced the *Ownership for All* programme adopted by the Liberal Party in 1938.
- 59 For example W. H. Hutt, who Hirst had helped to write *The Philosophy of Individualism* in 1927.
- 60 Hirst was on the executive of the FTU until the late 1940s, overlapping with Arthur Seldon, for example.
- 61 Letter from Hirst to R. F. Harrod, 6 November 1946, refers to the 'so-called Liberal Party' and adds 'Tories are all for conscription and preferential protection. They are no more conservative than the Liberal Parties are Liberal'. See: <http://e-server.e.u-tokyo.ac.jp/Exhibition/keynes/gif/167-02.gif>
- 62 Hirst, *Money*, pp. 238, 247n; Hirst, *Principles*, p. 80–82. Gooch, *Friends*, p. 37.
- 63 Gooch, *Friends*, p. 17.
- 64 R. F. Harrod, *The Prof: A Personal Memoir of Lord Cherwell* (London, 1959), p. 243.
- 65 For example, he was elected 21st of 30 members at the 1943 Assembly. It appears that he did not seek re-election in 1945. *LPO reports 1937–47*.
- 66 Hirst, *Liberal Free Trade Committee*, pp. 31–32.
- 67 Hirst, *Money*, p. x.
- 68 *Ibid.*
- 69 Hoover and Hirst became friends before 1914 when Hoover worked as an international engineer and visited London where he was briefly a neighbour in Campden Hill. He looked after Hirst when he was taken seriously ill during a visit to the US in 1929. Hoover contributed to Gooch, *Friends* (see p. 45).

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BATTLE OF IDEAS OR ABSOLUTE IDEOLOGICAL STRUGGLE IN THE LIBERAL PARTY IN THE 1940s AND 1950s

‘The radical of one century is the conservative of the next’ – Mark Twain, attributed.

After the Second World War, the Liberal Party moved to the right and, in the early 1950s, strongly reasserted its free-trade credentials.

Robert Ingham analyses the different currents of right-wing thinking in the party at that time to assess the extent to which decisions on policy, particularly those made by the party assembly, reflected opinion amongst the party’s activists.



Liberal Magazine cover, January 1947.

During the late 1940s and early 1950s the Liberal Party appeared to undergo a period of intense ideological strife. The House of the Commons and the party

assembly were both battlegrounds on which Liberals who sympathised with the direction of the Attlee government engaged with those who deplored increased government intervention in the economy and harked back to an

SENCE OF LEADERSHIP?

earlier period of laissez-faire economics. There were high-profile casualties on both sides. Megan Lloyd George and Dingle Foot, both former MPs, abandoned the Liberal Party for Labour, accusing their former party of moving to the right. Another former MP, George Wadsworth, moved to the Conservative Party and, from the mid-1950s onwards, there was a trickle of rightward defections, led by former party organiser Edward Martell.¹

The purpose of this article is to assess whether this battle between left and right was played out at the local level at this time, or whether it was manifest solely at the level of the party leadership. Was there a real debate going amongst Liberals at all levels about the direction of their party and what liberalism meant in an era when the distinction between 'left' and 'right' was stark (although not necessarily reflected in the actions of the two main parties when in government); or was the policy debate in the party's higher echelons an indicator of the direction and strength of its leadership?

Methodology

There are two fundamental difficulties with assessing whether Liberal activists were engaged in

a dispute between left-wing and right-wing factions in the 1940s and 1950s. Firstly, the labelling of particular groups within the Liberal Party as 'left' or 'right' is not straightforward. David Dutton, in his recent history of the party, for example, refers to 'heated debates between individualists, who continued to preach the time-honoured Liberal virtues of free trade, personal liberty and minimum government intervention, and radicals who traced their political pedigrees back via the interventionist policies of Beveridge and Keynes to the New Liberals of the turn of the century'.² It might seem simple to brand the individualists as right-wing and the radicals as left-wing; but this would have been bitterly contested by the 1950s free traders who regarded themselves as radicals and the other side as essentially conservative.

The Liberal Party's free-trade faction, under the de facto leadership of parliamentary candidate Oliver Smedley and *City Press* owner S. W. Alexander, was a major force at party assemblies throughout the period under consideration.³ They ensured that the assembly voted for the elimination of tariffs in both 1947 and 1948, which led to free trade taking a more prominent role in the

Was there a real debate going amongst Liberals at all levels about the direction of their party?

1950 election manifesto than in its 1945 equivalent. In 1953 the assembly backed unilateral free trade and the abolition of guaranteed prices and assured markets for agricultural products, to the consternation of many Liberal candidates. The free traders lost ground at the 1954 and 1955 assemblies, but the call for unilateral free trade reasserted itself in 1956 and 1958. After that the terms of the argument shifted to focus on whether the UK should join the Common Market, which would necessarily involve acceptance of a tariff barrier with non-member countries. With some firm leadership from Jo Grimond and his allies, the unilateral free traders were comprehensively routed and the Liberal Party emerged as strong supporters of British membership of the Common Market.

The free traders generally resented being branded as right-wingers. Some drew their inspiration from the tradition of Gladstone and Cobden, or were modern economic liberals. There was a discernible streak of economic liberalism running through mainstream Liberal policy in the 1950s, evidenced by the prominence given to the threat posed by inflation and monopolistic practices. Many drew inspiration

BATTLE OF IDEAS OR ABSENCE OF LEADERSHIP?

from the pre-First World War campaign for the taxation of land values, however, often citing Henry George's *Progress and Poverty*, written in the 1870s, as the starting point of their thinking. They argued that government revenue should be raised from taxing land, rather than imports, with cheaper food and a redistribution of wealth away from the landed aristocracy being the main, beneficial side effects.

Nevertheless, as we shall see, there were points of contact between the free-trade wing of the Liberal Party and more obviously right-wing ideas and personalities. In this article, strong expressions of support for free trade, and the Smedley/Alexander faction, are taken as indicators of right-wing thinking at the Liberal Party's grassroots. Other indicators are opinions expressed on post-war reconstruction, particularly on the Beveridge Report, the Labour government's nationalisation plans, and the Suez campaign.

The second difficulty lies in identifying grassroots opinion. One way of doing so would be to analyse the topics debated at Liberal assemblies and, if reported, the tenor of the speeches made. This approach would not be without its difficulties, however, and has not been taken in this article. Although in theory strictly representative of the party's membership, in practice the assembly was a largely self-selecting group of grandees, candidates and the principal activists. Its composition was also heavily dependent on where it met. Furthermore, assembly proceedings were not well reported until the 1960s.

The main focus in this article is on the views recorded in the minutes of sub-national Liberal organisations, including regional federations, constituency associations, and district or ward organisations. The people who attended the executive committee and council meetings of such organisations were the mainstay of the Liberal Party, without whom the ship would have sunk. Attendees of the assembly

were in a minority in this group, and serious disagreements over policy would be likely to be settled over a period of weeks or months, rather than rumble on from year to year as was the case with the annual assembly.

One problem with this approach was that sub-national Liberal organisations devoted most of their time and energy during this period to organisational matters – for example, finance (or lack of it), the selection of parliamentary candidates, and correspondence with the national party. In some parts of the country, policy discussions were rarely, if ever, a feature of the activities of Liberal organisations. In most, however, motions relating to topical policy matters were recorded reasonably often. These are the subject of analysis in this article.

A survey of Liberal members or activists during the 1940s and 1950s would, of course, be the ideal method of assessing the extent to which the ideological struggle evident at leadership level was reflected at local level. No such survey was then undertaken. Over a hundred Liberals active during that period were interviewed on policy and other matters in the 1990s, however, and the results reported in an unpublished doctoral thesis. There are many difficulties with interpreting the results of such a survey, not least because it was inevitably biased towards those who stayed active in the Liberal Party and the Liberal Democrats, rather than those who drifted away from the party, perhaps because of dissatisfaction with the party's perceived shift to the left under Jo Grimond. Nevertheless, the survey produced clear results which are reported below. Information about the sample of activists interviewed is provided in the annex.

Grassroots opinion

This survey of the views recorded in the minutes of sub-national Liberal organisations in the 1940s and 1950s focuses on the

following three areas of the country where a significant number of right-wing Liberals can be expected to be found:

- **London** – where the Liberal and Liberal National area parties merged in 1946, bringing a number of Liberal Nationals, in particular Sir Alfred Suenson-Taylor, into positions of prominence in the party.⁴ Free traders such as Smedley, Alexander and Roy Douglas were active there; and Edward Martell was based there.
- **Yorkshire** – long regarded as the home of individualist 'economic liberals' and which included towns such as Huddersfield and Halifax, where electoral agreements were reached with the Conservatives at local and, in the case of Huddersfield, national level after 1945.
- **Lancashire** – another area where support for the Liberal Party remained strong at a local level after 1945 and where electoral agreements were reached at national (Bolton) and local (e.g. Rochdale) level after the Second World War.

London

During the Second World War, the London Liberal Party expressed consistent support for the proposals published by the government on post-war reconstruction, including the Beveridge Report.⁵ A strong minority view was evident, although never successful. Thus a resolution on the Beveridge Report describing it as 'another step on the slippery path of regimentation leading to a totalitarian state' and calling on the Liberal Party Organisation 'not to espouse a pale imitation of socialism' was defeated.⁶ It followed a similarly florid condemnation of subsidies – 'which transform the individual into a puppet of the state and pro-

The free traders generally resented being branded as right-wingers. Some drew their inspiration from the tradition of Gladstone and Cobden, or were modern economic liberals.

voke loss of fibre' – in October 1942 and which described free competition as 'the life blood of progress'.⁷ The London Liberal Party agreed with a letter from its West Midlands counterpart opposing the proposition that the post-war general election could be fought in tandem with the Conservatives, using a coupon arrangement like in 1918.⁸ It also took no action against the Chairman of the East Islington Liberal Association who spoke on a Labour platform in the 1945 general election, to argue that Liberals should not vote Conservative.⁹ It 'noted with regret' the activities of the left-wing ginger group Radical Action, however, probably mindful that such groups had in the past tended to spearhead defections away from the party.¹⁰

After the war, the London party became noticeably more right-wing in its policy pronouncements. This may have been due to the influx of Liberal Nationals or to general antipathy with the actions of the Labour government, or a combination of the two. A resolution against the repeal of the Trades Disputes and Trade Unions Act was passed unanimously;¹¹ the London party opposed the nationalisation of any inland transport, including the railways;¹² the nationalisation of steel was 'viewed with alarm';¹³ and the national party was taken to task for not providing sufficient opposition to nationalisation proposals.¹⁴ Calls for the defence of freedom and liberty were not uncommon,¹⁵ but there were signs too that Liberals were becoming uncomfortable about the broadening common ground between their party and the Conservatives. Edward Martell spoke of exposing 'fraudulent Tory activists inside the Liberal Party'¹⁶ and the London Liberal Council sought to emphasise the distinctiveness of co-ownership after Conservative claims that there were elements of it with which they could agree.¹⁷

After the 1950 election Frank Byers, formerly Liberal Chief Whip, toured area federations

to present the leadership's view on how the party might bounce back. Following the success of the electoral arrangement with the Conservatives in Huddersfield, Byers was on the look-out for similar opportunities. His report to the London party was received without comment:

There must be no deals but, where possible, without in any way compromising the independence of the candidate, we should try to bring about straight fights. He believed there were occasions when this was possible by frightening the other parties.¹⁸

The Huddersfield arrangement was intended to benefit the Conservatives as well as the Liberals and there were no areas of London where the Liberals were strong enough to offer a similar bargain.¹⁹ Even in areas of residual strength, such as Bethnal Green, the Liberals were haemorrhaging support. Byers' comments obviously aroused some interest, however, as the sporadic attempts to propose deals with the Conservatives during the 1950s often included London seats, particularly Bethnal Green.²⁰

The free-trade controversy was reflected in the London Liberal Party throughout the 1950s. The phrase barely appears before 1950, when the East Fulham Young Liberals proposed a resolution in support of free trade and land value taxation which, they claimed, were 'the only logical alternative to socialism'.²¹ S.W. Alexander became prominent from 1952, arguing that the party could use support for free trade to raise funds from the major industrialists.²² The views of the free traders on the Liberal Party's position in the political spectrum were clearly reflected in a Council resolution passed unanimously in 1953:

This Council deplors the fact that the party leadership is inclined to create the impression that the Liberal

'Do not run away with the idea that Liberalism provides the middle way between the other two, still less that it is a compromise between them. Liberalism is a distinct creed – a distinct philosophy, distinct from Socialism, from Communism, and from Conservatism.'
(Clement Davies, 1949)

Party is a centre party, fluctuating between Toryism and Socialism. It therefore calls upon the leader of the party to propagate more militantly our radical policy, making it clear to the electorate that neither the Conservative Party nor the Labour Party are progressive and that they are in fact fundamentally the same, and that liberalism is the distinctive radical alternative to both these stagnant creeds.²³

The London Liberal Party did not wholeheartedly back the free-trade faction and, by the early 1960s, stood full-square behind party policy in support of UK membership of the Common Market. The shift in attitude appears to have been sparked by the over-zealous promotion of free trade and related right-wing ideas by Alexander, who was chairman of the London party in the mid-1950s. His chairman's report to the London Liberal Council in 1956 caused a storm of protest, after he came out in support of the government's policy on Suez and against United Nations intervention. He was forced to resign and in 1957 was 'severely reprimanded' by the Liberal Party Organisation for an article in the *City Press* accusing the Liberal Party of playing down its Liberal credentials.²⁴ Simon Knott, another free trader, became something of a thorn in the side of the London party at this time. His appearance on a Conservative platform at Southgate in 1955 had been noted and in 1962 his credentials as Liberal candidate for Barons Court were questioned at the same time as he was reprimanded for publishing advertisements in the *Liberal News* in support of a 'Keep Britain Out' of Europe campaign.²⁵

Another sign that London Liberals mostly backed British membership of the Common Market was the decision of the Clapham Liberals to deselect their parliamentary candidate,

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David Russell, because of his wish to campaign against British membership of the Common Market.²⁶ He re-emerged as a 'Radical Liberal Anti-Common Market' candidate for the seat, unveiling a number of policies which he presumably did not disclose when first adopted as a Liberal candidate, including support for the white settlers in Southern Rhodesia, a ban on immigration and 'no more nationalisation in our lifetime'. His *Viewpoint* newsletter baldly stated that a vote for Labour would ensure that 'within five years Nasser and Khrushchev will rule Europe and England'. Dr Russell won some support for his views, polling 847 votes at the 1964 election. He perhaps reflected a small current of opinion within the Liberal Party, flushed out by the clear lead Grimond gave on issues such as Europe and defence. Some free traders continued to fight on, despite disagreeing with a central plank of Liberal policy: Roy Douglas contested Gainsborough in 1964 and Simon Knott was a perennial Liberal presence in Hammersmith.²⁷ The London Liberal Party had moved sufficiently far to the left by 1960 for one of its Vice-Presidents, a Mr Bute Harris, to resign, however, complaining of 'socialist infiltration'.²⁸ His is the only such resignation recorded in the minutes before 1964.

Yorkshire

The minutes of the Yorkshire Liberal Federation record the dedication of many stalwart Liberals, including John E. Walker, one of the few remaining Liberals who could remember 'the day when Gladstone was a Tory'.²⁹ The grandfather of Yorkshire Liberalism in the late 1940s and early 1950s was Theodore Taylor, owner of a successful textiles firm, who worked until his death, at the age of 102, in 1952. Active in the cause of free trade and land value taxation when in his late nineties, his annual addresses to his workforce in the depression

years had featured denunciations of unemployment benefit and a diatribe against 'rates of wages far beyond the capacity of industry to bear'.³⁰ Was Taylor, seemingly a rigid economic liberal of the old school, a typical Yorkshire Liberal of the period we are considering? Appearances can be deceptive. Taylor's maiden speech in the House of Commons back in 1900 had been in support of state provision of old-age pensions,³¹ and there is barely an echo of his later views in the minutes of Yorkshire Liberal organisations.

