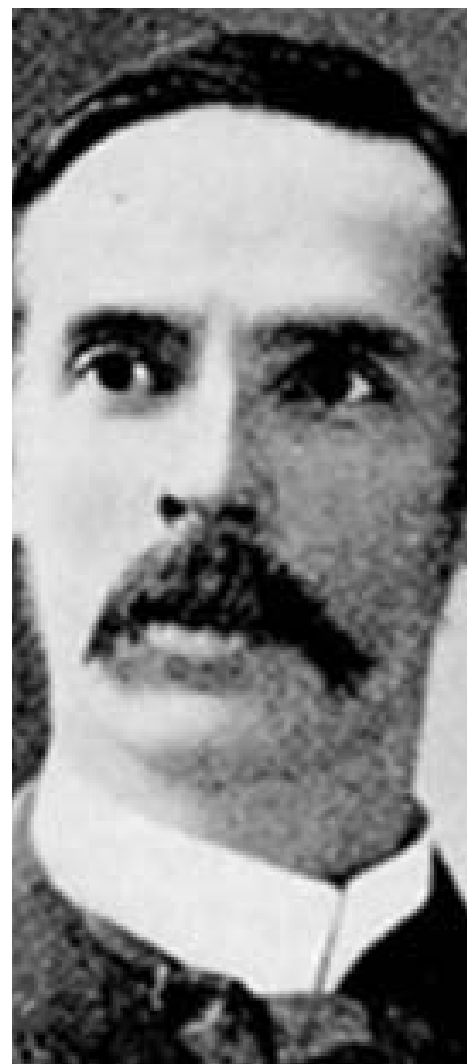
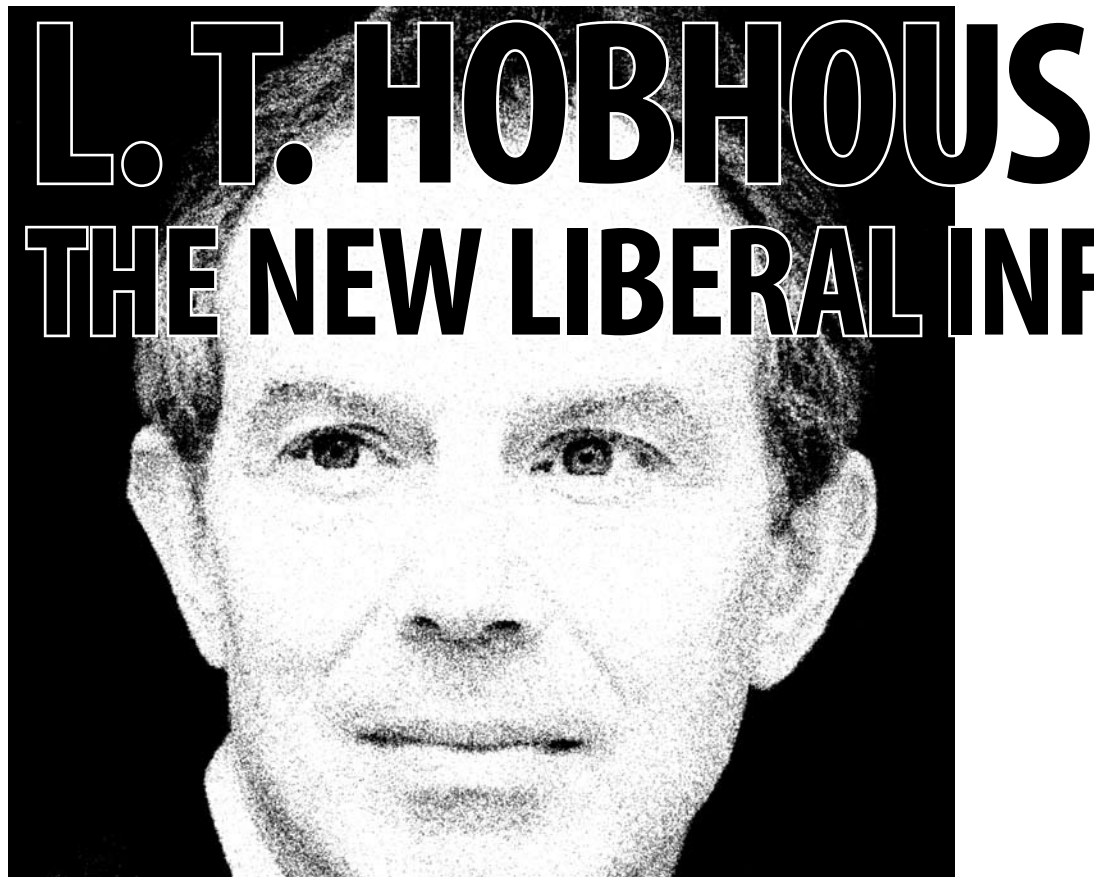


Two years before the Labour Party victory of 1997, Tony Blair made a seminal speech to the Fabian Society in celebration of the fiftieth anniversary of the 1945 Labour election victory. The speech was a major media event because it was a defining moment for New Labour ‘modernisers’. They were seeking to move the party from its socialist history on to ‘new’ political and ideological ground – as well as reap the tactical electoral benefits they felt could be gained by such a shift. Blair used the speech to pronounce himself ‘proud’ to be a ‘democratic socialist’ while redefining socialism to create ‘social-ism’. More relevant here, as seen above, was Blair’s reiteration of British political history from this revised New Labour position. **Dr Alison Holmes** examines New Liberal influences on Blair’s ‘Third Way’.



