

# Report

## Public Services or State Services? – the Liberal Legacy

Evening meeting, February 2002, with Professor Peter Marsh and Dr Graham Davis  
Report by Neil Stockley

With public services firmly at the top of the political agenda and the Liberal Democrats reviewing their approach from first principles, this meeting provided the opportunity for a timely discussion of the Liberal tradition.

The speakers took us back to the nineteenth century, to the policies of Joseph Chamberlain in Birmingham and the all-but-forgotten Sir Jerom Murch in Bath. The meeting highlighted the crucial role of local government in Liberal thought and action on public services. While today's debate focuses on the NHS, transport and education, our nineteenth century counterparts were concerned with water and gas services – what we now call utilities – and civic investments to address social problems.

The first speaker was Professor Peter Marsh, Honorary Professor of History at Birmingham University. He described how, in three terms as Mayor of Birmingham, from 1874 to 1877, Joseph Chamberlain articulated the creed of 'gas and water socialism' pursued through strong local government and, more importantly, how he made it happen. His municipal policies were a prototype for what became the 'New Liberalism' of the early twentieth century, founded on the belief that government should intervene in the economy and the community to tackle social problems.

Chamberlain, using his business experience, devised a form of public finance that sought to provide the maximum services at the lowest cost to

the ratepayer. First, the local gasworks was placed under municipal control, which produced a profit for the City Council. Second, this money was in turn used to 'municipalise' the water supply in order to reduce the cost of this service and to improve water purity. Third, Chamberlain launched a slum clearance programme as a public health measure and balanced the cost against that of the jails that would be needed if people continued to live in squalor. Fourth, he was willing to use public money for productive purposes. The slum clearance scheme may have dramatically increased the city's public debt, but the city gained a commercial strip, Corporation Street, which boosted the council's economic base. Fifth, he devised ways to provide new social services at lowest cost to the taxpayer. For example, a workmen's compensation scheme was funded by placing a levy on employers, on the basis that they could pass that cost on to consumers. These moves were widely applauded; indeed, Birmingham was lauded as the best governed city in the industrial world.

Graham Davis of Bath Spa University College outlined the very different experience of Sir Jerom Murch, Unitarian curate, early practitioner of community politics and Mayor of Bath twice during the 1860s. Dr Davis showed that despite its public image as a genteel city, nineteenth century Bath had its share of deep poverty, poor housing, crime and major public health problems, in particular a high mortality rate and outbreaks of cholera and

typhoid. There were some fierce political battles for control of the city council. From the 1830s, the Liberals were usually dominant on the council – but they relied on the aldermanic system and the votes of the industrial artisan classes to keep their power.

Enter Sir Jerom Murch, the 'Joe Chamberlain of Bath'. Dr Davis described his 'mission ... the civic gospel', which was born out of Murch's strong dissenting tradition, and showed how it was married to his strong belief that the ruling elite – of which he was actually part – had a moral duty to work for the good of the people and across class barriers. In practical terms, this meant regenerating the power of local government – using the revenue from rates to borrow the funds to pay for civic amenities. Murch's big scheme was to establish a civic corporation to ensure that every house in Bath had an adequate supply of water. In an early experiment with 'joined-up government', he tried to build support for the water scheme as foundation for economic prosperity as well as a solution to Bath's health and social problems. Yet it was thrown out by a split party and divided council in 1866. Murch pressed on with his civic gospel, trying to increase the wealth of Bath by promoting new hotels and other businesses, trying to put the city on the map with amenities and building new parks. But he achieved somewhat less than Chamberlain; indeed, Dr Davis called his career 'to some extent a heroic failure'.

Why did 'Uncle Joe' succeed where Sir Jerom did not? Professor Marsh explained that Chamberlain was a great campaigner and a charismatic politician. Crucially, he was able to make the financial case for his policies, helped by the credibility provided by his accounting experience and status as a local manufacturer. Dr Davis agreed that Chamberlain had a far greater understanding of public finance than Murch. And while Murch was a gifted public speaker who could make the moral case for his policies with great passion, he had to rely on a council colleague, who was certainly no communicator, to make the financial case.