During the Second World War, the Yorkshire Liberal Federation was initially concerned with the position of small shopkeepers, perhaps reflecting the background of many Liberal activists at that time. In 1941 it passed a motion 'regarding the small shopkeeper as a national asset' and viewing 'with alarm any threat by the Government to eliminate either by compulsion or by direct or indirect pressure the vital place which their services occupy in our national life'.³² At the same time, however, the Federation was calling for a fairer distribution of private property.³³

The publication of the Beveridge Report provoked a stormy debate within the Federation, which was resolved in favour of the Report's supporters. Ashley Mitchell, having already indicated his opposition to the Report, tabled a resolution claiming that Beveridge's proposals had dealt inadequately with old-age pensions, would prove burdensome to finance and 'would further extend an already inflated bureaucracy and make a serious attack on the liberty of the individual'. During the debate on the resolution Mitchell described Beveridge as a socialist, leading Harry Willcock (later the successful opponent of identity cards) to brand Mitchell a Tory. Amidst some rancour, the Mitchell resolution was defeated and a resolution in support of Beveridge was carried by a large majority.³⁴ Mitchell later resigned.³⁵ Elsewhere in Yorkshire, the Beveridge Report did

Active in the cause of free trade and land value taxation when in his late nineties, his annual addresses to his workforce in the depression years had featured denunciations of unemployment benefit ...

not cause a stir: it was backed by the Leeds Liberals unanimously.³⁶

After the war neither the Leeds nor the Yorkshire Liberal Federations got embroiled in controversies about policy matters. The comment of the President of the Leeds Federation in 1948 that he 'didn't see much difference between this [Labour Government] and Nazism and Communism' was unusual in that respect, as well as for its extremism.³⁷ Nor was there any reflection of the free-trade debate in the recorded deliberations of these bodies.

Relations with the Conservative Party were a more pressing concern, however. Byers' tour of the nation reached Yorkshire on 4 July 1950. It might be thought that he would have been well received, after the national party had endorsed the arrangement by which Donald Wade had been elected in a straight fight with Labour in Huddersfield West in return for the Liberal candidate in the eastern division standing down to the benefit of the Conservatives. In fact, Byers was criticised at the meeting of the Yorkshire Federation, although he went on to rehearse his argument that such arrangements did not necessarily compromise the independence of the party.³⁸

Agreements between the Liberal and Conservative Parties were also a feature of local government politics in parts of Yorkshire. In Huddersfield, for example, the two parties only fought each other at by-elections: whichever party polled best against Labour then won the right to a straight fight in subsequent ward contests. Deals such as this were not discussed by the regional federation, but there is evidence that they were not viewed with satisfaction. In 1959 it was recorded that the Yorkshire Liberal Federation was 'endeavouring to displace the caucus rule which had been a dominant feature of Halifax liberalism'.³⁹ The county's senior Liberals backed attempts by young Liberals in Halifax to oppose the Conservatives at local level and thereby eject from the coun-

cil many long-standing Liberals, some of whom were thought to be Conservative supporters in general elections.⁴⁰

Lancashire and Cheshire

Municipal liberalism in parts of the north-west of England in the two decades after 1945 was little different to that which prevailed in Yorkshire towns such as Huddersfield and Halifax. In Rochdale, for example, there was an electoral arrangement with the Conservatives at local level; control of municipal candidate selection was in the hands of a small group of local businessmen, mostly themselves councillors; and the town's Liberals had only limited contact with the national party. Bulpitt, in his study of local politics in Lancashire, found the Rochdale Liberals to be 'more economy minded' than the Conservatives and 'well to the right of Grimond'.⁴¹ He discovered a similar situation in Middleton,⁴² and in Bolton a deal was struck with the Conservatives at national as well as local level.

More detailed scrutiny of what was happening in Liberal associations across the area, however, reveals a more complex picture. In Altrincham, for example, the Liberal General Council passed a resolution in support of the Beveridge Report in June 1943 and ten months later expressed dissatisfaction at the lack of progress in implementing its recommendations.⁴³ Five years later, the President of Altrincham & Sale Liberals struck a different tone in calling on 'all Tories [to] come over to the Liberal Party to stop Communism'.⁴⁴ Bulpitt found Sale Liberals to be well to the left of those he encountered in Rochdale.⁴⁵

The relationship between the Liberal and Conservative Parties was a source of tension in Littleborough. A prominent member of the town's Liberal Association resigned in 1951 in protest at the decision of the Heywood & Royton Liberals not to contest that year's general election. He was unhappy that the discussion

of whether or not to fight the seat focused on which course of action would be of most benefit to the Conservatives.⁴⁶ Two years later, however, the Liberals decided to abandon their traditional, informal relationship with the Conservatives in Littleborough and contest all four wards in the town. The reason for changing tack was not recorded, although there were opponents of this course of action.⁴⁷

As in Halifax, challenges to cosy electoral arrangements with the Conservatives became more common during the 1950s, and were often led by a younger generation of Liberals. In Middleton, the local deal with the Conservatives ended in 1960. Arthur Holt, the MP for Bolton West, bravely accepted that the deal which had kept him in Parliament since 1951 was at an end when he supported the Liberal leadership's desire to contest the Bolton East by-election in 1960. Change was more gradual in Rochdale, although by the late 1960s the cadre of right-wing Liberal councillors linked by family and business ties rather than political commitment to the Liberal Party had practically vanished. There was no sign of change in Chester in 1961, where it was reported in the local newspaper that Liberal candidates had signed the nomination papers of Conservatives in other wards.⁴⁸

The Manchester Liberal Federation and the declining Liberal group on Manchester City Council were, after 1945, barely in contact. As in Rochdale, the Liberal councillors and aldermen were politically and socially contiguous with the city's Conservatives. During the 1945 Parliament, however, Liberal councillors and activists in Manchester did not necessarily hold different views on the principal issues of the day. In 1948, the Federation called for a united opposition to the nationalisation of the iron and steel industries, which would have brought Conservatives and Liberals together on that issue.⁴⁹ Later, political debate in the Manchester Federation was more muted and

focused mainly on municipal issues as the city's Liberals tried to win council seats once more. There was no echo of the free-trade debate being played out at national level. In 1951 a motion calling for Megan Lloyd George and Violet Bonham Carter to leave the Liberal Party in order to heal the rifts they were alleged to have caused was discussed but not passed.⁵⁰ In a reflection of a political debate to come, the Federation demanded a reduction in fuel duty in 1956 but rejected a call for greater use to be made of public transport in order to ease traffic congestion.⁵¹

Activists' survey

An opinion poll in 1962 showed that 32 per cent of voters 'inclining' towards the Liberal Party were opposed to the UK joining the Common Market. This was cited by the free-trade faction as justification, on strategic as well as policy grounds, for their argument that the Liberal Party should oppose Common Market membership. Douglas, in his history of the party, argues that support for UK membership led the party to suffer 'some important losses' and would have created 'intolerable strains' if entry negotiations had not collapsed in 1963.⁵² This view is not borne out by the records of sub-national Liberal organisations which record little debate on the issue and few resignations on the grounds of policy or the Liberal Party's political direction in the late 1950s and 1960s. Nor is it supported by a survey of Liberal activists from the pre-1964 period, conducted in the mid-1990s, which included a question about the free-trade issue. The findings on this subject bear quotation in full:

The interview data strongly suggests that Liberal activists, in contrast to some Liberal voters, were strongly supportive of UK membership of the EEC; that very few Liberals were opposed to UK membership on the

As in Halifax, challenges to cosy electoral arrangements with the Conservatives became more common during the 1950s, and were often led by a younger generation of Liberals.

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grounds of its likely impact on the progress towards free trade; and that a declining proportion of Liberal activists were interested in or motivated by the traditional Liberal rallying cry of free trade.⁵³

Some Liberals undoubtedly drifted away from the party as it moved away from free trade; but others were attracted to the party by its clear support for joining the Common Market, and the terms of trade were in the party's favour.

A question about whether activists shared Grimond's vision of a realignment of the left in British politics showed that most regarded themselves as left-wing. Out of 118 activists interviewed, 94 agreed with the concept of realignment; only 8 of the 24 who disagreed did so because they felt the Liberal Party should move to the right and oppose Labour more vigorously. This provides further support for 'the hypothesis that most Liberal activists saw themselves as being on the left of British politics, principally opposed to the Conservative Party and sharing historical and philosophical links with the Labour Party'.⁵⁴

Conclusion

The first point to note from the survey of grassroots opinion in London, Yorkshire and north-west England is that the activities of Edward Martell, who left the Liberal Party in 1956 to form the People's League for the Defence of Freedom and thereafter drifted to the far right, left no mark on the Liberal Party in that era. Such splinter organisations were, in fact, of more concern to the Conservatives, who feared that their supporters would be tempted to support right-wing populism.⁵⁵

Old-fashioned municipal liberalism, with its golf-course and gentleman's-club links to the Conservatives, was still apparent in the 1950s but was clearly in decline. By the 1960s a new generation of Liberals was turn-

ing its back on old-style town politics and seeking to do battle with the Conservatives as well as with Labour. Municipal deals with the Conservatives were not popular in the Liberal Party after 1945, largely because they were reminiscent of the creation of the National Liberals. Even in Yorkshire, Frank Byers faced criticism when he came in 1950 to advocate deals with the Conservatives along the lines of the Huddersfield arrangement (although it quickly became clear that neither Arthur Holt nor Donald Wade were prepared to act as Tory stooges). By the early 1960s, after the party had publicly turned its back on such deals, old-style municipal Liberals in Halifax and elsewhere found themselves under pressure from the Liberal organisations in their own districts to move to the left, in line with the party as a whole.

Given the spirited way in which the free-trade debate was conducted at the annual Liberal assembly, it is perhaps surprising to find little reflection of it at local level. Even in London, where one of the leaders of the free-trade faction was briefly chairman of the London Liberal Party, opposition to UK membership of the Common Market never gained a firm hold. Of course, such a stance is not in itself indicative of right-wing thinking on economic issues. However, the Liberal Party's free-trade faction was identified by some with economic liberalism – such as Theodore Taylor's views on unemployment benefit – and with other right-wing causes – witness S. W. Alexander's support for the Suez expedition.

The survey data shows that, in all three regions, the Liberal Party was a home to progressive thinking during the Second World War. The Beveridge Report, and other reports on post-war reconstruction, were warmly welcomed. There is a marked change in tone after 1945. Pronounced, and often extreme, reactions against the Attlee government become common. To some extent this must

have reflected the genuine antipathy of some Liberals to Labour and its nationalisation programme. Such views were also indicative of the direction in which Clement Davies was taking the party, or allowing it to drift.

Some activists certainly felt at the time that the party was being moved to the right, and did not like it. The prospective parliamentary candidate for Cambridgeshire, for example, resigned in 1948, declaring that 'the Liberal Association is tending towards Conservatism, leaving [me] well to the left of them'.⁵⁶ This trend was not universal. In a handful of areas, including Stockport and Southport, the Liberals co-operated with Labour at municipal elections.

After 1950 there are fewer references to policy matters in the records of sub-national Liberal organisations. Many were struggling to survive and devoted all their time to organisational matters. No clear view can be derived of activists' thinking at this time, other than that evidence of their enthusiastic support for unilateral free trade is lacking. From the mid-1950s onwards, support for some of Jo Grimond's initiatives is expressed. There was certainly no organised opposition to Grimond and his determination to haul the Liberal Party back to the progressive end of the political spectrum, except from the anti-Common Market group, and resignations due to 'socialist infiltration' were rarely recorded.

Thus, the Liberal Party can only be regarded as a party of the right for a brief period of Clement Davies' leadership, perhaps from 1946, when he switched from lukewarm support of the Labour government to opposition, until 1951, when he rejected Churchill's offer of a ministerial position. After 1951 Davies offered no leadership on the main issues of the day, leaving the party to drift. It was during this period that the free-trade faction were most vocal and won their most significant assembly victories. Once Grimond took the

By the 1960s a new generation of Liberals was turning its back on old-style town politics and seeking to do battle with the Conservatives as well as with Labour.

reins the free traders were swiftly marginalised. As so often, the rank and file was content to support the leadership, even when that involved reversing decisions on free trade made only a year or two before.

This leaves the question of how the free-trade faction were so successful in influencing the party's policy in the early and mid-1950s when they appeared to have so little support in the constituencies.

Firstly, they did not just appeal to economic liberals within the party: Liberals who wished to emphasise the distinctive nature of the party's appeal were also persuaded to support them. In an era when the Liberal Party came close to being extinguished and when the division between the two main parties on matters of practical policy was small, many Liberals felt the need to emphasise why they were different and, therefore, not capable of being swallowed up by either Conservatives or Labour. Unilateral free trade and land value taxation were both distinctive and comforting, in that they harked back to the Liberal Party's Edwardian golden age.

Secondly, some of the free traders had access to money. They were able to churn out leaflets and pamphlets arguing their case and use their influence to secure parliamentary candidacies and thus a platform within the party. David Russell became Liberal candidate for Clapham after promising to pay his own deposit.⁵⁷ It was not uncommon for Liberal candidates to be selected after paying their expenses, or a substantial contribution towards them. Certain constituencies, mostly within commuting distance of the City, seemed to attract free-trade candidates – for example Ilford North, Walthamstow West and Saffron Walden. There is no other evidence that these areas were hotbeds of economic liberalism. At Saffron Walden, Oliver Smedley's successor, David Ridley, found barely any Liberal organisation in the constituency and his succes-

or, Frank Moore, did not detect any support for Smedley's extreme views.⁵⁸ Prominent free traders such as Alexander used their influence to secure candidacies for their allies in such areas, presumably because of their convenience for someone working in London.

Organisation was not a factor in the success of the free traders. Groups like the Free Trade Union had money to fund a few parliamentary candidates, but were tiny.⁵⁹ It was oratory, not organisation, which won the day at successive assemblies. In the absence of counter-argument from the party leadership, the free traders were able to commit the party to unilateral free trade and the deregulation of agricultural markets. Their views were cogently argued and struck a chord with ordinary activists, who wanted more than anything to preserve the party's independence and somehow rediscover the path back to electoral success. For a time, some were convinced that an appeal back to pre-First World War economics offered the best way ahead. It was more difficult to engage with contemporary political issues in a realistic manner and yet still retain a distinctively Liberal approach which could be differentiated from that of the main parties. Grimond realised that this, rather than grasping for the shibboleths of an earlier era, was the only way forward for the party. When he led the party leftwards again, it followed – and few Liberals were left by the wayside.

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1 Martell's political odyssey from the Liberal Party to the far right is described by R. Douglas and R. Ingham in Brack, D., et al, *Dictionary of Liberal Biography* (Politico's, 1998), pp. 249–52.
 2 Dutton, D., *A History of the Liberal Party in the Twentieth Century* (Palgrave Macmillan, 2004), p. 180.
 3 For a fuller discussion see J. S. Rasmussen, *The Liberal Party: A study of retrenchment and revival* (Constable, 1965), pp. 134–42

When Grimond led the party leftwards again, it followed – and few Liberals were left by the way-side.