# BLAIR AND J. A. HOBSON: INFLUENCE ON THIRD WAY IDEAS

**B**LAIR LISTED both L. T. Hobhouse and J. A. Hobson amongst the intellectual cornerstones of both New Liberalism and New Labour – later termed the Third Way:

The ‘progressive dilemma’ is rooted in the history of social and economic reform in Britain. Up to 1914 that history was defined by the Liberal Party’s efforts to adapt to working-class demands. This involved the gradual replacement of the classical liberal ideology based on non-intervention and ‘negative freedom’ with a credo of social reform and state action to emancipate individuals from the vagaries and oppressions of personal circumstance ... The intellectual bridgehead was established by Hobhouse and others. They saw the nineteenth-century conception of liberty as too thin for the purposes of social and economic reform, so they enlarged it. They realised that theoretical liberty was of little use if people did not have the ability to

exercise it. So they argued for collective action, including state action, to achieve positive freedom, even if it infringed traditional laissez-faire liberal orthodoxy ... They did not call themselves socialists, though Hobhouse coined the term ‘liberal socialism’, but they shared the short-term goals of those in the Labour Party ... The New Liberals were ... living on the cusp of a new political age, transitional figures spanning the period from one dominant ethic to another ... J. A. Hobson was probably the most famous Liberal convert to what was then literally ‘new Labour’.<sup>1</sup>

As will be seen, both Hobhouse and Hobson were very much responding to their time. The context, timing and events surrounding their intellectual development were crucial to the evolution of what was called the New Liberalism. This article will outline the two main debates at the time, over evolutionary theory and the Manchester School, while looking for indications of

the New Liberal ideas of writers such as Hobhouse and Hobson that were to carry through to the modern interpretation of the Third Way.

## **J. A. Hobson**

Hobson was born in Derby on 6 July 1858, seven years after Britain had hosted the Great Exhibition, nine years after the repeal of the Corn Laws and nearly ten years after the last Chartist demonstrations. As the son of the owner of the *Derbyshire and Staffordshire Advertiser*, perhaps journalism was an obvious option but he became a journalist only after studying at Lincoln College, Oxford, and teaching classics and English literature in Faversham and Exeter. It was only when he moved to London in 1887 and met William Clarke of the Fabian Society (also a co-founder of a progressive discussion group known as the Rainbow Circle) that he began his political and journalistic career.

London was just recovering from nearly a decade of

Top: Tony Blair; far left: L. T. Hobhouse; left: J. A. Hobson

depression caused by crop failure and international competition, particularly from Germany and the United States. The Third Reform Act of 1884 had extended the franchise while rising tariffs in other countries were creating structural unemployment with which the social fabric was ill-equipped to deal. The Social Democratic Federation had been recently formed and unions were gaining members; the Trades Union Congress called for an international conference of workers the following year. Hobson was fascinated, as well as appalled, by the conditions of the poor; the investigations carried out by Charles Booth and others, and the growing publicity surrounding their findings, made a profound impact on him.

Hobson joined a variety of social reform and political organisations in London though the Rainbow Circle and the South London Ethical Society were most important to him. Generally, Hobson was not overly impressed. He considered the Christian Socialists 'too sentimental' and the Social Democrats 'too inflammatory'.<sup>2</sup> Interestingly, he also 'found the manner and argument of H. M. Hyndman, the leader of the Social Democratic Federation, to be 'those of an oily-mouthed, half-educated, self-conceited Dissenting Minister'.<sup>3</sup>

In 1899 C. P. Scott, the editor of the *Manchester Guardian*, invited him to join the paper as a reporter from South Africa during the Boer War. While there, Hobson developed his ideas of imperialism and its relation to capitalism. His reputation was such that when he returned to England in 1900, it was David Lloyd George who hosted his welcome at the National Liberal Club. His experience led him to believe that imperialism was promoted by manufacturers who benefited from war and that if 'surplus capital' and 'surplus goods' could be more justly

**His experience led him to believe that imperialism was promoted by manufacturers who benefited from war and that if 'surplus capital' and 'surplus goods' could be more justly distributed it would expand the domestic market to absorb these surpluses.**

distributed it would expand the domestic market to absorb these surpluses. He felt that the success of trade unions in securing higher wages and of social reformers in achieving better conditions for the lower classes meant that eventually imperialism would be unnecessary.<sup>4</sup> As Freeden puts it:

Hobson was instrumental in reformulating liberalism and enabling it to emerge from a period of considerable self-questioning and of competition with rival solutions to pressing social and political problems, unscathed but stronger, more coherent and more relevant. In his productivity, consistency and range he was the leading theorist of new liberalism that began to take root in the late 1880s and that, gaining intellectual ascendancy within a generation, laid the ideological foundations of the modern British welfare state.<sup>5</sup>

#### L. T. Hobhouse

The other half of the New Liberal 'Gemini' was L. T. Hobhouse. He was born, the youngest of seven children, on 18 September 1864 in St Ives, near Liskeard, Cornwall, to the Rev Reginald Hobhouse. A rector of fifteen years' standing, Hobhouse senior was part of the rising Victorian middle class. Like Hobson, Hobhouse was an Oxford graduate, from Corpus Christi, and also started as a teacher. A fellow at Merton College in 1887, he then returned to Corpus Christi in 1890 and was elected a Fellow in 1894.<sup>6</sup> It was also in 1890 that he met Sidney Webb, founder of the Fabian Society and later instrumental in setting up the London School of Economics. It was a connection that would last the rest of his life.