Second, Dr Davis argued that Murch's

remarkable ability to build alliances across the community, straddling the class divide, finally foundered when the representatives of the labouring classes did not back his water scheme. Dr Davis suggested that this may have been because Murch was too much part of the elite at the very time when universal male suffrage was a major issue in Bath. He represented a paternal, authoritarian style of Liberalism and his own personal style was somewhat patronising to the working classes. The nascent trade unionists eventually went off to follow their own political star.

The meeting spent some time discussing the belief systems that drove the policies of the two men. Dr Davis was clear that Murch was 'an apostle of Gladstonian Liberalism' and that his politics were primarily 'morally driven'. He wanted to use the council rates to invest in his city's prosperity and thereby raise the 'moral condition' of the people. For his part, Professor Marsh argued that Chamberlain had an 'environmentalist ethic', based on an essentially optimistic belief that the moral well-being of the poor could be improved by removing the physical manifestations of poverty. This was very different, he suggested, from Gladstone's 'religious ethic'. He also perceived a clear difference between Chamberlain's enthusiasm for investing public money in economic infrastructure and social amenities and the Gladstonian traditions of small government, moral improvement and self-help. Indeed, Professor Marsh believed that while Chamberlain was a Liberal in name, at least until 1886, he is hard to place on the liberal ideological spectrum. This was particularly true in his later years, after he split the Liberal Party over home rule for Ireland, became 'the embodiment of the new imperialism', and then led the assault on free trade. Instead, Professor Marsh painted Chamberlain as a committed democrat, who strongly supported the extension of voting rights to all men and believed in 'a dictatorship of the democratic majority'. Indeed, he was something of an authoritarian, who believed in strong leadership that exercised governmental powers to the full and with as few constraints as

possible, and a radical in that he was always prepared to challenge existing policies and accepted beliefs.

But Chamberlain and Gladstone may not have quite represented the 'yin' and 'yang' of nineteenth century Liberalism. The chair, Dr Eugenio Biagini saw them as compatible at a personal level, in a religious way and in terms of their social/moral influences. And Gladstone was prepared to use state intervention to advance his aims. He nationalised rail in the 1840s and land in Ireland in 1886 and in the 1870s, passed the Education Act, and increased grants in aid to local government ten-fold. While he maintained that there was a difference in emphasis over the role of government spending, Professor Marsh agreed with Dr Biagini, to the extent that up until the home rule crisis, Chamberlain and Gladstone were allies more often than not.

Second, on financial matters, Dr Biagini argued that there was a close interdependence between the Gladstonian emphasis on reducing the economic role of the state and Chamberlain's belief in increased local government spending on services. These were two sides of the same coin, he argued, because retrenchment in London meant that local councils could afford to spend more.

Third, Professor Marsh acknowledged that Chamberlain's belief in strong local government did not represent a distinctive strain of political thought. Local government enjoyed widespread, bipartisan support during

the nineteenth century, albeit with Conservatives preferring country magistrates and Liberals town councils.

So, for today's debate on public services, did Chamberlain and Murch and their colleagues leave today's Liberal Democrats any kind of legacy? At first glance, the answer seems to be no. The municipal socialism and civic gospel were about reform of what we now call utilities. In the last 140 years, gas, water (and electricity) have been municipalised, centralised, nationalised and privatised. Liberal Democrats have firmly resisted calls to take them back into public ownership and they are largely out of the political frame. But certain aspects of what Chamberlain and Murch attempted remain relevant today. They showed the potential for local government as a vehicle for advancing the public good. Liberal Democrats continue that commitment, even if today's councils have less power than those led by Chamberlain and Murch. Yes, Chamberlain's authoritarianism and Murch's paternalism may be unwelcome reminders that 'Newer' Liberalism can be a more 'top-down' brand of politics than some of us care to admit. But they used an arm of the state constructively, ignoring the false boundaries between 'business' and 'social' concerns, developing innovative and practical 'win-win' solutions. Their real legacy is that when old approaches – be they from the market or from government – fail people and erode their personal freedom, the Liberal instinct is to act.

#### Liberal Democrat History Group website

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- Latest History Group news, including announcements of meetings, the latest *Journal* and new publications
- A complete listing of all *Journal* contents, back to issue 1, and downloadable files (pdf format) of the oldest issues.
- Details of History Group publications and where to buy them.
- A complete listing of all History Group meetings and speakers.
- A brief history of the party, together with a suggested reading list.
- Research resources, including guides to archive sources, and a listing of research in progress.

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