4 London Liberal Party, *Council Minutes*, 29 Jun 1946. The merger was approved by 128 votes to 14. Ten Liberal Nationals were immediately co-opted onto the London Liberal Council.
 5 London Liberal Party, *Council Minutes*, 17 May 1943 and *Executive Committee Minutes*, 13 April 1943, 13 November 1943.
 6 London Liberal Party, *Executive Committee Minutes*, 13 April 1943.
 7 London Liberal Party, *Executive Committee Minutes*, 31 October 1942.
 8 *Ibid.*, 12 October 1944.
 9 *Ibid.*, 23 August 1945.
 10 *Ibid.*, 11 March 1944. Lancelot Spicer, the Chairman of Radical Action, was a prominent member of the London Liberal Party.
 11 *Ibid.*, 21 February 1946.
 12 London Liberal Party, *Council Minutes*, 2 March 1946 and *Executive Committee Minutes*, 15 May 1947.
 13 London Liberal Party, *Council Minutes*, 4 November 1946.
 14 London Liberal Party, *Executive Committee Minutes*, 19 September 1946.
 15 For example, London Liberal Party, *Council Minutes*, 2 March 1946 and *Council Minutes*, 1 May 1950.
 16 London Liberal Party, *Executive Committee Minutes*, 20 November 1947.
 17 London Liberal Party, *Council Minutes*, 1 May 1950.
 18 London Liberal Party, *Executive Committee Minutes*, 20 July 1950.
 19 Despite the arrangement, the Conservatives were not able to take Huddersfield East from Labour.
 20 Memorandum by I. Macleod on Conservative/Liberal talks, 1955, Conservative Party Archive. The Liberals were unlikely to benefit from a Conservative withdrawal from contesting Bethnal Green at this time – in 1955 the successful Labour candidate secured a fraction under 70% of the vote.
 21 London Liberal Party, *Council Minutes*, 5 June 1950.
 22 London Liberal Party, *Executive Committee Minutes*, 16 October 1952 and *Finance and General Purposes Committee Minutes*, 2 July 1956 for plans for a fundraising meeting to which 500 'shipping magnates' would be invited.
 23 London Liberal Party, *Council Minutes*, 21 September 1953.
 24 *Ibid.*, 3 December 1956 and *Executive Committee Minutes*, 13 December 1956, 25 April 1957.
 25 London Liberal Party, *Finance and General Purposes Committee Minutes*, 5 September 1955 and *Executive Committee Minutes*, 17 May 1962.
 26 Clapham Liberal Association, *Minutes*, 4 December 1962.
 27 Knott fought Hammersmith as a Liberal at successive general elections in the 1960s, 1970s and 1980s, including as an Independent Liberal against

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- a Social Democrat in 1983, and was also a Liberal councillor in the borough.
- 28 London Liberal Party, *Finance and General Purposes Committee Minutes*, 11 January 1960
- 29 Yorkshire Liberal Federation, *Minutes*, 25 March 1944. Walker's son, Sir Ronald, and grandson, John, were prominent members of the Yorkshire Liberal Federation.
- 30 Greenwood, G. A., *Taylor of Batley* (Max Parrish, 1957), pp. 132, 140–41.
- 31 *Ibid.*, p. 61.
- 32 Yorkshire Liberal Federation, *Minutes*, 3 May 1941.
- 33 *Ibid.*, 18 January 1941, 7 May 1942.
- 34 *Ibid.*, 22 May 1943, 10 July 1943.
- 35 Letter, A. Mitchell to R. Walker, 20 July 1943, reported in Yorkshire Liberal Federation, *Minutes*, 18 September 1943. Mitchell contested Batley & Morley as an Independent Liberal in 1945 (although he was included on the official list of Liberal candidates) and Keighley as an official Liberal in 1955, at which point he was described as treasurer of the International Union for Land Value Taxation and Free Trade.
- 36 Leeds Liberal Federation, *Minutes*, 10 April 1943.
- 37 *Ibid.*, 2 Jun 1948.
- 38 Yorkshire Liberal Federation, *Minutes*, 4 July 1950.
- 39 *Ibid.*, 7 March 1959.
- 40 Interview, Allen Clegg.
- 41 Bulpitt, J. G., *Party Politics in English Local Government* (Longmans, 1967), pp. 91, 94.
- 42 *Ibid.*, p. 36.
- 43 Altrincham Liberal Association, *General Council Minutes*, 16 June 1943, 20 April 1944.
- 44 *Ibid.*, 7 April 1948.
- 45 Bulpitt, J. G., *Party Politics in English Local Government* (Longmans, 1967), p. 98.
- 46 Letter, B. Hall to I. Eastwood, 12 July 1951.
- 47 Littleborough Liberal Association, *Executive Committee Minutes*, 19 January 1953.
- 48 *Chester Chronicle*, 8 July 1961.
- 49 Manchester Liberal Federation, *General Committee Minutes*, 9 November 1948.
- 50 *Ibid.*, 10 April 1951.
- 51 *Ibid.*, 9 October 1956.
- 52 Douglas, R., *History of the Liberal Party 1895–1970* (Sidgwick and Jackson, 1971), pp. 274–75.
- 53 Egan, M., 'Grassroots organisation of the Liberal Party 1945–64', unpublished D.Phil thesis, Oxford University, 2000, p. 222.
- 54 *Ibid.*, p. 228.
- 55 *Report into the People's League for the Defence of Freedom and the Middle Class Alliance*, November 1956, Conservative Party Archive.
- 56 Cambridgeshire Liberal Association, *Minutes*, 1 May 1948.
- 57 Clapham Liberal Association, *Minutes*, 5 September 1961.
- 58 Interviews, David Ridley and Frank Moore.
- 59 Interviews, Simon Knott and Peter Linfoot.
- 60 Egan, M., op. cit., Chapter V.

Annex: sample of Liberal activists interviewed

The views of Liberal activists on free trade and British membership of the Common Market, and on the concept of the 'realignment of the left', are cited in this article. One hundred and forty-two Liberals were interviewed as part of research for an unpublished doctoral thesis.

The background of those interviewed is given in Table 1; Table 2 shows where those interviewed joined the Liberal Party; and Table 3 shows when they joined the party.⁶⁰

Table 1: Background of interview sample

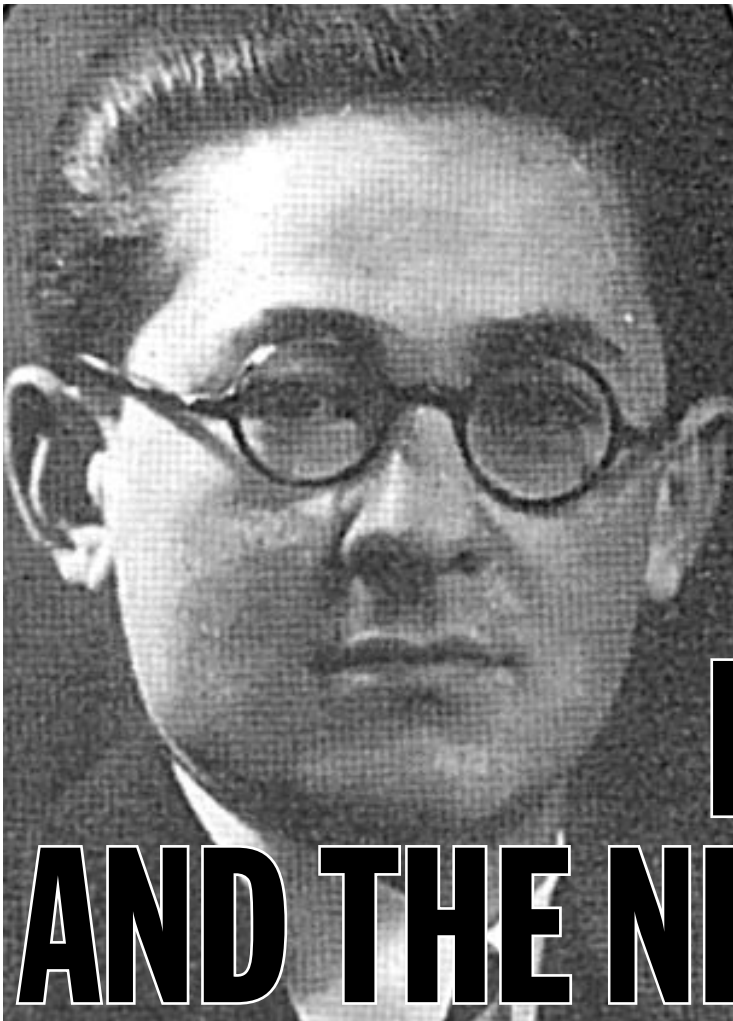
Background of interviewees	Number
Member of Parliament	3
Parliamentary candidate	49
Parliamentary candidate and local councillor	7
Local councillor	24
Liberal or Young Liberal Association activist	55
Liberal Party staff	4

Table 2: Where interviewees joined the Liberal Party

Region	Number of interviewees (%)
South east England	18.3
North west England	13.4
London	12.7
South west England	9.9
East Anglia	9.9
West Midlands	9.9
Scotland	8.5
Yorkshire and Humberside	7.7
Northern England	4.2
East Midlands	3.5
Wales	2.0

Table 3: When interviewees joined the Liberal Party

n = 142	Pre-war	1939–44	1945–49	1950–54	1955–59	1960–64
Number of interviewees joining the Liberal Party (%)	12.7	6.3	29.6	15.5	23.9	12.0



John Meadowcroft
and **Jaime Reynolds**
examine the role
of Arthur Seldon
(1916–) and the Liberal
antecedents of the
Institute of Economic
Affairs.

LIBERALS AND THE NEW RIGHT

'I was persuaded into economic liberalism by intellectual conviction and the evidence of events and into Liberal Party sympathies because the Conservatives were too socialist and the socialists too conservative.'

'I graduated by national insurance and state education to the LSE. There I read voraciously Lenin, Laski, Strachey, Dalton but was more influenced by Robbins, Plant and Hayek. The war and post-war siege economy, several years as editor of a trade journal, the years as an economist in industry and five years working in fruitful partnership with Ralph Harris at the IEA have reinforced the view I had acquired from a teacher that the nineteenth century was the great age of emancipation and that the classical economists were basically right.'

Arthur Seldon, Capitalism (1990)

'I say and I shall continue to say that the worst thing you can do with your money is to hand it over to be spent by the State ... Far better keep it in a money-box and sleep with it under your pillow at night. But, better still, invest it in your business or someone else's business. Anywhere else is better than letting it pass through the slippery fingers of the State.'

Oliver Smedley, Vice-President of the Liberal Party (1955)

'We lost people from the Liberal Party who described themselves as neo-liberals of the sort of Thatcherite school. I was reading the other day that Arthur Seldon was involved in the Liberal Party in Orpington at the time of the by-election. He was typical of a certain school of Liberal who abounded in the party at that time ...'

David Steel, interview in Marxism Today, October 1986

The young Arthur Seldon

Though few Liberal Democrats would recognise him as such, Arthur Seldon was probably one of the most influential Liberal thinkers and publicists in Britain in the period from the 1950s to the 1970s. Seldon was founder Editorial Director of the Institute of Economic Affairs, the free-market think tank,¹ which played an important role in the revival of economic liberalism that led to the global implementation of policies such as the privatisation of previously nationalised industries, the control of inflation via sound monetary policy and the application of market-oriented service regimes where public goods were provided by the state.

In the UK these policies were implemented by the Conservative government of Margaret Thatcher and its successors. This association with Thatcherism has

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led many Liberal Democrats to reject the notion that the ideas Seldon advocated had any connection with Liberalism. Conrad Russell, in the opening of his *An Intelligent Person's Guide to Liberalism*, contrasts the 'moral' liberalism of Roy Jenkins (of which he clearly approves) with the economic liberalism of the IEA (of which he clearly disapproves). Yet while it is true to say that Seldon's tireless advocacy of economic liberalism had its greatest impact on the Conservative Party, rather than the Liberal Party, it is nevertheless the case that many Liberals recognised the continued relevance of economic liberalism to the Liberal cause.

Jo Grimond was a regular IEA author, contributing papers to six different IEA publications, and he wrote that 'Liberals must at all times stress the virtues of the market, not only for efficiency but to enable the widest possible choice ... Much of what Mrs Thatcher and Sir Keith Joseph say and do is in the mainstream of liberal philosophy.'² Certainly, Seldon, who is now eighty-eight years old and living in retirement in Kent, always saw himself as more of a liberal, or 'conservative radical' than a Tory. For over three decades he was an active member of the Liberal Party and only severed his connection with it in the 1970s.

Arthur Seldon, the Liberal Party and the IEA³

Seldon was born on 29 May 1916. He later described his tragic and poverty-stricken childhood, upbringing and education in the East End of London, as an 'indoc-trination against capitalism'. He recalled that at the age of eight in the 1924 general election, he cheered the Labour candidate for Stepney, and booed the Conservative and Liberal cars.

Seldon's family name was Margolis, but both his parents died in the Spanish flu epidemic of 1918 and he was brought up by foster-parents (two of his elder siblings

went to live with uncles, and two were sent to an orphanage). Seldon's foster parents were Jewish refugees from Ukraine, whose family name Schaberdain was adopted by Arthur. His foster-father died in 1927. His foster-mother set up 'shop' in the front room of their East End home selling lisle stockings in order to pay the rent. The family were kept afloat by a £100 payment from a Friendly Society, paid for by his late foster-father's weekly contributions of two shillings. For Seldon such enterprise and mutual insurance was a model of voluntary working-class responsibility and welfare that was to be replaced by state benefits and the 'dependency culture'.

The family fortunes improved in 1931 when his foster-mother remarried (a tailor) and they moved to the relatively middle-class suburb of Stroud Green. In 1928 Seldon won a free place to Sir Henry Raine's (Grammar) School, off the Commercial Road, where he was taught history in the sixth form by E. J. Hayward, a Liberal of the old school 'whose teachings on the guild system and its replacement by industrial capitalism, with its advantages for living standards and liberties, intrigued me more than the Fabian influence of the persuasive economics master'. Nevertheless, when he arrived at the LSE in 1934, having won a state scholarship, he seems initially to have shared the prevailing far-left attitudes of the majority of students, before joining the tiny Liberal Society. He supported the anti-Fascist protests against Sir Oswald Mosley's march through the East End in 1936.

Seldon studied and researched at the LSE from 1934 to 1941, graduating with first-class honours in economics in 1937, and then becoming a research assistant to Arnold Plant.⁴ He also studied under other liberal and Liberal academics including Hayek, Lionel Robbins, Frank Paish⁵ and George Schwartz,⁶ who kept alive free-market economics in what

Seldon described as 'the hostile anti-capitalist environment of the 1930s'. It was during his time at the LSE that Seldon Anglicised his surname, apparently following advice from Arnold Plant who thought such a change wise in the light of the rise of anti-Semitism in Europe.