Hobhouse arrived at Oxford during a time of intellectual upheaval. A range of thinkers

had an impact on him, including Auguste Comte, John Stuart Mill,<sup>7</sup> Herbert Spencer,<sup>8</sup> Thomas Malthus and Charles Darwin,<sup>9</sup> Prince Peter Kropotkin<sup>10</sup> as well as others like Giuseppe Mazzini.<sup>11</sup> These reflect the fact that Hobhouse was interested in both philosophy and science – a duality that would colour his views throughout his career. As Ernest Barker notes, 'Hobhouse was also a scientist like Kropotkin, studying physiology with J.S. Haldane'.<sup>12</sup>

However, the most commonly noted influence was that of T. H. Green. Despite the fact that Green had died before Hobhouse arrived in Oxford, Green's legacy was the dominance of the Idealist tradition. Hobhouse is often considered to be a 'disciple' of Green's, and though he sympathised with Green's general social and ethical outlook, his scientific approach meant there were also significant differences. For example, as a Hegelian Green emphasised the 'spiritual' and tended towards a more religious interpretation of nature, as opposed to Darwin and Spencer who were arguing in favour of a secularisation of science. Both these strands were important to Hobhouse but his morality was combined with an insistence on what he believed to be the 'real world', be it science or policy. Thus, Hobhouse moved away from Idealism and even later attacked Green's approach for not closing what he saw as the 'gulf' between the ideal and the actual; he saw this as a flaw within Idealism itself.

While at Corpus, Hobhouse wrote two books, *The Labour Movement* (1893) and *The Theory of Knowledge* (1896). He became a temporary lecturer at the London School of Economics in 1896 and a year later C. P. Scott, who had been elected to the House of Commons in 1895, invited him to join the *Manchester Guardian* (in advance of the invitation to Hobson). Hobhouse was asked to help on the

leader-writing team but when Scott was re-elected in 1900, he became a core part of the leadership. Thus, while Hobson was writing for the paper in South Africa, Hobhouse was writing comment back home.

### The 'Social Contract' vs. evolution and mutual aid

The idea of a 'social contract' had become an underlying assumption of the Whig interpretation of history and an enduring part of the Liberal programme. The evolution of this 'contract' provides a thread through the development of political ideas right through to the current day. Concepts of duty, rights and responsibilities, and the reciprocal arrangement between the individual and the state, are constants of political debate. But it was the tension between the 'morality' of the individual and the traditional perception of a need for state coercion that provided the catalyst and acted as a point of departure for both Hobhouse and Hobson in their development of an opposing or 'organic' model of society.

The work of people like Thomas Malthus (1766–1834) and Charles Darwin (1809–81)<sup>13</sup> were challenging views as to the 'true' nature of the individual and the community. Herbert Spencer, a strong supporter of an atomistic view of nature, seized upon Darwin as scientific evidence of this approach to society. It was in fact, Spencer and not Darwin who coined the term 'survival of the fittest', thus tipping it towards his own view.

Hobhouse viewed Darwin's theory and surrounding comment as just the beginning of a debate that was inevitably played out in the natural sciences but, he believed, required a wider response.

The conception of evolution is inseparably, and not unjustly,

associated in our minds with the work of Darwin and the impulse given by him in the middle of the nineteenth century to biological investigation. As we all know, the conception of evolution is not confined to biology, nor in biology did it originate with Darwin ... In this respect the work of Darwin may be said to have cut across the normal and natural development of sociological investigation. When a great impulse is given to one science by some epoch-making experiment or some new and fruitful generalisation, that science is apt to acquire a certain prestige in the minds of contemporaries.<sup>14</sup>

Prince Peter Kropotkin is particularly interesting in this context because, although not often mentioned, he was a significant influence on Hobhouse and Hobson as well as on other socialists at the time. Not only was his work read and considered, he travelled to London, stayed on occasion with Ramsay MacDonald and even lived there for some time. He engaged with social Darwinism, or at least its popularised version, by refuting the premise of 'all against all' and making a detailed biological argument for the survival of the species, not of individuals. His theories of 'mutualism' and 'mutual aid' provided a new view of the community crucial to both the New Liberalism and the Third Way as a kind of halfway house between the traditional Liberal night-watchman state and state control. However, they also put Kropotkin fundamentally at odds not only with Spencer and Darwin but with the Fabians, who were focused on a much more rational or mechanical top-down version of society. This division would continue throughout the century.

Kropotkin created, in effect, an early type of communitarianism, a term coined in 1841. 'Mutualism' – a term also used

by Hobhouse – deliberately placed the individual within the context of the community. His ideas were based on his belief that each individual understands and respects their links with the larger whole.

Real humanity presents a mixture of all that is most sublime and beautiful with all that is vilest and most monstrous in that world. How do they get over this? Why, they call one divine and the other bestial, representing divinity and animality as two poles, between which they place humanity. They either will not or cannot understand that these three terms are really but one and that to separate them is to destroy them.<sup>15</sup>

John Owen described the development of the debate:

The biological view presupposes that survival constitutes an end in itself. But if one type of social life is regarded as inherently higher and more developed than another, new questions arise which the biologist is not qualified to answer. Fitness to survive does not constitute evidence of superiority in other respects ... Hobhouse also revealed the illogicality of the argument that mutual aid is the great enemy of progress. With Kropotkin, he observed that mutual aid is operative, even in the animal world, and that as the level of life is ascended and the human stage reached, mutual aid increases; certainly, for example, in the parent-child relationship. Since the highest human values are generally supposed to be those involving mutual sympathy and the most highly developed social life, two alternatives present themselves. These valuations are either absolutely false and concepts of higher and lower are meaningless, or progress does not depend on the unmitigated struggle for existence.<sup>16</sup>

**Kropotkin created, in effect, an early type of communitarianism, a term coined in 1841. 'Mutualism' – a term also used by Hobhouse – deliberately placed the individual within the context of the community.**

### New Liberals and organic community

Hobson took up the idea of the organic whole and was impressed with the theory of 'orthogenic evolution'.<sup>17</sup> He used this base to create a holistic approach to a study of human nature that encompassed not only psychology and biology but sociology and economics as well as ethics. However, as Freeden points out, 'Unlike Spencer ... Hobson drew politically radical conclusions from the organic analogy through emphasising not the self-sustaining abilities of the parts but the capacity of the whole for self-regulation'.<sup>18</sup> This approach to human nature became the backbone of Hobson's work. It shaped his views not only of the individual, but also of the state. To him, the individual was an organism, but one placed within another organism, namely the state, which also operated as a system. Again Barker comments on this aspect of both Hobson and Hobhouse:

The development of Liberalism, during the last few years, shows considerable traces of Fabian influence. Liberal writers like Prof Hobhouse and Mr J. A. Hobson have both argued in favour of the intervention of the State in the field of socially created values. Mr Hobson in particular has urged that the individual is not the only unit of economic production; that the community is itself a producer of values; and that the State, which is the organ of the community, may claim a special right to impose special taxation on such values. The old individualistic view of the State thus seems to be definitely shed by modern Liberalism; and Mr Hobson, in re-stating the Liberal case, can even enlist the conception of a social organism under its banner. That conception serves to justify the taxation of socially created values, which are argued to be the results of the growth of the

organism; and the contention that the State is an organism which feels and thinks, and may claim the right to express its feelings and thoughts.<sup>19</sup>

Hobhouse sought to re-interpret the biological and evolutionary model for more humanitarian, collective aims and reclaim the state from a position of enforcer to supporter. Like Hobson, he examined the whole process of development and evolution simultaneously but he extended that organic view of liberty and justice while ensuring that he did not lose the practical policy or political aims in terms of the role of the state and individual welfare. Owen goes on, 'it may legitimately be claimed that Hobhouse's thought represents a systematic unity in which all the parts play an integrated role. The implication follows that no part can be taken out of its setting within the whole of his theory if it is to be thoroughly understood.'<sup>20</sup>

Hobhouse acknowledged the importance of Green's idea of the common good, then worked from that base to define 'organic' development. He argued that while the term was over-used it could not be avoided, as it captured the sense that to be organic the parts must depend on one another while retaining their distinct identity. Further, using the analogy of the human body, the parts are destroyed when taken from the whole. He extended this view to include all of society and suggested that individuals are like those parts in that while they may be taken from society they cannot thrive.<sup>21</sup>

Having defined the term, he then applied the duality of primacy that both freedom and community held, in his view, to the social structures around him:

These things are applicable to society, from the widest to the narrowest form thereof. If there is ever to be a world state,

and if such a state is to be reconciled to permanent progress, it is to be achieved not by the suppression of nationality, but by the development of national differentiation; not by the suppression of political freedom, but through the spontaneous movement of self-governing communities.<sup>22</sup>

Building on the organic view of the community and mutual aid, Hobhouse finally created what he called a 'theory of harmony'. If both freedom and the role of the community could be nurtured and even encouraged in their differences as a contribution to the life of the whole, this would produce social harmony despite the profusion of loyalties such an understanding would necessarily create:

Society, and particularly civilised society, is a very complex structure. We have not to do with one society, the political community standing over against a number of individuals who are its component members. Each individual is a member of many societies. He is one of a family; he belongs to a church, to a corporation, to a trade union, to a political party. He is also a citizen of his state, and his state has a place in the commonwealth of states. In so far as the world becomes one, that is to say, as social relations arise which interconnect human beings all the world over, Humanity becomes the supreme society, and all smaller social groupings may be conceived as constituent elements of this supreme whole.<sup>23</sup>

This brings the discussion back to the notion of the common good. In Hobhouse's view, the common good is served by individuals having the freedom to develop themselves to their full potential, both as separate entities and within their chosen communities. Individuals are only less of what they can be if

**Hobhouse sought to re-interpret the biological and evolutionary model for more humanitarian, collective aims and reclaim the state from a position of enforcer to supporter.**



taken from their community, of whatever size or at any level.

In essence, Hobhouse and Hobson developed an approach that 'humanised' or 'collectivised' the traditional atomistic liberal view by arguing that the state has a function in the welfare of its citizens. This approach to community, its rights and responsibilities, even to the language of 'mutualism' and 'mutual aid', became a major theme of the Third Way.

### Role of the state and the Manchester School

The second main debate with which the New Liberals engaged was that surrounding the Manchester School. This approach was embodied in the attitude of *laissez-faire* or 'let things alone', or 'set things free to take their own course', or 'enlightened self-interest', to use the phrase of Jeremy Bentham (1748–1832).<sup>24</sup> It served as the key to the individualistic model of nature and concepts such as property, self-possession and the social contract, and crucially, freedom from interference by the state.