In 1937 the Liberal Party established a committee of inquiry into the distribution of property inspired and chaired by Elliott Dodds. It included Harcourt Johnstone, the leader Sir Archibald Sinclair's right-hand man and expert on economic issues in the party leadership. Plant and Robbins were approached for their advice and they asked Seldon to write a paper on the effect of an inheritance tax. This led Dodds to ask him to draft the committee's report, *Ownership for All*, which was adopted by the party conference in 1938. In Seldon's view, 'the proposals for the diffusion of private property rather than its replacement by public (socialised) property raised the flag of classical liberalism for the last time in the Liberal Party'.⁷ Its questioning of public ownership and proposals for selective privatisation were denounced by the Labour Party as a violent shift in the Liberal position back to laissez-faire and individualism, at odds with both Labour and Conservative thinking on the 'socialised sector'.⁸

Yet despite its unfashionable and 'right-wing' reputation, *Ownership for All* has stood the test of time better than many of the so-called radical tracts of the 1930s, and many of its arguments would be regarded as mainstream, if not left-wing, today. It was a radical attack on the maldistribution of wealth and property in inter-war Britain – inequalities which it described as 'gross and shocking'. The uneven spread of property prevented equality of opportunity, wasted social resources, reduced consumer choice and menaced democracy by providing a recruiting ground for Fascism. The report rejected outright any absolute right of property and insisted

Ownership for All was a radical attack on the maldistribution of wealth and property in inter-war Britain – inequalities which it described as 'gross and shocking'.

on society's right to modify laws of inheritance to reduce inequality and spread wealth. The causes of the maldistribution of property were traced to faulty laws and policies, particularly inheritance law, lack of educational opportunity for the poor, encouragement of monopolistic industrial concentration, divorce of ownership from control of companies, and indirect taxation on wage-earners in the form of tariffs, quotas and subsidies. However, *Ownership for All* was unusual for the times in rejecting statist solutions such as planning and public ownership; it argued unashamedly for market solutions, greater competition and the extension and permeation of property ownership throughout society. It combined a positive view of freedom and economic liberal ideas in a distinctive platform for the party:

The policy we have advocated is not one of 'laissez-faire'. Quite the reverse. It would involve determined, and even drastic, State action at numerous points. Such action, however, would not take the form of Government control or management ... Its main objects would be to create the legal structure in which a free economy can best function; to see that the market is efficient and honest; to outlaw restraint of trade; to break down unjust and artificial privileges; to preserve the national resources ...; to maintain and expand the social services; and to place before all the opportunities of a full life hitherto open only to the rich. In a word, the Liberal view is that it is the function of the State 'to create the conditions of liberty' ...⁹

While it is unclear how far Seldon's drafts shaped the final document, it is striking that many of the arguments and much of the

style of argument anticipated his later critique of state ownership and provision and his championing of markets and competition, which essentially built on the framework laid down in *Ownership for All*. The Liberal Party continued to use the 'Ownership for All' slogan into the late 1940s.

In July 1941 the Liberal Party Organisation published Seldon's pamphlet, *The Drift to the Corporate State*, which analysed the likely effects of wartime economy measures, especially those encouraging monopoly, on the post-war economy. He was scathing about what he described as 'the tendency in the 1930s to the formation in many basic industries of joint monopolies of employers and workers for the exploitation of consumers'. While conceding the need for some industrial concentration and planning in time of national emergency, Seldon was blunt about the potential dangers it posed: 'it is the corporative system of industrial organisation, which is incompatible with parliamentary democracy; it is the British variant of what in Italy is called Fascism'. Where monopoly was unavoidable ('natural monopolies') he argued – anticipating ideas that were novel in the 1930s but have become commonplace in recent decades – that 'public regulation may ... be more suitable ... than public ownership ... [and] there would appear to be no good reason for exclusive public ownership in the public utility field, where a mixed regime of private, public, and semi-public monopolies, all equally subject to regulation by Parliament or a delegated authority would be superior'. He called for 'State action to "cleanse" industry of its avoidable monopoly; and this will involve a more active State, a State more conscious of the conditions and consequences of monopoly ...'¹⁰

Between 1941 and 1945 Seldon served in the army in North Africa and Italy. He married Marjorie Willett in 1948. Her father Wilfred was a formerly devout Christian who became a communist and

Ownership for All was unusual for the times in rejecting statist solutions such as planning and public ownership; it argued unashamedly for market solutions, greater competition and the extension and permeation of property ownership throughout society.

nature writer for the *Daily Worker*. Up to his death in 1961, he and Seldon would debate the issues of communism versus capitalism. Marjorie was to become in her own right an active Liberal, free trader and campaigner for education vouchers.

On his return to Britain after discharge from the army in 1946, he was drawn back into Liberal Party activity after attending a meeting chaired by Clement Davies at which Roy Harrod, the Keynesian economist, was a speaker. In 1947 Seldon was asked by Philip Fothergill to chair a committee on the aged.¹¹ He consulted Beveridge, whom he knew from LSE days, and who was, by the late 1940s, concerned that the expansion of the welfare state was jeopardising the voluntary welfare movement and Friendly Societies.¹² The committee's report was unanimously endorsed by the Liberal Assembly in 1948.

Arthur and Marjorie Seldon were very active in the Orpington Liberal Association in the 1950s as it began the local success that culminated in Eric Lubbock's famous by-election victory in 1962. Each of them served as president. Marjorie organised local anti-Eden demonstrations over Suez in 1956. They had three sons, Michael, Peter and Anthony, Anthony becoming the well-known political writer and biographer of John Major and Tony Blair.

For some ten years after the war, Seldon worked in industry as editor of a retailing magazine, *Store*, from 1946 to 1949, and then as an economic adviser in the brewing industry in an office headed by Lord Tedder, former Air Chief Marshal of the RAF, where his connections with the Liberal Party, still associated with Methodism, the nonconformist conscience and temperance, aroused some unease.

The Institute of Economic Affairs (IEA), founded in 1955, was the brainchild of Antony Fisher and future Nobel laureate

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F.A. Hayek.¹³ Fisher, like its first Director, Ralph Harris, was a Conservative – the two first met at a Conservative Party meeting – though the IEA was always non-partisan, such that when Harris was raised to the peerage by the newly elected Margaret Thatcher in June 1979 he sat as a crossbencher in the Lords. However Liberals played a major part in its early days. Oliver Smedley,¹⁴ a free-market zealot, a vice-president of the Liberal Party and its most vocal free-trade campaigner at assemblies in the 1950s, whom Fisher knew through the Society of Individualists, played an important role in the early formation of the IEA, providing the organisation's first offices at his business premises (and campaigning headquarters) at 24 Austin Friars in the City of London. Other Liberals – Lord Grantchester (Sir Alfred Suenson-Taylor)¹⁵ and Sir Oscar Hobson¹⁶ – were on its advisory board, while academics associated with the Liberal Party, such as Alan Peacock and Jack Wiseman, were to become active in the IEA. The IEA's first pamphlet, *The Free Convertibility of Sterling*, published in 1955, was written by another Liberal, George Winder.

In 1956 Arnold Plant recommended Seldon to Lord Grantchester who was trying to give the newly formed IEA 'a liberal intellectual thrust'. Seldon was appointed Editorial Director of the IEA in 1957, a function he held until his retirement in 1981, and then again between 1986 and his second and final retirement in 1988. From 1959 he was also Executive Director of the IEA.

Seldon's direct involvement with the Liberal Party seems to have wound down from 1957 as the IEA, seen by some potential sponsors as a Liberal 'front', worked to establish its non-party credentials. Nevertheless he continued to sympathise with and vote for the Liberals for another two decades. He took part as 'an independent economist' in a fierce debate on health and education vouchers in the party in

'In my lifetime the Tories have enlarged state authority by fits of absent-mindedness, and my political sympathies have been Liberal, but I prefer to think of myself as a conservative radical.'

1966–67, speaking at a 'Liberalism is about Liberty' fringe meeting at the Liberal Assembly in 1966 on 'The Welfare State and the Economy in the 1970s'.¹⁷ He also wrote articles in support of vouchers in the Liberal magazine *New Outlook* at this time. Other proponents of vouchers, or a more pluralist approach to welfare, included Professors Alan Peacock and Michael Fogarty, and John Pardoe MP.¹⁸

The prominence in the IEA of the Liberal founders diminished in the late 1950s. Fisher and Harris found Smedley's outspokenness a handicap in securing business funding, and with Grantchester he was gradually pushed out, although Smedley remained one of the seven 'subscribers' when the IEA became incorporated in 1963. Graham Hutton, an ex-Fabian economist and journalist linked to the Liberals, was brought in as a replacement.¹⁹

Smedley, Grantchester and S.W. Alexander increasingly focused their efforts on the Free Trade Union (FTU), which they took control of following a funding crisis in 1959 (and renamed it the Free Trade League). The FTU had strong connections with the Liberal Party into the 1940s and 1950s (Sinclair and Samuel were vice-presidents). It also provided a link between post-war economic liberals like Seldon, who sat on the FTU executive from 1946, and the pre-war Liberal free marketeers such as F.W. Hirst, Sir George Paish and Vivian Phillipps. Seldon, sometimes with Marjorie, was a contributor to the FTU journal *The Free Trader*.²⁰ After the Smedleyite takeover in 1959, its Liberal stalwarts Sir Andrew McFadyean and Deryck Abel²¹ withdrew. Smedley, Alexander and Grantchester carried on, with a rump of like-minded, mostly Liberal, free traders and anti-common-marketeters into the 1970s. Seldon was dropped from the executive in 1959, suggesting that his sympathies did not lie with the Smedley group.

In contrast to the Smedleyites' hostility to the Common Market, Seldon seems to have taken a pragmatic approach to Europe, though he was critical of the level of subsidies under the Common Agricultural Policy and the operation of monetary union. There is surprisingly little about Europe in his writings.

The Conservative Party had little appeal for Seldon until the era of Margaret Thatcher. He wrote that 'in my lifetime the Tories have enlarged state authority by fits of absent-mindedness, and my political sympathies have been Liberal, but I prefer to think of myself as a conservative radical: conservative about preserving the principles of a good society but radical about reforming the institutions required to preserve them in a world of change'.²² He did not regard the Tories as a free-market party: 'the Conservatives in general have had an indifferent record. In the 1930s they sponsored producer protection when they abandoned free trade in 1932, introduced transport licensing, agricultural marketing boards and other "anti-capitalist" restrictionist policies'.²³

His final break with the Liberals seems to have occurred in the 1970s, though Seldon is somewhat unclear exactly when. He later recalled that he 'retained private hopes of a Liberal revival under Jo Grimond but abandoned it when he was followed in 1967 by David Steel, a party manager with little interest in policy and, it seemed, almost no understanding of economic liberalism, indicated by a remark in a *Marxism Today* interview about my outdated *laissez-faire*'.²⁴ However, it was Jeremy Thorpe, not Steel, who succeeded Grimond in 1967; Steel did not become leader until 1976 and the *Marxism Today* interview did not appear until 1986. Whenever Seldon finally broke with the Liberals, he continued to claim some of their leading figures for his ideas. When he dedicated his collected writings to the 'politicians who rolled back the State',

he included, alongside Thatcher, Joseph, Tebbit, Powell and other Tories, the Liberals Elliott Dodds, Jo Grimond and John Pardoe.²⁵

Arthur Seldon's liberal thought

Arthur Seldon's political philosophy was founded upon the consistent application of the principles of economic liberalism to economic, social and political problems. Seldon's training in classical economics at the LSE instilled in him the belief that it was only a market economy that could efficiently and fairly ration scarce resources, ensure that the benefits of economic action exceeded the costs, including the opportunity costs, and co-ordinate the actions of the many individuals and firms who constituted an advanced economy.

In Seldon's view a market economy was able to perform this function because it utilised the knowledge communicated by prices generated in the marketplace. The price mechanism worked spontaneously without the need for a single co-ordinating body. The failure of socialism relative to capitalism could be explained by the economic chaos caused by the attempt to abolish markets and prices: 'The use of the free-market pricing system explains the relative success of capitalism and the failure of socialism.'²⁶ The pricing system was the invisible hand of the market that led self-interested individuals to undertake actions that benefited others even if such altruistic outcomes were no part of their original intention.

He held that not only was a market economy superior in terms of efficiency, it was also morally superior to alternative economic models because it achieved economic co-ordination without the need for an over-arching political authority that directed particular individuals to undertake certain tasks or use resources in particular ways.

Seldon's principal contribution, in his role as commissioning editor of more than 350 IEA monographs and author of twenty-eight book and monographs and 230 articles, was to apply these principles as a critique of all forms of government intervention, ranging from Marxist-Leninist state socialism to the post-war social democratic consensus, and from the provision of public goods by local authorities to national land-use planning controls. Seldon wrote:

Micro-economic analysis of the prices and costs of individual goods or services and their adjustment at the margin by individual suppliers and demanders can be no less enlightening in the public than in the private sector of the economy.²⁷

While accepting that markets were not perfect, Seldon sought to show that markets were almost always a more effective means of providing goods and services than via government diktat, and, moreover, such outcomes could be achieved without the need for restrictions on individual liberty that so often accompanied attempts to achieve similar outcomes by central direction. For Seldon there did not exist a category of public goods and a category of private goods to which different principles should be applied; rather, there existed a whole range of goods and services that people wanted, but because resources were finite, some mechanism was needed to ensure the production of those goods for which demand was greatest at a cost that did not exceed the benefits. In *Charge*, Seldon set out his thesis that many public services would be delivered more efficiently and used more sparingly if users were required to pay for them at the point of delivery just as they did in the private sector.²⁸

Seldon's application of micro-economic principles to the

public sector led him to develop a critique of the pathologies of democratic government that anticipated the emergence of public-choice theory. In 1960, two years before the publication of Buchanan and Tullock's landmark work *The Calculus of Consent*, Seldon wrote:

Representative government ... at its worst ... impoverishes and enfeebles the community by capitulation to articulate and persistent sections at the expense of the long-term general interest. Much so-called 'economic policy' can be understood only in terms of pressure from organised producers – in trade associations, trade unions or other groups.²⁹

For Seldon, the tyranny of the majority that had so concerned classical liberals such as John Stuart Mill and Alexis de Tocqueville had been realised in the ability of organised *minorities* to extract special privileges (rents) from government at the expense of the unorganised majority. The political muscle of French and German farmers, British coalminers and American steel producers meant that through a combination of subsidy and protection these groups were allocated privileges that far exceeded the market value of their economic contribution. The result of the ability of such groups to capture the political process for their own advantage was not only the unfair transfer of resources via political means (rent-seeking), but distortions of the price system that impoverished society as a whole because it led producers to misallocate capital in response to distorted price signals.³⁰

One of Seldon's most original contributions was his application of the principles of public-choice theory to an analysis of the role of producer interests in education in the defeat of the Thatcher government's attempt to introduce

He held that not only was a market economy superior in terms of efficiency, it was also morally superior to alternative economic models because it achieved economic co-ordination without the need for an over-arching political authority.

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education vouchers, a subject close to his heart. In *The Riddle of the Voucher*, Seldon argued that the combined power of teacher unions and civil servants in the Department of Education had prevented the implementation of a policy that was supported by ministers and many politicians, academics and parents.³¹

Arthur Seldon and Liberal Party politics

One of the most intriguing questions of British political history is why the economic counter-revolution led by Seldon and the IEA had its greatest impact on the Conservative Party rather than on the Liberal Party. Economic liberalism had long been a cornerstone of the Liberal Party; the party had been formed from the coalition of Whigs, Radicals and Peelites united by Peel's repeal of the Corn Laws, and the *raison d'être* of many of those who had kept the party alive from the 1920s to the 1950s was to preserve the spirit and natural home of free trade.

Indeed, there seems good reason to believe that in the mid-1950s the great majority of economic liberals were to be found in the Liberal rather than the Conservative Party. The story of the adoption of economic liberalism by the Conservative Party is the story of how the economic liberals came into the ascendancy in that party as they were simultaneously marginalised in the Liberal Party.³²

While at certain elections, notably 1929 and 1945, the appeal of the Liberal Party had inclined to the centre-left, up until the 1960s it was still the party of economic liberalism, the open economy and free markets. It was under the leadership of Jo Grimond after 1957 that the party shifted to the centre-left, despite the fact that Grimond himself had strong economic liberal sympathies and for much of his early career was an outspoken critic of the post-war consensus

from the economic right;³³ Grimond's political strategy of replacing Labour as the principal anti-Conservative force in British politics led him to emphasise the more 'progressive' aspects of party policy. This, combined with community politics and growing local-government strength, attracted a new generation of party supporters and activists with little sympathy for the economic liberal traditions of the party.