Between 1848 and 1880, as Barker points out, the 'general tendency is towards individualism'.<sup>25</sup> The *laissez-faire* approach was the basis for both the domestic and foreign policy agendas through the belief that free trade and commerce not only supported good internal practice but also promoted peace among states. However, information about social deprivation was beginning to move opinion away from what was perceived as the atomistic view of society and towards more of a community approach. Barker goes on:

By 1880 the doctrine of *laissez-faire* – the preaching of non-intervention as the supreme duty of the State, internally as well as externally – seems to have passed ... its doctrine of a foreign policy based on pacific cosmopolitanism, steadily lost ground

**In essence, Hobhouse and Hobson developed an approach that 'humanised' or 'collectivised' the traditional atomistic liberal view by arguing that the state has a function in the welfare of its citizens.**

... After 1880 the bankruptcy of the old Benthamite Liberalism was beginning to be apparent. New ideals were needed for the new classes which had won the franchise.<sup>26</sup>

The demise of the Manchester School was not unanticipated and not overly mourned as international tariffs were suffocating British trade. Though politicians had been confident that free trade was on the rise indefinitely, the rise in manufacturing power as well as trade tariffs in Germany and other European countries meant that England was forced to re-examine both its state welfare and industrial support.<sup>27</sup> Domestically, even those who felt a sense of loyalty to these older ideas could see that a new basis had to be found for economic development and social legitimacy. As many Liberals evolved into New Liberals, they developed a new narrative, which accepted that *laissez-faire* economic theory had played its part but that it was time to move on and to develop a new understanding of the state's role in social welfare.

It is perhaps ironic that the Manchester School or *laissez-faire* ideas are believed to preclude state activity of any kind. However, economic liberalism of this kind requires state action to, in effect, protect it from incursion. State action remained 'offstage' as Helen Merrell Lynd puts it,<sup>28</sup> and therefore the ability of the state to act 'for good' was not fully recognised. She also points out that it was the shift in emphasis from preventing bad government to planning good government that brought the state out from the wings and enabled a new kind of philosophy to take hold. Francis Hirst also points to this important observation in terms of the move from negative freedom to a positive notion of state and government:

Perhaps the favourite misapprehension about the Manchester

School is that in its anxiety to enlarge and secure the freedom of the individual it was not merely jealous but entirely hostile to the activity of the State. This vulgar error may be referred to two main causes. First, the work of the School in the thirty years following the Reform Act was mainly a work of emancipation. The prime necessity of progress was to destroy bad laws and to free society from the chains which fettered moral and economic development. The second cause was the action of a slow and rather dogmatical section of wealthy adherents, who, after the death of their leader [Cobden], displayed a real, but narrow and unimaginative, devotion to his principles by persistently marking time when they should have been pushing forward to the solution of new problems.<sup>29</sup>

### 'Old' vs. the 'New' Liberalism

Hobhouse's most quoted text is *Liberalism*. Written in 1911, it was designed as the companion book to *Conservatism* by Hugh Cecil MP and *The Socialist Movement* by Ramsay MacDonald. The series set out to address the confusion in political debate at the time, although Hobhouse also wanted to reflect the optimism of the government of 1906 and the reforms undertaken by the combined progressive forces. As Alan Grimes points out in his 1964 introduction:

*Liberalism* was written at a time in English politics when there was a fundamental division between the old liberalism, which was defined, doctrinaire, and dying, and the new liberalism, which was aspiring, amorphous, and still largely inarticulated. On the one hand there was a clear-cut body of doctrine and a decimated political following; on the other hand there was a growing political movement

which lacked a defined social doctrine.<sup>30</sup>

It was in *Liberalism* that Hobhouse set out his case that the old Liberalism had completed its mission, and laissez-faire doctrines were no longer required, but that liberalism needed a firmer philosophical base. In that precarious balancing act, he was reluctant entirely to cast off the traditions of Liberal thought and sought instead to rehabilitate the older thinkers and reformulate their work in a more sympathetic light. Richard Cobden, for example, might have been left behind as one of the mainstays of the Manchester School. However, Hobhouse notes that despite the fact that Cobden was often set up as the anti-collective villain and the father of free trade, he also supported reforms in areas, such as child labour, where conditions of true freedom did not apply and could be said to have agreed that the state needed to take a role in protecting children from market forces.<sup>31</sup>

Rightly understood, therefore, this kind of socialistic legislation appears not as an infringement of the two distinctive ideals of the older Liberalism, 'Liberty and Equality'. It appears rather as a necessary means to their fulfilment. It comes not to destroy but to fulfil. Similar reasoning explains the changed attitude of Liberals to trade unionism.<sup>32</sup>

Basically, Hobhouse argued that the development of the mercantilist state had shackled the individual to an aggressive and externally expansionist regime that had harmed individuals both literally and in terms of their freedom. These circumstances had required opposition to fight for the rights of the individual against the overweening state and church – although this had resulted in a form of negative freedom. Hobhouse

**It was in Liberalism that Hobhouse set out his case that the old Liberalism had completed its mission, and laissez-faire doctrines were no longer required, but that liberalism needed a firmer philosophical base.**

recognised that those circumstances had fundamentally changed and understood the need for development in ideology, but he also encouraged caution because he felt equally that there were still tasks to be done that could only be dealt with by a firm notion of liberty and sense of the individual.

The old Liberalism, we thought, had done its work. It had been all very well in its time, but political democracy and the rest were now well-established facts ... The old individualism was standing in our way and we were for cutting it down. It was this mood ... that disposed many people favourably toward imperialism as a 'positive' theory of the State ... In this mood many men of strong popular sympathies were for kicking down the ladder by which they had climbed to the point of vantage from which their social reforms had been possible. But apart from the question of gratitude, to which men allow no place in politics, it is well for a man to be sure that he has his feet firmly on the top of the wall before he kicks the ladder aside. That the work of the old Liberalism was done once and for all was a too hasty assumption.<sup>33</sup>

The case that Hobhouse and others such as Herbert Samuel (1870–1963), later an MP, and D.G. Ritchie (1853–1903), were building was simply that old liberalism had served a mission. The result was a move of liberal thought towards 'the thought of Mill and the politics of Gladstone'. Social justice at home and humanitarian foreign policy abroad were to become its cornerstones.<sup>34</sup>

#### **New Liberalism**

Combining his notions of harmony and the organic community, Hobhouse created a particular place for liberty.

Freedom and harmony became one; he devised a 'positive' freedom that was not gained at the expense of others but that, 'under the principle of harmony' became 'the mainspring of progress and cultural advancement' and was ultimately, 'the condition of mental and moral expansion, and is the foundation of science and philosophy, religion, art and morals'.<sup>35</sup>

In his view, New Liberalism needed to understand its differences from socialist ideas and liberty vs. equality seemed to be the ground on which there would be the most distance between progressive ideas. Socialists, and particularly the Fabian strain of socialism, set out prepared systems for creating equality based on the older mechanical model of human nature. On the other hand, Liberals such as Hobhouse felt that that approach was not only unhelpful but counter-productive, because it went against what they believed to be the 'true' nature of the free man.

The heart of Liberalism is the understanding that progress is not a matter of mechanical contrivance, but of the liberation of living spiritual energy. Good mechanism is that which provides the channels wherein such energy can flow unimpeded, unobstructed by its own exuberance of output, vivifying the social structure, expanding and ennobling the life of mind.<sup>36</sup>

However, Hobhouse also insisted that this liberty should not be gained at the expense of others. To that end he agreed that there was a system of rights and responsibilities incumbent on liberty. So, even as early socialists were developing state mechanisms that held equality as the main driver, liberals were shifting from their atomistic view of individuals to place them within the community – but with that liberty came responsibilities.

This tension between freedom and equality has remained to the current day, with progressive parties differing on the right balance.

Finally, the state, in this organic view, was not about coercion or control of the aggressive individual but could be used to support the individual and enhance their social welfare. In another echo of the wider individualist/anarchist debate of the time and the modern debate as to the role of the state, Hobhouse reached two conclusions. The first, on moral philosophical grounds, was that state coercion did not benefit man, and second, that obedience not to his own will but to the state's did not expand the individual's own morality or conscience:

Now when a man overcomes a bad impulse by his own sense of right and wrong his will asserts itself, and it is by such assertions of the will that personality is developed. If by the action of others he is persuaded or stimulated to an act of self-control, if conduct is set before him in a new light, if wider bearings of action are seen or dormant feelings evoked ... But where he is merely coerced no such development takes place. On the contrary, so far as coercion extends there is a certain moral pauperisation, the exertion of will is rendered unnecessary and is atrophied.<sup>37</sup>

The state, looked at from this new perspective, can be an instrument of social justice rather than one of social control. Society can be based on the 'self-directing power of personality', and liberty – the crucial factors for Hobhouse – becomes a necessity instead of a luxury:

Liberty then becomes not so much a right of the individual as a necessity of society ... The rule of liberty is just the application of rational method. It is the opening of the door to

the appeal of reason, of imagination, of social feeling; and except through the response to this appeal there is no assured progress of society.<sup>38</sup>

While Hobhouse focused on the old vs. new debate and questions of social philosophy, Hobson took on the economic constructs of the 'rational actor' or economic man' as incomplete descriptions of the person. He concentrated on pointing out the weaknesses in the capitalist system. Working through his long-standing interest in issues such as unemployment and poverty, Hobson argued that the free enterprise system did not operate well in the longer perspective because it was based on a 'false assumption' that resources would tend to be fully employed. However, as he demonstrated, instead of fully employing available resources, uncontrolled capitalism tended to create cycles of under-consumption and mass unemployment.

This line of argument went completely against the grain of the Manchester School and the classical doctrine of *laissez-faire*, not least in that it supported state intervention to correct the excesses of capitalism, both to enhance its long-term efficiency and in its claim that the surplus did not belong to the capitalists but to the wider population.<sup>39</sup>

Also core to this view of the state was that it became the 'prime ethical agent of the community'.<sup>40</sup> A 'benevolent' and 'impartial' state was required if it was to be handed more power in the form of a more collectivist vision of society, but would nevertheless still safeguard the ends of both society and the individual.<sup>41</sup>

Hobson was suggesting that the New Liberalism was a kind of 'socialism in liberalism'.<sup>42</sup> Their vision looked more like a welfare state and called for the state to provide at least the basic necessities. They argued society was more than just a collection

of individuals, but was made up of individuals as part of a community. New Liberals aimed for a more substantial form of equality by creating an environment conducive to exploring individual potential.<sup>43</sup>

## Conclusion

Blair's Fabian speech was central to what he believed to be the core of his Third Way project: the possible reconciliation of the 'progressive' forces of British politics. The 'progressive dilemma' was, and remains, essentially how to apply this approach to liberty and community to the area of social reform. Hobhouse and Hobson are at the heart of this project because they were dealing with the issues upon which progressive forces find that they divide: the nature of the individual, the role therefore of that individual in their community, and subsequently the role of the state in relation to that individual in terms of support and/or control.