Grimond was succeeded by Jeremy Thorpe, who had long been an opponent of the economic liberal wing of the party, but probably the crucial break with economic liberalism came with the election of David Steel as party leader in 1976. Steel, who described himself as a Keynesian Liberal, was intent on positioning the Liberal Party as the centre-left alternative to the extremes of left and right deemed to be presented by the Labour and Conservative Parties. As the Liberal Party went into alliance with the SDP in 1981 and reacted against economic liberalism à la Thatcher, with its apparent rejection of much of the Liberal/Keynes/Beveridge welfare heritage, any prospects of an economic liberal revival within the party quickly evaporated.

The conversion of the Conservative Party to economic liberalism can be dated to the 1975 election of Margaret Thatcher to the party leadership. Thatcher was the leader of a relatively small faction within the Conservative Party which had long advocated the adoption of monetarist policies and greater individual freedom in the economic sphere as the solution to Britain's relative economic decline. On election to the party leadership she set out her belief in 'a free society with power well distributed amongst the citizens and *not* concentrated in the hands of the state. And the power supported by a wide distribution of private property amongst citizens and subjects and not in the hands of the state.'³⁴

Many of the economic liberal policies pursued by the Thatcher and Major governments would have been recognised as within the mainstream of liberalism by previous generations of Liberals and by members of continental European Liberal parties.

It should be noted that while economic liberalism was extremely influential within the Conservative Party during the 1970s, 1980s and 1990s, it never achieved the level of orthodoxy that is sometimes portrayed. The early Thatcher cabinets contained a number of 'wets' in senior posts, while Michael Heseltine's famous declaration as President of the Board of Trade at the 1992 Conservative conference that he would intervene in the economy 'before breakfast, before lunch, before dinner and before tea' was indicative of the hostility to economic liberalism that endured amongst large swathes of the Conservative Party.

Conclusion

While today the economic liberalism espoused by Arthur Seldon and the IEA is most closely associated with Thatcherism and the Conservative Party, many of the economic liberal policies pursued by the Thatcher and Major governments would have been recognised as within the mainstream of liberalism by previous generations of Liberals and by members of continental European Liberal parties. It is open to question what would have happened to the Liberal Party and to UK public policy had the economic liberal counter-revolution occurred within Liberal rather than Conservative ranks. Certainly, it may have been possible that economic liberalism could have been combined with social liberalism to form the basis of a truly libertarian movement, rather than with the social conservatism of the Tory Party. What is clear is that the long-standing practical and intellectual links between Arthur Seldon and the IEA and the Liberal Party are indisputable.

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- 1 It should be noted that the IEA does not have, nor has it ever had, a corporate view on any matter, but rather its mission is to promote public understanding of the role of markets in solving economic and social problems.
- 2 Jo Grimond, 'Eighty Club' lecture to the Association of Liberal Lawyers, London, 28 October 1980.
- 3 Mostly based on Seldon, *Capitalism* (London, 1990), especially chapter 2. See also Seldon's interview with Christopher Muller in M. Kandiah and A. Seldon (eds.), *Ideas and Think Tanks in Contemporary Britain* vol 1 (London, 1996).
- 4 Plant, (Sir) Arnold (1898–1978): Professor of Commerce, LSE, 1930–1965; an economic liberal and Liberal Party supporter.
- 5 Paish, Frank Walter (1898–1988): LSE Professor of Economics. Son of Sir George Paish, also an academic economist and indefatigable Liberal and free trade campaigner. F. Paish was active in the Liberal Party from the 1940s to the 1960s and was an influential adviser to Jo Grimond as well as the government.

'A Little Laissez-Faire'

Amoroso

All parties have their fancies
In political romances,
And a Liberal his devotion must declare;
Though the object of my passion
Is at present out of fashion,
I love a little lassie fair.

In the total planning era
She's dismissed as a chimera,
Her regalia shows signs of wear and tear;
A Gladstonian survival,
She is not without a rival,
But I love a little lassie fair.

Though Stafford, Nye and Morgan
May prefer a planning Gorgon,
A stern innamorata doctrinaire,
The Liberal will egg on
Lady Vi and Lady Megan,
For he loves a little lassie fair.

The rulers and the masses
Love other little lasses,
And my love is the economist's despair;
But the Liberal loves for ever,
And continues to endeavour
To make the others love his lassie fair.

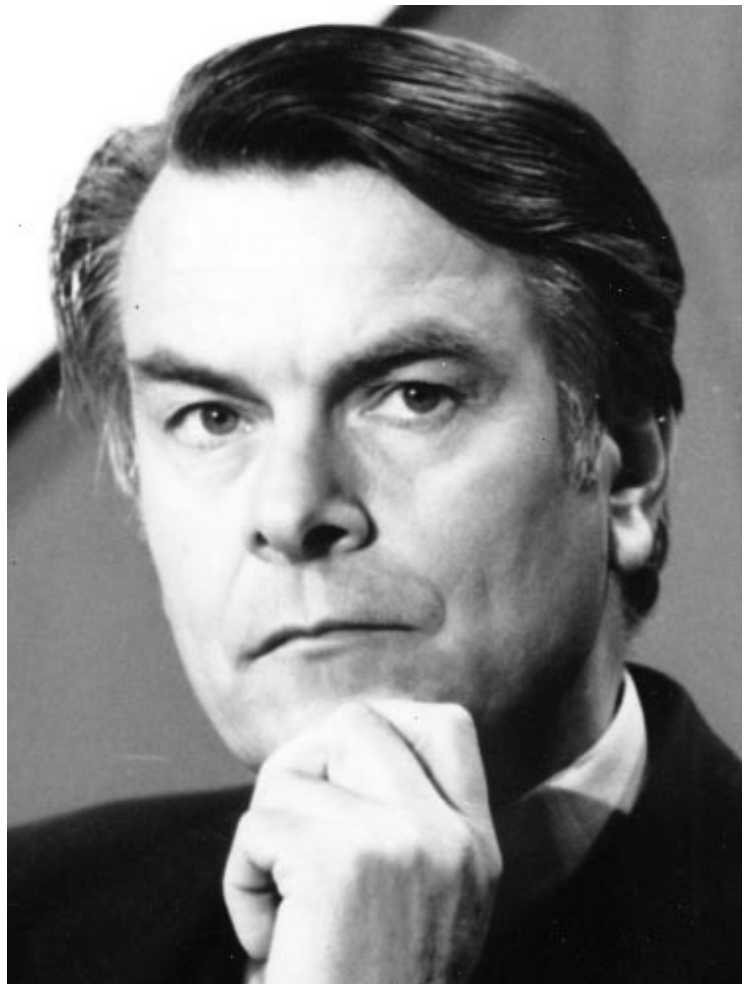
Up the Poll by **Sagittarius and Vicky** (general election 1950)

- 6 Schwartz, George Leopold (1891–1983): academic and financial journalist. Wrote Liberal Party publications: 'To all who live on the land', 'To practical men in mining', 'To all who live in towns and cities'. Involved in Free Trade Union.
- 7 *Capitalism*, p. 35.
- 8 A. Seldon, *The State is Rolling Back: Essays in Persuasion* (London, 1994) includes extracts. R. Fraser *What's What in Politics* (Labour Book Service, 1939), pp. 23–24, 48.
- 9 *Ownership for All. The Liberal Enquiry into the Distribution of Property* (LPO/LPD, March 1938)
- 10 A. Seldon, *The Drift to the Corporate State: A Preliminary Enquiry into the Impact of War Economy* (Liberal Publication Dept, 1941) The pamphlet is headed 'printed for private circulation' and was presumably intended for a limited readership among the party leadership.
- 11 The other members were Lord Amulree, Mrs B. Lewis (later Dame Barbara Shenfield), Dr J.A. Gorsky and Leonard M. Harris. 11th Report to the Assembly Meeting at Hastings, March 1949.
- 12 *Capitalism*, p. 274.
- 13 For a full account of the formation of the IEA, see John Blundell, *Waging the War of Ideas, Second Edition* (IEA, 2003); Ralph Harris and Arthur Seldon, *A Conversation with Harris and Seldon* (IEA, 2001); Ralph Harris chapter in Philip Booth (ed.), *Towards a Liberal Utopia* (IEA, 2005); R. Crockett, *Thinking the Unthinkable* (London, 1994).
- 14 Smedley, W. Oliver (1911–89): Paratrooper during the Second World War, won the Military Cross at Arnhem. In 1952 resigned from accounting partnership and set up various free trade campaigns from office at 24 Austin Friars: Cheap Food League, Farmer's and Smallholder's Association, Council for the Reduction of Taxation, etc. Vice-President of Liberal Party. Liberal candidate five times 1950–70. Resigned as Liberal candidate in protest at resolution supporting entry to Common Market at 1962 Assembly. Founded the Keep Britain Out Campaign, later Get Britain Out and stood as anti-common market candidate on various occasions. Finally resigned from Liberal Party 1972. Founded the Free Trade Liberal Party, 1979. In 1964 founded Radio Caroline. In 1966 acquitted for manslaughter of a business colleague.
- 15 Suenson-Taylor, Alfred Jesse, 1st Baron Grantchester of Knightsbridge (1953) (1893–1976): prominent City banker. Wealthy from mother's side (she was a Littlewood). Liberal candidate 1922 and 1929. Liberal National after 1931. President of the London Liberal Party. Liberal Party Treasurer 1953–62. President of the Society for Individual Freedom and the Free Trade Union/League. Established the International Liberal Exchange before 1945 and edited the *Journal of International Liberal Exchange*, later *The Owl*. Helped fund Hayek's activities and Mont Pelerin Society, 1947–, and participated in meetings. In 1955–59 on Advisory Council of IEA.
- 16 Hobson, Sir Oscar (Rudolf) (1887–1961): a leading financial journalist of his day.
- 17 *New Outlook*, September 1966.
- 18 A. and M. Seldon, 'How welfare vouchers work', *New Outlook* 55, June 1966; 'Welfare in the 1970s' (report on the *New Outlook* forum at the 1966 Brighton conference at which Seldon spoke); and A. Seldon, 'The Case for Vouchers' (his speech to the Forum), *New Outlook* 58, October 1966; A. Seldon, 'Liberal Controversy Simplified', *New Outlook* 63 April 1967.
- 19 Information provided by Lord Harris.
- 20 Free Trade and a Free Society, February 1959.
- 21 Abel, Deryck (1918–?): author, historian and journalist. Chairman of the Liberal Party 1957–59.
- 22 His chapter in *The Rebirth of Britain* (1964), p. 152.
- 23 *Capitalism*, p. 120.
- 24 *Capitalism* p. 35.
- 25 *The State is Rolling Back*, p. v.
- 26 *Capitalism*, p. 18.
- 27 *Making of the Institute*, p. 55.
- 28 A. Seldon, *Charge* (London, Temple Smith, 1977).
- 29 *Making of the Institute*, p. 19.
- 30 In retirement Seldon wrote a book-length treatment of these issues: *The Dilemma of Democracy: The Political Economics of Over-Government* (IEA, 1998).
- 31 A. Seldon, *The Riddle of the Voucher* (IEA, 1986).
- 32 On this point and for a discussion of the issues at stake and what might have happened had the Liberal Party adopted economic liberal policies, see James Parry, 'What if the Liberal Party had Broken through from the Right?' in D. Brack (ed.), *Prime Minister Portillo... and Other Things that Never Happened* (London, 2003).
- 33 M. MacManus, *Jo Grimond: Towards the Sound of Gunfire* (London, 2001).
- 34 Margaret Thatcher, press conference after winning Conservative Party leadership, 11 February 1975. Transcript available at <<http://www.margaretthatcher.com/Speeches/displaydocument.asp?docid=102487&doctype=1>>

‘Suddenly a new idea is abroad; an idea with the power to divide one political party, unite another and dissolve the dilemmas of a third. Owenites claim it as their true credo; Conservatives as the faith they have always professed, if sometimes unknowingly; Liberals define themselves as its oldest British guardian, while even one or two luminaries in the Labour Party see it as the route to modernising socialism. What can this androgynous, all-purpose, elastic idea be? Why, the social market economy, of course; the idea, that if only one knew what it was, as the SDP delegate said in their debate on the matter, one would be bound to endorse it.’¹

Duncan Brack examines the origins of David Owen’s concept of the social market economy – and its use both as an idea and, perhaps more importantly, as a political weapon.

DAVID OWEN SOCIAL MARKET ECONOMY



Much of the division between right and left centres around different views on the combination of social justice and market economics. As Neal Lawson, chair of the Labour

pressure group ‘Compass’ put it in early 2005:

The critical point of alignment between the parties is the markets. Labour once aspired to make people the masters of the market – now

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it has given in to global capitalism by inverting that principle. The fundamental political shift was equating economic efficiency with social justice. Social justice is no longer to be achieved by taming capitalism but by ensuring employability in a global economy.²

Twenty years earlier David Owen, the second leader of the Social Democratic Party, attempted to formulate just such a combination of policy goals – economic efficiency through market allocation, plus social justice via redistribution – which he called ‘the social market economy’. This article traces the story of the social market, both as an idea and, perhaps more importantly, as a political weapon.

Origins

Owen was elected to the leadership of the SDP in 1983, after its founding leader, Roy Jenkins, stood down in the wake of a disappointing election result which saw the party’s parliamentary strength fall by four-fifths, even while the Liberal-SDP Alliance was winning the highest third-party vote for more than fifty years. He moved immediately to stamp his authority on the party, and retained it, largely unchallenged, until the aftermath

of the 1987 election. He needed to define his ideological position – different from the Conservatives and Labour, and increasingly different from the Jenkinsites within the SDP, and his Alliance partners the Liberals. The concept he came up with was the ‘social market’, which he claimed was borrowed from ‘the 1959 Bad Godesberg Programme of the German Social Democratic Party, when they abandoned Marxist economics and achieved electoral success with thirteen years of a Social Democratic/Liberal government’³ – an obvious lesson for the British Liberal-SDP Alliance to learn.

In fact the phrase originated earlier than 1959: *die soziale Marktwirtschaft* was first coined in 1946 by Alfred Müller-Armack, an adherent of the Freiburg school of ‘ordo-liberal’ economists, associated with the German resistance to Hitler. Writing in the wreckage of the thousand-year Reich, the Freiburg school was searching for an economic system that would keep the state from interfering in individuals’ lives: a perfect, undistorted, liberating market, in which the only role of government would be to ensure that market forces worked freely, through breaking up concentrations of economic power.

The theory was taken up and turned into practical politics by the

The combination of policy goals – economic efficiency through market allocation, plus social justice via redistribution – which he called ‘the social market economy’.

German Christian Democrats in their 1949 Dusseldorf Programme. For them, the social market represented a third way, between socialism and monopoly capitalism: the Programme included minimum state control of industry, powerful anti-trust laws and co-operation between trade unions and companies. ‘Outlaw monopoly’, wrote Ludwig Erhard, the Christian Democrat Minister for Economic Affairs, ‘turn the people and the money loose and they will make the economy strong’.⁴ And strong the German economy turned out to be – although Marshall Aid, the refugee inflow of cheap labour from the East, currency reform and an undervalued Deutschmark, a booming world economy, and reconstructed, and therefore modern, industrial plant must take a substantial degree of credit. One factor that was *not* noticeably present, however, was social justice; Erhard was implacably opposed to universal welfare provision and redistributive fiscal policy. True competition would by itself produce prosperity and higher living standards for all: the only ‘social’ element in *die soziale Marktwirtschaft*.

In the face of this continuing economic success, and electoral dominance by the Christian Democrats, it was hardly surprising that the opposition SPD responded by

shifting their own policy stance. Their 1959 Bad Godesberg programme, however, contained 'neither the term nor the notion of the "social market economy"', according to Dr Susanne Miller, widow of SPD leader Willi Eichler.⁵ Public ownership and investment controls as means to control the economy, counter private influence and achieve social justice featured strongly, as they did also in the SPD's 1975 Long-Term Programme, adopted six years after it finally achieved power. In any case, the pure social market had long since been subverted, with the introduction of subsidies for agriculture in 1957, for coal in 1962, and subsequently for other key industries and sectors.