The two debates outlined here revolved around the specifics of evolution vs. mutualism and the Manchester School vs. state support but they were essentially about the fundamental balance of freedom and equality and the moral obligations of the individual and the state within that balance.

The New Liberals, and Hobhouse and Hobson in particular, sought to create effectively a new 'social contract' between the individual and the state. However, theirs was not based on the 'negative' freedom that had prevailed but on an understanding of the individual in light of scientific advance as well as economic reality. Theirs was a systems model in which each player was both a system in their own right and, together with others, formed new and different systems. The issue was then about the balance of freedom.

Today, while Darwin and Kropotkin sound dated and ideas

**The 'progressive dilemma' was, and remains, essentially how to apply this approach to liberty and community to the area of social reform.**



such as laissez-faire and Manchester School are far behind us in terms of economic theory, the underlying political debates remain much the same. For the Third Way the economic realities of globalisation and the role of the state in the international environment bring us back to the state's role in protecting its citizens against the deprivation caused by external trends, while Blair's promotion of both rights and responsibilities within the community are direct descendants of the debates around the common good, 'mutualism' and the 'theory of harmony'.

The progressive forces of British politics remain divided because they disagreed then and continue to disagree today. As David Marquand points out:

The New Liberals of the turn of the century sought to reconcile capital and labour, to moralise market relations, to achieve a just distribution of resources within a capitalist framework. Their project was based on the premise that this attempt was feasible as well as right, that capitalism was sufficiently flexible and productive for it to be reformed in such a way.<sup>44</sup>

He goes on to argue that the idea that liberalism can be reconciled with socialism may be simply incorrect. In his view, the basic problem is: 'If socialism was right, New Liberalism was wrong; if New Liberalism was right, socialism was unnecessary.'<sup>45</sup> This rather depressing conclusion does not, however, capture the essence of what could be said to be the real point behind Hobhouse and Hobson's approach. For the New Liberals the foundation was indeed freedom but rational thought was its tool. Thus, it is suggested here that this continuous process of debate between progressive forces will not result in proof of 'right' or 'wrong' but that it is only through discussion of these timeless issues that there

can be any development of political thought.

*Dr Alison Holmes is a Postdoctoral Fellow at the Rothermere American Institute at Oxford University. She received her doctorate in International Relations from the London School of Economics in 2005 entitled, 'The Third Way and New Liberalism – responding to globalisation at the domestic/international frontier'. She previously held roles in politics, communications and business.*

- 1 Tony Blair, *Let Us Face the Future – the 1945 anniversary lecture* (Fabian Pamphlet 571; The Fabian Society, London, 1995), pp. 4, 8, 11; Tony Blair, *New Britain: My Vision of a Young Country* (London: Fourth Estate, 1996), p. 15.
- 2 John Allett, *New Liberalism: The Political Economy of J.A. Hobson* (Toronto: University of Toronto Press, 1981), pp. 7–8.
- 3 Ibid.
- 4 Bernard Semmel, *The Rise of Free Trade Imperialism: Classical Political Economy the Empire of Free Trade and Imperialism 1750–1850* (Cambridge: Cambridge University Press, 1970); James E. Dougherty and Robert L. Pfaltzgraff Jr., *Contending Theories of International Relations* (New York: Harper Collins, 1990).
- 5 Michael Freedon (ed.), *J.A. Hobson: A Reader* (London: Unwin Hyman, 1988), p. 10.
- 6 Ernest Barker, 'Leonard Trelawny Hobhouse 1864–1929', *Proceedings of the British Academy, Volume XV* (London: H. Milford [1931?]); L. T. Hobhouse, *Liberalism* (Oxford: Oxford University Press, 1964 (original publication 1911)); J. A. Hobson and Morris Ginsberg, *L.T. Hobhouse: His Life and Work* (London: Routledge/ Thoemmes Press, 1993).
- 7 Barker, 'Leonard Trelawny Hobhouse', p. 13; Hobson and Ginsberg, *L.T. Hobhouse*, p. 100; Hobhouse, *Liberalism*, p. 2.
- 8 Barker, *ibid.*
- 9 L. T. Hobhouse, *Social Evolution and Political Theory* (New York: Columbia University Press, 1922).
- 10 John E. Owen, *L.T. Hobhouse, Sociologist* (London: Thomas Nelson and

Sons, 1974), p. 11; Ernest Barker, *Political Thought in England 1848 to 1914* (London: Thornton Butterworth, 1930), p. 4.