Owen was therefore on rather shaky ground in claiming that the ideas behind the social market originated with the political left, or even the centre. He was also inaccurate in claiming that the concept was taken up by moderate Conservatives in Britain in the 1970s. Certainly John Biffen used it, but during his early, monetarist, phase. It owed most of all to that pre-Thatcher Thatcherite, Sir Keith Joseph, and his creation, the Centre for Policy Studies, whose first publication, in 1975, was called *Why Britain Needs a Social Market Economy*.⁶

In his foreword to the booklet, Joseph explained how he founded the CPS, 'to survey the scope for replacing increasingly interventionist government by social market policies'. For Joseph and the booklet's authors, the meaning of the term 'social market' was clear, and the same as it had been for Muller-Armack and Erhard: 'a socially responsible market economy, for a market economy is perfectly compatible with the promotion of a more compassionate society ... Industry alone creates the wealth which pays for social welfare'. Government intervention was justified *only* where it was designed to limit market distortions such as the abuse of monopoly power or restrictive practices. The 'social' aspect derived entirely

from the surplus produced by an efficient and competitive economy: higher profits, higher wages and higher employment all resulted in a higher tax yield, which could be used to 'alleviate distress and advance education'.

Despite Joseph's support for the social market, however, the term never featured in the slogans of Thatcherism – perhaps because it sounded too remote and academic, perhaps because the word 'social' fitted rather poorly with Thatcherite rhetoric. Thus David Owen was the first politician to attempt to inject it fully into the vocabulary of British politics. Yet even he was never clear in defining precisely what it meant.

David Owen and the social market

Owen first started systematically to use the term 'social market' in September 1983, at his first conference as SDP leader. He had outlined his interpretation of it in the article 'Agenda for Competition with Compassion',⁷ which actually appeared a month later in the October issue of the journal of the free-market-promoting Institute of Economic Affairs. This was supposed to mark Owen's conversion to the policy. 'I did it quite deliberately,' he explained later.⁸ 'I knew I'd have more publicity for a switch like that if I did it in the IEA journal than if I did it in *Open Forum* in the SDP.' This was followed a year later by the 'The Social Market Approach', the first chapter of his book *A Future That Will Work*; but in fact both article and chapter are based very heavily on a speech Owen gave in May 1981, just two months after the foundation of the SDP, when he delivered the fourth Hoover lecture ('The Social Market') to Strathclyde University.

In each case the prescription was the same. The source of Britain's economic and industrial decline was poor productivity, caused by a failure to develop a commercially oriented social climate within industry, far too weak an emphasis on winning

markets, and insufficient priority given to exports. An important part of the policy of the social market was recognition and welcome for the role of markets. The creation of a small Ministry of Competition was therefore important, to break up cartels and monopolies and to promote competition and fair trading.

Owen concentrated mostly on the public sector, where he tended cautiously towards denationalisation – an innovation in the early 1980s, before the large-scale Conservative privatisation programme had gathered pace – though at the same time accepting that publicly owned industries could be used imaginatively and at greater risk than would be possible in privately owned firms. Monopolies in the public service sector were to be broken up; franchising was favoured for such services as telephones, post, gas, electricity, railways and water. Owen saw the main obstacle to efficiency and competition, however, as organised labour, and dealt at some length with remedies for the labour market: industrial democracy (to ensure that workers fully understood the commercial realities facing their firms); greater democracy within trade unions; disaggregation of wage bargaining structures (including ending comparability linkages and national pay settlements); and, to control inflation (at least in the short term, before these changes had worked their way through), an incomes policy.

Something of a macro element made its appearance in the last version of the paper (the chapter in *A Future That Will Work*): an industrial strategy, to assist firms to develop and adjust to changing patterns of demand in the marketplace – research and development, skill training, and restructuring of declining industries; central planning, 'anticipating trends and taking action to prevent or mitigate foreseeable adverse social situations'; and reform of the social security system (mainly through replacing universal benefits with targeting) to reduce poverty and social deprivation. Social

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partnership thus took its place beside industrial partnership to create 'the background of understanding and shared interests that is inherent in the social market'.

Although Müller-Armack and Erhard would have recognised much of this – promotion of the market, encouragement of competition, opposition to monopolies – there was equally much that did not fit at all with the original concept of the social market. Owen's writings abounded with proposals for government intervention – incomes policy, industrial strategies, central planning – and he possessed the clear commitment to a more generous welfare system that would have been anathema to Erhard and the Centre for Policy Studies. The key to Owen's social market, at least at this stage, was revealed in his interview with *Alliance* magazine in July 1982. The SDP, he claimed, had 'taken on the necessity to think commercially, to recognise the place of markets and to try and reorientate union attitudes as well as management, so that we can get a more commercial atmosphere within what I would call a social market framework'.⁹

The largest section of each of these first three of Owen's papers on the social market dealt with reform of the labour market, to hold down real wage costs and increase international competitiveness. Strong government and weak unions – otherwise referred to as 'partnership' – were the means to create wealth; the market should indeed be encouraged, but government still had rather a large part to play within it. On the other hand, the surplus thus produced could be used in a more positive way to reduce inequality and stamp out deprivation. In his own fashion, Owen was attempting to create a new 'third way' for the 1980s; but his frequently used phrase 'tough and tender' probably summed it up more accurately than did 'social market'.

Although this article concentrates on David Owen's own writings and speeches on the social market, it is true to say that

the subject did generate genuine debate among other members of the SDP, though it largely failed to arouse much interest outside the party. After Owen became leader in 1983, his economic policy adviser, Alex de Mont, and the social policy specialist, Nick Bosanquet, in particular were responsible for developing the idea, and especially its relevance to the social justice aims of the party. De Mont saw the key aspect of the social market as 'the modification of market economy in the name of social equality'.¹⁰ Bosanquet went further, by arguing that the market was still an essential tool to be used to achieve economic success, but by itself could not provide the road to social harmony; rather, government had to intervene to create the political climate necessary to allow the market to operate (by, for example, redistributing the surpluses of 'market gainers') – almost the exact opposite of the original meaning of the term.¹¹

Owen himself was influenced by this debate, and a lecture he delivered in January 1987, entitled 'Social Market and Social Justice',¹² borrowed heavily from Bosanquet's article. The operation of the market was essential for reviving the British economy, he concluded, but it 'can only exist within a stable framework of policies for winning consent to economic adjustment' – including not only investment in human capital and welfare selectivity but also electoral reform and decentralisation. The speech contained the most coherent commitment to social justice that Owen had made, and he received praise from a number of commentators for it – the *Guardian* columnist Hugo Young, for instance, comparing him favourably to Roy Hattersley and the Labour right. The speech was also significant, however, for the changes it made from Owen's original thinking on the social market. Gone this time was the belief in planning, a hangover from Owen's Labour days; gone was any mention of an incomes policy; and present was a new criticism of high levels of public expendi-

'The actual programme for tenderness is a bit thin', he commented. 'Every time David Owen enthuses about bombs and the free market he carries conviction. Every time he talks of welfarism and public services he sounds bored.'

ture. The commitment to the free market, unhindered by government intervention, was now much clearer and stronger.

In making these claims, Owen was continuing the strategy he had developed since 1983, of attracting those he saw as the new Conservative voters, those who possessed some commitment to social justice and who might have voted Labour a decade earlier, but now valued the affluence they believed the Conservatives were creating and distrusted Labour for its interventionist style and its unilateralist defence policy. To his detractors this approach was simply an acceptance of the new Thatcherite consensus, with a human face; but to Owen's supporters it was an attempt to face up to the same political and economic realities that Thatcher had correctly identified, but with a different, and of course superior, set of solutions. 'Tough and tender' was to be the message in the SDP's attempt to win votes from the Conservatives; and, since they were targeting the centre-right vote, it was hardly surprising that in most of Owen's writings and speeches the tough aspect was stressed more than the tender. The journalist Charles Moore had noticed this as early as 1983. 'The actual programme for tenderness is a bit thin', he commented. 'Every time David Owen enthuses about bombs and the free market he carries conviction. Every time he talks of welfarism and public services he sounds bored.'¹³

The failure of the social market

Yet Owen had his opponents, both within his own party and amongst his Alliance partners, the Liberals. Roy Jenkins and Bill Rodgers, from the original Gang of Four, and the academic and former Labour MP, David Marquand, all at times warned against adopting a 'junior Thatcherite'¹⁴ approach; Marquand in particular opposed the trend against positive state intervention.¹⁵ The danger they saw was that by effectively

DAVID OWEN AND THE SOCIAL MARKET ECONOMY

enlisting in the Thatcherite pro-market crusade, Owen was helping to lend credibility to its claims, and undermining the strength of any opposition. As Jenkins commented, why put all that effort into promoting the market when it was the public sector that was going under?

Some Liberals similarly viewed the social market with distaste, largely because they saw its proponent in the same light. Others, particularly in the Liberal establishment, tended to argue that there was no real difference from Liberal economic thinking. The Liberal energy spokesman Malcolm Bruce MP, for example, observed in 1985 that many politicians of the left, faced with the dominance of the New Right, seemed to feel a need to express their understanding of and commitment to the operation of market forces. Liberals, by contrast, had never questioned the role of the market – social market economics ‘seemed to me no different from the Liberal economic pragmatism that evolved over the past century’¹⁶ – but equally had long been aware of its limitations. Similarly, the Liberal leader, David Steel, commented that had he been talking about markets rather than David Owen, it would have attracted no media attention at all, since ‘this has been classical Liberal thinking for a very long time’.¹⁷

The main Liberal response, however, was that Owen was simply tilting at the wrong windmill. There was a general acceptance in Liberal economic thinking that the market was, if operated without distortion, a relatively efficient way of allocating resources without excessive state intervention; but would not, by itself, lead to that distribution of power, income and wealth that was essential for a Liberal society. The question was *not* to what extent the market was needed, but to what extent the state had to take action to adjust, supplement or replace market outcomes, in the pursuit of individual liberty, opportunity, or an environmentally sustainable economy. Liberals thus tended to be interested, not in the question of

market versus state, but in the distribution of power in society, and how it could be devolved to afford the individual and the community maximum influence over the forces and institutions that shaped their lives. For many Liberals, therefore, the argument over the social market was thus not only a difficult one (because Owen kept on changing its meaning), but not even a terribly important one.

The term ‘social market’ did not feature at all, either in the Liberal-SDP manifesto for the 1987 election, *Britain United*, or in the more detailed explanation of the Alliance approach set out in the book *The Time Has Come*.¹⁸ Some of Owen’s social market themes, including a strong competition policy, the taming of monopolies and the removal of restrictive practices, were included, but the general tone of both was far more critical of the limitations of the market than Owen tended to be. Both also contained clear commitments to an incomes strategy, budgetary expansion and higher public expenditure – all policies which Owen had abandoned or of which he was becoming more sceptical.

Owen chose to express his irritation at this supposedly fudged approach in the middle of the election campaign. In a speech in Leeds on 27 May 1987, Owen explicitly restated his belief in the social market – according to the *Independent*, ‘the combination of “toughness and tenderness” which Liberal leaders had previously kept out of the Alliance campaign’.¹⁹ Owen was frustrated, claimed the paper the next day (following a personal briefing), with the blandness and caution of *Britain United* and its failure to carry any specific mention of the market economy. His speech had been an attempt to restore the cutting edge to the Alliance challenge, and to appeal once more to wavering Tory voters. This outburst can also be seen, of course, as preparing the ground for laying the blame on others for losing the election: Owen would have done his best in trying to present a tough, radical, cutting

While David Owen may have been superb at leading by inspiration and example, no one, not even his supporters, ever suggested he was much good at leading by agreement.

edge, and it wouldn’t be his fault if it had been blunted by the compromisers of the Alliance.²⁰

The major inconsistency in this story, however, is that neither Owen nor any of his supporters at any time requested that the social market as a phrase should feature in the election manifesto;²¹ so, given the hostility to it, or lack of interest in it, from most of the Liberals and some of the SDP, it was hardly surprising that it did not appear. The reason behind this failure to press the issue underlies both the inability of the social market to take off as a slogan outside the SDP, and the ultimate failure and disintegration of the Alliance.

The explanation lies in the character of the SDP leader. While David Owen may have been superb at leading by inspiration and example, no one, not even his supporters, ever suggested he was much good at leading by agreement. As Richard Holme put it after the election, Owen could ‘be identified as a politician in flight from politics. The Hound of Heaven which has pursued him down the years is collective decision-making. He couldn’t stand it in the Labour Party, he wouldn’t stand it in the SDP, and he no longer has to stand it in the Alliance ... for a loner like Owen, hell is other people.’²² Bill Rodgers agreed: ‘he’s a brilliant leader if he can give orders – but he doesn’t want to *persuade*. He doesn’t like having colleagues on an equal footing.’²³ Although Owen may have used the social market in his own speeches and booklets, and within his own party, where opposition hardly existed, when it came to the Alliance, and arguing for his beliefs with the sceptical Liberals, he simply opted out: if they wouldn’t agree with him, why should he waste his time in argument?

The death – and rebirth? – of the social market

In one sense Owen got his wish; the general election of 11 June 1987 effectively marked the end of the Liberal-SDP Alliance. Owen

resigned as leader of the SDP after it voted to open merger talks with the Liberals, and founded his own Campaign for Social Democracy, pledged to keep social democracy – or at least his version of it – alive; on 9 March 1988, the day after the launch of the merged Social & Liberal Democrats, this transformed itself into the ‘continuing SDP’.

Throughout the process Owen continued to proclaim his belief in the social market. In July 1987, he explained to the House of Commons in his reply to the Queen’s Speech that he had learned his lesson: ‘the most crucial linkage between social policy and the market economy’.²⁴ The real test of the next four years was whether ‘we can outflank the Government in winning people’s confidence in what I have called the social market economy’. In September Owen addressed the American Chamber of Commerce in a speech emotively entitled ‘Blunt – Not Bland’. No party could hope to succeed, he claimed, unless it was forthright in its commitment to the market: ‘not a token commitment; not a commitment hedged in with ifs and buts; a *full-blooded* commitment to make the market economy succeed. Only then will you be listened to and believed when you introduce the element missing from the Conservative market economy: social justice.’

The speech (later reprinted as *Sticking With It*,²⁵ the first publication of the Campaign for Social Democracy) presented a new version of the social market, one fitted to the ‘self-confident, determined and tough third force’ that Owen was trying to create. Commitment to the market was to be the touchstone of success in the 1990s. Therefore, gone were any of the criticisms of the market which had marked Owen’s earlier speeches; gone was any caution over privatisation, which he advocated for steel, coal, and, later, electricity. Back once more was the concern with the reform of the labour market (decentralisation and disaggregation of wage bargaining, encouragement of labour mobility,

and so on), to hold down real wages and increase international competitiveness; but the commitment to an incomes policy was explicitly dropped. Still present was the belief in social justice, but redistribution was no longer so important (and while real wages had to be kept down, differentials had to be maintained, to preserve incentives: not much redistribution there). The emphasis on selectivity in social security grew stronger all the time, coupled with a move towards the US ‘workfare’ work-for-benefits system. No mention here of Nick Bosanquet’s conception of the need for social harmony to allow the market to operate; instead this was much closer to the original German *ordo-liberal* view of social harmony resulting from the unhindered operation of the market.

Although something of a debate about the social market sprang up in the press in the three or four months after the 1987 election, and the various opposition parties – particularly Labour – began to reconsider their economic policies in the light of three successive election defeats, it cannot be said that support for the term spread beyond Owen’s splinter SDP. Just before it merged with the Liberals, in January 1988, the SDP, post-Owen, adopted the policy statement *The Social Market and Social Democracy*, but this owed far more to the de Mont/Bosanquet approach than to latter-day Owen. The term has never featured in Liberal Democrat policy papers, though possibly some of the *Orange Book* authors might go along happily with Owen’s prescriptions.

Owen and the ‘continuing SDP’ persisted in placing the social market at the heart of their approach. Their first conference, at Torquay in 1988, featured a debate on a paper by the economic historian (and later peer) Robert Skidelsky, called *The Social Market Economy*,²⁶ and Owen continued to stress the idea of the social market as ‘our big idea, our very own idea. If we work it out further we could make it our flagship. We can face the future

confidently and with a proud sense of identity.’²⁷ Twenty months later the Owenite SDP wound itself up after a record of electoral failure culminating in finishing seventh (behind the Monster Raving Loony Party) in the Bootle by-election of May 1990.

The Torquay conference also saw news of a new think tank, the Social Market Foundation, organised and promoted by a group of SDP peers and Skidelsky himself. The Foundation was eventually established under the Owenite peer Lord Kilmarnock; its first publication was a reprint of Skidelsky’s SDP Conference paper. Nowadays, however, although the Foundation is still very much active, there seems little link with its Owenite past. ‘Steering an independent course between political parties and conflicting ideologies,’ as its website claims, ‘the SMF has been an influential voice in recent health, education, welfare and pensions policy reform.’²⁸ Its entry in a guide to think tanks states that ‘the SMF undertakes and commissions original research and writing on a range of public policy issues where understanding both the vitality of markets and the need for social consent can advance debate and help to shape new ideas. It develops ideas that are pro-market but not laissez-faire, setting markets in their social context and recognising that outside the realm of theory they are underpinned by social consent.’²⁹ The Foundation does seem to have been influential in underpinning New Labour’s move in the direction of ‘social market’-type policies, and after the 2005 election its director left to join the 10 Downing Street Policy Directorate (though former directors were subsequently active in Conservative politics).

Myth or reality?

The precise identity of Owen’s social market itself, however, was always in doubt. Owen claimed that he first employed it to get away from the term ‘mixed economy’, which anyone, from neo-liberal to neo-marxist, could

The precise identity of Owen’s social market itself, however, was always in doubt.

support;³⁰ but he then redefined it so many times that the same problem ended up dogging his phrase as well. Owen's original version of the social market was quite different from that of the German *ordo-liberals*, littered as it was with examples of state intervention, including training, planning, incomes policy, and industrial strategy. At times it seemed little more than a camouflage for breaking the power of the unions, fragmenting the labour market, and holding down real wages so that British industry could compete effectively in world markets. At other times – most clearly when under the influence of Alex de Mont and Nick Bosanquet – he stressed the social justice aspect; the need to create social harmony through redistribution of income, wealth and opportunity, to establish the society in which the market could be allowed to function relatively unchecked. Thus Erhard's conception was inverted: social harmony was needed to create the market, rather than the market to create social harmony.

Probably, to Owen, this didn't really matter. His aim in taking up the term was not to create a new economic or social theory, but to provide a pointer towards where he was taking the SDP. After his election as SDP leader in 1983, Owen deliberately set out to create a new image for his new party, one untainted by the centrist interventionist corporatism of the past – particularly, in his eyes, associated with Roy Jenkins and his associates, and David Steel and the Liberals. He happened to choose the phrase 'social market economy', borrowing a term from West Germany, and associating it with the SPD's ditching of their outmoded rhetoric and programme at Bad Godesberg, supposedly followed by their accession to power. The facts that the phrase was never really used by the SPD at all, but stemmed from a far more right-wing origin, that its original meaning was very different from Owen's, and that by the time he took it up it had mutated, in West Germany, into just the sort of cor-

poratist, interventionist strategy that he was trying to avoid, were not terribly important. If offered a neat parable, and the phrase itself sounded new and vaguely technocratic; and, as one of his associates said, Owen was always possessed of 'an entrepreneurial view of history' – he took what suited him and ignored the rest.³¹ The social market was in this sense a PR slogan, an advertising ploy: it suggested that the SDP was new and exciting. It was, of course, particularly aimed at wavering Conservative voters – so it is hardly surprising if it did appear to have a right-wing slant.

To be fair, however, the social market was a little more than just a PR slogan; it did indicate a genuine shift in political thinking. Owen's use of the term marked his ideological as well as his political split from the Labour Party, and carried with it a substantial ditching of old Labour commitments, including nationalisation and the primacy of the trade unions. (His book, *Face the Future*,³² published in 1981, had contained no reference to the social market, even in his account of the SPD's Bad Godesberg Programme – but it was written when he was still a member of the Labour Party.) To his followers in the SDP, the social market became the latest stage in the march of British social democracy: from Marx to Bernstein to Durbin to Crosland, and then to Owenite social market theory.³³ In one sense, there had to be *something* like the social market, *something* new; otherwise, as Ralf Dahrendorf observed, Social Democrats would be 'merely survival politicians, essentially about the past rather than about the future'.³⁴

Owen's Alliance partners, the Liberals, would of course have argued that his emphasis on the market marked nothing more than a recognition of the economic realities that they had always accepted. Owen and the SDP, however, because of their Labour past – especially their immediate past, when the word 'market' was particularly associated with capitalist exploitation of the workers

– had to stress their attachment to it again and again, to mark their separation from the anti-market socialists. Hence the social market formed part of the constant gradual evolution of political language, at that time trending towards talk of the role of the market, in the face of three successive election victories for Mrs Thatcher's market-stressing Conservatives. Although Owen and the SDP may have failed, they did at least to some extent affect the agenda of the political debate – as can perhaps be seen in the story of New Labour. As Peter Mandelson put it in June 2005, 'New Labour's blueprint is quite distinct from any US model. It is far closer to Ludwig Erhard's post-war social market economy ...'³⁵

The main role of the social market, however, was always as a political tool; a weapon with which David Owen could flail his opponents – and allies – accusing them of too little commitment to the creation of economic prosperity, and too much soft-hearted, woolly-minded attachment to a bygone interventionist era. As a tool, in the end, it did not prove all that useful; although a few journalists (notably those writing for the *Independent*) picked it up, it was hardly a phrase that resonated with the electorate. Owen tried to ensure that it was associated with the promotion of personal prosperity, and opposition to the interventionism, high tax rates and excessive union power of the 1970s, but in practice the social market, along with its promoter, disappeared into what Trotsky called the 'dustbin of history'.

The final use to which the social market was put was not only to present the SDP as new and exciting, but also to picture David Owen himself in the same light. Owen was, in British terms, an unusual politician. As Richard Holme observed,³⁶ he was by temperament very like an American presidential candidate, identifying himself clearly with particular issues, impressing media and voters by demonstrating his grasp of policy positions and his

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personal qualities of toughness and decisiveness. The party itself became almost unnecessary, as it is in the US. In the story of the social market, David Owen is far more important than is the SDP – though it afforded him the platform he needed in the British context to advance his ideas.

‘Thank God I’m free’, were supposed to have been Owen’s first words on leaving the Labour Party;³⁷ free of the shackles of other people. There were few enough restraints within the SDP, especially after he became its leader; but there were some in the Alliance, which explained his growing contempt for his partners, his hostility to merger, and his determination to regain his freedom by founding yet another third party, the ‘continuing SDP’. As Richard Holme saw it, what drove him was his perception of himself as ‘a blow-torch aimed at the liberal establishment, burning with a hard gem-like flame to cut through their soggy consensus ... What he wants to achieve is his manifest destiny, and what he stands for is the inspired will of the leader, whatever that may be from one moment to another.’³⁸ In a revealing interview in 1984, Owen affirmed his loathing for the ‘Establishment’: ‘They’ve never been able to envelop me.’ He saw himself as a crusader, battling against ‘the cotton wool of indifference ... I cannot get people to understand the facts’.³⁹ His model was Mrs Thatcher, with her toughness and conviction; by adopting her style, one day, Owenism would replace Thatcherism, and his mission would be done.

Reading the original literature on the SDP, published between 1981 and 1983, and the early speeches of its leaders, one is struck by the widespread assumption that the breakaway party represented a new, radical force on the left of the Liberal Party. By 1987, it was difficult to identify any single issue on which SDP policy was, in conventional terms, to the left of the Liberals’. This shift across the political spectrum can be followed in the successive meanings given

by Owen to his term, the social market economy, and it was almost entirely due to his conviction that adopting both Mrs Thatcher’s policies and her style was the route to electoral success.

Maybe, in one sense, it was – but it was Tony Blair’s New Labour Party that in the end proved more adept at moving to the right, while Owen, largely because of his own inability to work with anyone prone to disagree with him, failed to persuade his own party, and its Alliance partners, that it was sensible politics. His cause was not helped by the very imprecision of the term social market, the multiple meanings he gave it, and its close identification with himself. The story of the political failure of the social market is the story of the political failure of David Owen.

Duncan Brack is a freelance researcher, and the Editor of the Journal of Liberal History. This article is a summary and updating of his booklet, The Myth of the Social Market: A Critique of Owenite Economics (LINK Publications, 1989).

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- 35 Cited in Martin Kettle, ‘Rupert Murdoch may be the man who saved Europe’, *Guardian*, 14 June 2005.
- 36 Holme, ‘Fear and Loathing’.
- 37 David Marquand, personal communication, March 1988.
- 38 Holme, ‘Fear and Loathing’.
- 39 Quoted in Terry Coleman, ‘The all-or-nothing man’, *Guardian*, 8 September 1984.

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Is the future orange?

Paul Marshall and David Laws (eds.), *The Orange Book: Reclaiming Liberalism* (Profile Books, 2004)

Reviewed by **Eugenio Biagini** and **Duncan Brack**

Over the past seventy years the ideological outlook of both the Conservative and the Labour Parties has undergone radical reformations and counter-reformations, with 'New Labours' and more or less new Conservatisms emerging at regular intervals, each of them effectively refuting the legacy of their predecessors.

By contrast, the Liberals and the Liberal Democrats have generally displayed a remarkable degree of consistency and continuity. Important changes have indeed taken place, sometimes amounting to real paradigm shifts, but always as part of some sort of organic evolution. Thus Keynes built upon the traditions established by Alfred Marshall and J.A. Hobson in the context of the post-1918 crisis, and was deeply rooted in the older free-trade economics of global interdependence. Again, after the Second World War, when the party adopted the agenda of European integration, their new policy was closely linked to the traditional Liberal commitments to the 'Concert of Europe', the League of Nations and, generally speaking, multilateralism in foreign affairs.

Not surprisingly, the editors and contributors to the *Orange Book* are eager to stress that they, too, work within the tradition. Charles Kennedy, in his 'Foreword', further underscores this point. Littered with the names of old masters – including J. Bentham, J.S. Mill, W.E. Gladstone, L.T. Hobhouse, J.A. Hobson and W. Beveridge – this book consists of ten chapters focusing

on topics such as localism, the EU, global governance, economics and social justice, the health service, crime, the family and pension reform. The authors comprise a number of MPs, MEPs, and Parliamentary candidates. The central 'orange' theme is the need to rethink party policy in ways more consistent with the post-Thatcherite consensus about market values, national power and citizenship. The last one is a concept in great need of being further re-evaluated and restored, in contrast to both the Tory notion of the 'British *national*' as a consumer of government products, and the (hopefully now defunct) socialist idea of overriding class identities as the organising principle of political life.

Obviously there is much here with which most Liberal Democrats will readily agree. What is controversial is the deliberately provocative, and sometimes misleadingly provocative, way in which these ideas have been presented. In particular, the dismissive references to 'nanny-state liberalism' (p.24) suggest that the party was responsible for the mistakes which led, as a reaction, to Thatcherism. In reality, while Beveridge and Keynes redefined the intellectual boundaries of social justice and 'positive' liberty, they were not in control of the way in which their ideas were implemented (or hijacked) by successive Labour and Conservative governments. Had the Liberals been in office, would they have been able to do better? This is a counterfactual which we cannot reasonably explore, but before condemning the 'socialist' sins

of past generations, or praising the new free-market vitality of the twenty-first century Liberal Democrats, it would be important to pay attention to historical context. Regrettably, this is something which the contributors to this volume are not always prepared to do. For example, it is fair to say that Beveridge supported a degree of collectivism ('bulk production', p.31) which would not normally be associated with liberalism, but this was in 1944 – that is, in the midst of the unprecedented social and economic crisis caused by the Second World War. Likewise, when discussing the post-Thatcherite rejection of state socialism, let us remember that Grimond's important 1980 National Liberal Club lecture was the culmination, not the starting point, of his criticism of the notion that the state could take care of all our problems (p.29).

Arguably, proportional representation – had it been implemented at some stage before 1979 – would have created a less Manichean political system, one within which economic and class ideologies would have been moderated and their excesses corrected by coalition governments. However, the 'orange' authors have little to say about the continuing relevance of proportional representation. In view of its adoption for both Scottish and EU elections it is surprising that it should deserve only a cursory mention in the chapters on local government (E. Davey, pp.43–68) and the EU (Nick Clegg).

Devolution – another old Liberal cause – has been implemented by Mr Blair along lines reminiscent of Mr Gladstone's 1893 Home Rule Bill, including the latter's potential pitfalls in terms of the confused relationship between Westminster and the new coordinated/subordinated parliaments and assemblies. How does this affect the two questions of local government and the constitutional relationship between the UK and the EU? Are the Liberal Democrats going to help Mr Blair to emerge

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from the constitutional fogs of the late nineteenth century? From the start (i.e. in 1886–93) some critics of Gladstonian home rule pointed out that a federal arrangement would require a written constitution. Yet, while the *Orange Book* provides a convincing defence of the EU constitution, it neglects the question of whether a written constitution would help to rationalise not only the messy European institutions which have organically grown over the past fifty years, but also the equally messy British institutions which have evolved in a similar way during the same period. In particular, addressing the reciprocally interdependent questions of local government and EU reform, should we not first decide what to do with the quasi-but-not-really federal structure of the UK?

The book contains proposals which many Liberal Democrat readers may find disconcerting. For example, we may wonder whether Christopher Huhne's neo-Gladstonian prescriptions for global governance (p.127)

can provide a new excuse for unbridled liberal imperialism. The latter, besides being questionably 'liberal', would soon be constrained by the disastrous economic costs and military overstretch that a philosophy of universal intervention for the protection of civil rights would entail. Moreover, let us bear in mind that Gladstone's foreign policy was based on the firm belief in a hierarchy of civilisations and cultures – one which few Liberals would accept nowadays. Finally, insufficient consideration has been given to the question whether some of the problems of 'global governance' are so deeply rooted in local conditions and cultures and so complex that they cannot be quickly fixed by either the UN or any self-styled 'coalition of the willing'. If gunboats cannot export liberal democracy, we should perhaps reconsider the value of other Liberal traditions in foreign policy – especially non-intervention and the respect of other nations' rights to regulate their internal affairs.