- 11 Hobhouse, *Liberalism*.
- 12 *Ibid.*, p. 11; Barker, *Political Thought in England*, p. 4.
- 13 Ian Adams, *Political Ideology Today* (Manchester: Manchester University Press, 1993), pp. 45–46.
- 14 Hobhouse, *Social Evolution and Political Theory*, pp. 17–18.
- 15 Marshall S. Shatz (ed.), *The Essential Works of Anarchism* (New York: Bantam Books, 1971), p. 137.
- 16 Owen, *L.T. Hobhouse, Sociologist*, p. 124.
- 17 Allett, *The New Liberalism The Political Economy of J.A. Hobson*, p. 20.
- 18 *Ibid.*
- 19 Barker, *Political Thought in England 1848 to 1914*, p. 222.
- 20 Owen, *L.T. Hobhouse, Sociologist*, p. 5.
- 21 *Ibid.*
- 22 Hobhouse, *Social Evolution and Political Theory*, pp. 90–91.
- 23 *Ibid.*, p. 88.
- 24 H. M. Croome and R. J. Hammond, *An Economic History of Britain* (London: Christophers, 1938), p. 129.
- 25 Barker, *Political Thought in England*, p. 19.
- 26 *Ibid.*, pp. 20, 22, 208.
- 27 W. Cunningham, *The Progress of Capitalism in England* (Cambridge: Cambridge University Press, 1916); William Harbutt Dawson, *Protection in Germany: A History of German Fiscal Policy during the nineteenth century* (London: P.S. King & Son, 1904); George W. Southgate, *English Economic History* (London: J. M. Dent and Sons Ltd, 1962).
- 28 Helen Merrell Lynd, *England in the 1880s: Toward a Social Basis for Freedom* (London: Oxford University Press, 1945), p. 426.
- 29 Francis W. Hirst (ed.), *Free Trade and Other Fundamental Doctrines of the Manchester School* (London: Harper & Brothers, 1903), pp. xi–xii.
- 30 Hobhouse, *Liberalism*.
- 31 L. T. Hobhouse, *Democracy and Reaction* (London: T. Fisher Unwin, 1909).
- 32 *Ibid.*, p. 219.
- 33 *Ibid.*, p. 212.
- 34 Owen, *L.T. Hobhouse, Sociologist*.
- 35 *Ibid.*, p. 117.

**The progressive forces of British politics remain divided because they disagreed then and continue to disagree today.**

Concluded on page 48

# IN SEARCH OF THE GREAT LIBERALS

H. H. Asquith, William Beveridge, Violet Bonham Carter, Henry Campbell-Bannerman, Richard Cobden, Millicent Garrett Fawcett, Charles James Fox, W. E. Gladstone, Jo Grimond, Roy Jenkins, J. M. Keynes, David Lloyd George, John Locke, John Stuart Mill, Lord John Russell – or someone else: who was the greatest Liberal?

Based on the votes cast by *Journal* readers (see pages 4–12), four candidates will be presented at this meeting. Leading politicians and historians will make the case for each one of the four, and *Journal* readers and conference participants will be able to vote for the final choice of the greatest Liberal.

**20.00, Wednesday 19 September 2007**

Forest Room, Quality Hotel, Brighton

came, he was out-manoeuvred into a cabinet backwater – being made Lord Chancellor, so that his mercurial talents could not be deployed against the government, but without him gaining much power. He used his time in the post to introduce some important legal reforms, but his political career fizzled out and when he lost the position a few years later he then had a long period in retirement.

Given the date of Aspinall's book it is no surprise that it follows the traditional picture of Brougham as a highly talented and somewhat mercurial person whose contribution to the Whigs, whilst positive, was limited by lack of trust and teamwork. In this (and really only this) respect the book has dated somewhat, with the more recent William Hay book, *The Whig Revival* (2005) emphasising his positive contribution in building the party around the country. Aspinall touches

on Brougham's belief in the importance of extra-parliamentary pressure, but does not give his achievements in this area anywhere near the same weight as Hay.

Although Aspinall explicitly decries any notion of his book being a biography of Brougham, writing instead that it is an account of his career as a politician, Brougham the person – the bombastic, outspoken, self-confident Brougham – comes through clearly in what is a clearly-written and enjoyable read. For book lovers, the good news is that the book itself has traditional good production qualities, with a decent spine, good quality paper, a meaningful index and, if not footnotes on each page, at least chapter endnotes.

*Dr Mark Pack completed a PhD on nineteenth-century English elections, and now works in the Liberal Democrats' Campaigns Department.*

## L. T. Hobhouse and J. A. Hobson: The New Liberal influence on Third Way ideas (continued from page 24)

- |   |    |  |
|---|----|--|
| 36 Hobhouse, <i>Liberalism</i> , p. 73.   |    | an article for the <i>Nation</i> in 1907, reprinted in <i>The Crisis of Liberalism</i> and later used by Ramsay MacDonald. |
| 37 L. T. Hobhouse, <i>The Elements of Social Justice</i> (London: George Allen & Unwin, 1922), p. 67. |    |  |
| 38 Hobhouse, <i>Liberalism</i> , p. 66.   | 43 | Ibid.; Freedden, <i>J.A. Hobson: A Reader</i> .  |
| 39 Allett, <i>New Liberalism</i> , pp. 259–60.  | 44 | David Marquand, <i>The New Reckoning: Capitalism, States and Citizens</i> (Cambridge: Polity Press, 1997), pp. 74–75.      |
| 40 Freedden, <i>J.A. Hobson: A Reader</i> , p. 12.  |    |  |
| 41 Ibid.  | 45 | Ibid.  |
| 42 A phrase he used as the title of   |    |  |

## Corrections

Unfortunately the gremlins were at work on issues 53 and 54 of the *Journal*. Our apologies to all readers, and the relevant authors.

In *Journal* 53, the lower cartoon on page 8, accompanying Patrick Jackson's article 'Gladstone and the Conservative Collapse', was not of John Morley, but of Joseph Chamberlain.

Also in *Journal* 53, the introduction to the article on 'Beveridge in Person' on pages 37–38 gives the impression that Ivor Davies wrote it; in fact it was written by his son, John Davies. Also, our software failed to reproduce Greek letters in the title of the Butler sonnet used by Beveridge, though the English translation is given accurately.

In *Journal* 54, a printer's error (not an editorial fault this time!) meant that page 63 failed to print correctly; several lines were omitted. A corrected version of page 63 is included with this issue.