Yet, there is much to be said for this book. The final chapter on the Beveridge tradition and the challenges of the pensions scheme is fascinating and thought-provoking. Davy's strategy for the renewal of local democracy reminds us of the consistency between what Quentin Skinner has recently described as 'neo-roman' liberty and the views which the party inherited from its Victorian founders. Both Gladstone and Joseph Chamberlain would have enthusiastically agreed with Davy's prescription for the reversal of the over-centralised state:

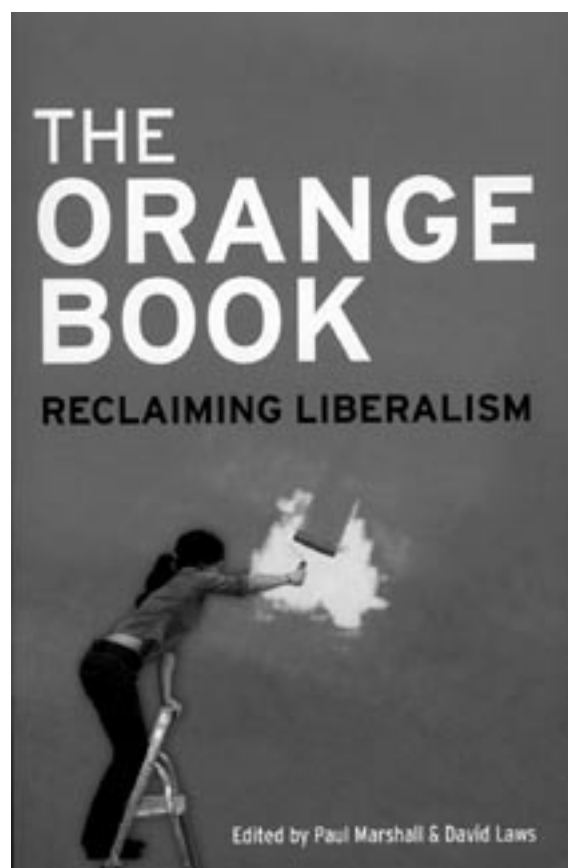
If political power shifts, people will shift with it. Many people have been put off local government in recent decades as local government's powers have been stripped away. Some areas have witnessed a vicious circle, whereby people of talent moved out of local politics, as it was no longer the vehicle for them to put something back into their

community. There is every reason to suspect that a significant and public reversal of this trend will have the opposite effect, creating a virtuous circle of responsibility and active, participatory citizenship. (p.60)

Whatever its contents, the way in which the *Orange Book* was promoted and launched hardly made the impression its authors could have wished. In August 2004, a month before its appearance, the *Guardian* led an article with the claim that 'The high-riding Liberal Democrats are set to be shaken by a controversial call from the party's young Turks to adopt new "tough liberal" policies which are pro-market and more Eurosceptic and place new responsibilities on persistent offenders'.¹ Similar stories appeared elsewhere in the media, indicating a coordinated attempt to set the agenda ahead of the Liberal Democrat conference in Bournemouth in September; they were planted, and the media operation coordinated, by David Laws' office.

The timing was spectacularly inept. The centrepiece of the conference, the last before the general election, was the presentation of the party's 'pre-manifesto' paper, an indication of the themes on which the Liberal Democrats planned to fight the election. Laws' proposal for a social insurance basis for health care – in reality almost the only major departure from existing party policy in the *Orange Book* – naturally did not feature. Furthermore, the idea had been explicitly rejected by a party policy working group on public services in 2002, and Laws did not choose to put it forward as an option in the separate debate on health policy at Bournemouth.

Issuing a call for such a major revision of policy, accompanied by the broad criticism of the party's approach as 'nanny-state Liberalism', could well have been acceptable two or three years before an election, or immediately after one – but to do so just before a campaign struck many Lib Dems



REVIEWS

as unnecessarily divisive and likely only to give ammunition to the party's opponents (as it did, with Labour canvassers in the Hartlepool by-election the week after the conference claiming that the Lib Dems wished to privatise the NHS). Laws was subject to bitter criticism within the parliamentary party, the book's launch meeting at Bournemouth was cancelled, and speaker after speaker in conference debates took the opportunity to denounce the *Orange Book*, its authors and its contents. In the end the timing of the launch guaranteed a backlash against its authors' ideas, rendering them less rather than more likely to be taken up in the aftermath of the 2005 election.

In conclusion, there is a good case for publications which stimulate and provoke new thought on current issues of public policy. But the approach, as well as the timing, of such publications must be

carefully considered. In keeping with the editors' precepts, perhaps those interested in the future of liberal democracy need to make more use of another Liberal tradition – the Liberal Summer School² – or of a similar device to encourage dialogue and cross-fertilisation between party politicians and the many intellectuals and scholars who are actually 'Liberal', whether or not they are party members, in order to recreate that extraordinarily powerful unique synergy which enabled Liberal ideas – if not the Liberal Party – to dominate the past century.

Eugenio Biagini is the Reviews Editor of the Journal, and Duncan Brack is its Editor.

- 1 Patrick Wintour, 'Lib Dem radicals call for pro-market switch', *Guardian*, 4 August 2004.
- 2 For its current activities see www.cfr.org.uk/Events/SummerSchool/MP.htm.

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The sum charged in warrants against Balfour was £20,000 – the same amount as the paper profit amassed by Henry Adams in the film story.

Without the million-pound note as proof of Adams's wealth, people begin to believe he has lost his fortune or that he never had the note in the first place. They accuse him of dishonesty and fraud and they blame him for the failure of the gold-mine shares, shares that had been bought by many small shareholders on the basis of Adams' good name and reputation. The victims of the crash, including widows and their offspring, confront Adams with the possibility of their ruination just like those who lost the money they had invested in Balfour's enterprises, such as the Liberator Building Society. One poor schoolteacher, quoted by McKie, wrote 'I have worked as hard as any woman could since I was 17 ... I know not in the least what will become of me ... I have looked forward to my little home, with my books, so longingly, save me, oh save me from the work-house.'

The Million Pound Note being the movies, there was, of course, a happy ending. Adams gets through the month without cashing the note, keeps his fortune on the stock market and even gets the girl, marrying into the aristocracy. Jabez and his victims did not live happily ever after.

Jabez – The Rise and Fall of a Victorian Rogue can be read on a number of levels: as a Victorian morality tale, like Thomas Hardy's *Mayor of Casterbridge*, or perhaps Augustus Melmotte in Trollope's *The Way We Live Now* – where a man rises to the top of his chosen tree and is seemingly unassailable, until the truth of his position is revealed and his wealth and status unravel before his eyes. Another interpretation is to see the story of Balfour as a parallel to the great political, capitalist scoundrels of his own time such as George Hudson, the so-called Railway King, or Horatio Bottomley. McKie himself also suggests we

Of rogues and ruin

David McKie, *Jabez – The Rise and Fall of a Victorian Rogue* (Atlantic Books, 2004)

Reviewed by **Graham Lippiatt**

In the 1953 film comedy *The Million Pound Note*, an adaptation of a short story by Mark Twain, Gregory Peck plays Henry Adams, a penniless American in Edwardian London. Adams becomes the subject of a bet between two rich brothers who want to find out if someone with a million-pound note could live for one month by the power of its possession alone without needing to break into it. Adams finds that just by showing the note, everyone extends him credit in anticipation of future business and in the knowledge that the very fact of their being patronised by a well-known millionaire will attract additional customers.

At one point in the plot, Adams lends his name to a fading gold-mining enterprise whose stock-market ratings soar overnight on the strength of his endorsement and he makes himself £20,000 without investing a penny. Unfortunately his million-pound note goes missing temporarily and he finds the value of his shares melt away. This episode provides an uncanny parallel with the career of Jabez Spencer Balfour, the subject of this highly readable biography by David McKie. Balfour was a Victorian Liberal politician and capitalist, convicted of fraud as a director of a public company and of obtaining money by false pretences.

compare Balfour's life and commercial dealings to the political and commercial miscreants of the contemporary era such as Jeffery Archer or, more exactly, as he does himself in the book, to the bullying, manoeuvrings and greed of Robert Maxwell. Taking this approach does, however, highlight one of the problems at the heart of the story, and in the book's subtitle. The modern use of the word 'rogue' presents two particular difficulties.

Firstly, while it may be a cliché, we are used to seeing 'rogue' juxtaposed with the word 'lovable'. When asked to name or picture a rogue today, people are more likely to visualise someone like Phil Tufnell, or the ageing Den Watts from *East Enders*, than Robert Maxwell. Today on the deprecation scale a 'rogue' is closer to a buffoon than to someone who has done real and lasting damage to other people's lives.

Second, as McKie himself acknowledges in the book, how can we be sure that Jabez Spencer Balfour really was a rogue? Could he not have been a pioneering Victorian capitalist, pushing the boundaries of conducting his business, running close to the

edge, using innovative accounting and commercial techniques but on essentially the same basis as everyone else – except that he got caught out? Ironically, in view of Balfour's association with high-Victorian religious feeling and the temperance movement, the modern-day example that comes to mind is Ernest Saunders.

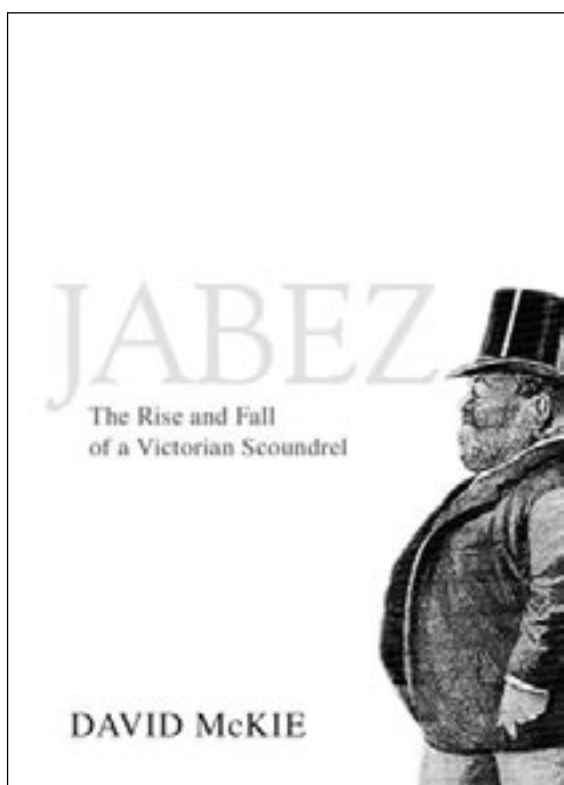
In August 1990, Saunders was found guilty with three co-defendants of conspiracy, theft and false accounting in the wake of a DTI investigation into share support dealings. In his political memoir, *Here Today, Gone Tomorrow*,¹ former Tory Defence Secretary John Nott, who was chairman of investment bankers Lazards and who provided Saunders and Guinness with financial advice, asks 'was Saunders really guilty? Certainly he behaved foolishly, certainly he didn't always tell the truth and certainly he allowed manoeuvrings to go on which he shouldn't ... it is arguable that the other side in the battle, Argyll, was bending the rules as much as the Guinness camp.' In Nott's opinion Saunders committed 'a series of misdemeanours' but it is clear that, in his view, what Saunders and Guinness got up to was still within the – albeit elastically stretched – bounds of acceptable business practice. It is a constant worry, reading about Jabez Balfour, to know whether he was just keeping one step ahead of the auditors in his commercial dealings like so many others, until the financial pressures got too oppressive, or whether he deliberately misappropriated monies, cynically engaged in false accounting and wilfully risked and lost the savings of many small investors, knowing they could end up in the poorhouse, simply to enable him to live in a luxury he believed he was entitled to, whatever the cost to others.

But there are other perspectives to this story too. Balfour's businesses provided him the income and independence he needed to fund a political career and the tale of his rise and fall tells us a lot about Liberal poli-

tics in the Victorian age. Balfour was from an early age interested in politics. His father had been a messenger at the Houses of Parliament. He was associated with local government in Croydon, championing its claims to become a borough, won in 1883, and for the separate status as a Parliamentary seat which this would bring. He started his political career by getting elected to the Croydon schools board in 1873. Eventually he was twice elected Mayor of the town but was unsuccessful as Parliamentary candidate in 1885.

Before that, however, as the general election of 1880 approached, Balfour was selected as Liberal candidate in Tamworth, having carefully cultivated Liberal society there with the help of his brother John. Tamworth was Sir Robert Peel's seat but Peel was standing down and Balfour's more radical approach was in fashion. The Tamworth election is an interesting case study of Victorian politics. It was a two-member seat and even after two Reform Acts, the total electorate was only 2,300. There were three candidates: Hamar Bass (a brewer) was the senior Liberal, maintaining a distance between himself and his pro-temperance colleague Balfour; the other candidate was another brewer (this was beer and brewery country) W. H. Worthington, Mayor of Burton-on-Trent. Worthington initially decided to stand as a Liberal-Conservative but in the end dropped the Liberal description while still claiming liberal principles. It was not enough, nor was his topsy-turvy appeal to the working men of the town that the election of Balfour would see teetotalism forced down their throats. Bass and Balfour topped the poll.

The Tamworth constituency disappeared before the next election in a boundary reorganisation, and having failed to get back at Croydon, Balfour also fought unsuccessfully at Walworth and Doncaster before securing the nomination for Burnley at a by-election in 1889. The Conservatives and Liberal Unionists were



JOSEPH CHAMBERLAIN AND THE UNAUTHORISED PROGRAMME

Radical Joe Chamberlain's programme for the 1885 general election has been summed up as 'the intervention of the state on behalf of the weak against the strong, in the interests of labour against capital, of want and suffering against luxury and ease.' It was denounced by his Whig colleagues as 'an unauthorised programme' but it influenced the Liberal manifesto and can be seen as paving the way for the New Liberalism of the twentieth century. It was a major factor in the loss of the Whigs to the Liberal Party and so had a profound effect both on the future direction of the party and its developing ideology.

Speakers: **Peter Marsh** (Emeritus Professor of History and Professor of International Relations at Syracuse University, New York; author of *Joseph Chamberlain, Entrepreneur in Politics*) and **Terry Jenkins**, Senior Research Officer at the History of Parliament; author of *Gladstone, Whiggery and the Liberal Party, 1874–1886* and *The Liberal Ascendancy, 1830–1886*. Chair: **Lord Wallace**.

7.00pm Monday 25 July

Lady Violet Room, National Liberal Club, 1 Whitehall Place, London SW1

poorly organised and unprepared, and in the end they could not find candidates. Balfour was returned unopposed. He easily held the seat against Tory challenge in 1892 and established himself as a popular local member, becoming chairman of Burnley Football Club. But by this time the financial troubles which brought him down were building and, as close business associates were being arrested, he resigned his seat, disappeared from his Oxfordshire estate and fled to Buenos Aires in December 1893.

Jabez' story now takes another twist and we are almost reading a 'boy's own' adventure. At this point in McKie's narrative, Balfour the fugitive rogue becomes

something of a hero. His clever efforts to avoid detection, arrest and extradition, his ingenious legal defences and the civilised way he engages with the Argentinian people and authorities, serve to rehabilitate him in the author's estimation. McKie follows the minutes on Balfour's Foreign Office file, which become increasingly gloomy and desperate, at one point considering abduction. Balfour's eventual arrest was almost thwarted and seems due mostly to the determination of the detective inspector sent out to Argentina by Scotland Yard. In the end, Balfour was brought back to England, closely guarded all the way across the Atlantic, to stand trial at the Old Bailey

in October 1895, in the same court in which the trial of Oscar Wilde had been heard only a few months earlier. He was sentenced to fourteen years' imprisonment with hard labour, a term imposed as much as an example as a punishment. He served ten years and was released in 1906. He spent his years following his release writing a little for the papers and composing his memoirs, *My Prison Life*. He died in February 1916.

While its prose and style make this a highly readable and entertaining book, it does suffer as history by not adopting a chronological approach. It is difficult to follow the detail of Balfour's political career, for instance, except by referring over and again to

the index and jumping about the text. Some of the accounts of Balfour's business history also suffer from this approach. On the other hand, there are excerpts which follow a compelling narrative, such as Jabez's exile in Argentina, and what we discover from this book is something of what it meant to live and thrive and be ruined, socially, financially and politically, in Victorian England at both the top of pile, like Balfour, and a little further down the scale, like his constituents and his investors.

Graham Lippiatt is Secretary of the Liberal Democrat History Group.

¹ *Here Today, Gone Tomorrow, Recollections of an Errant Politician* (London, Politico's, 2002).