

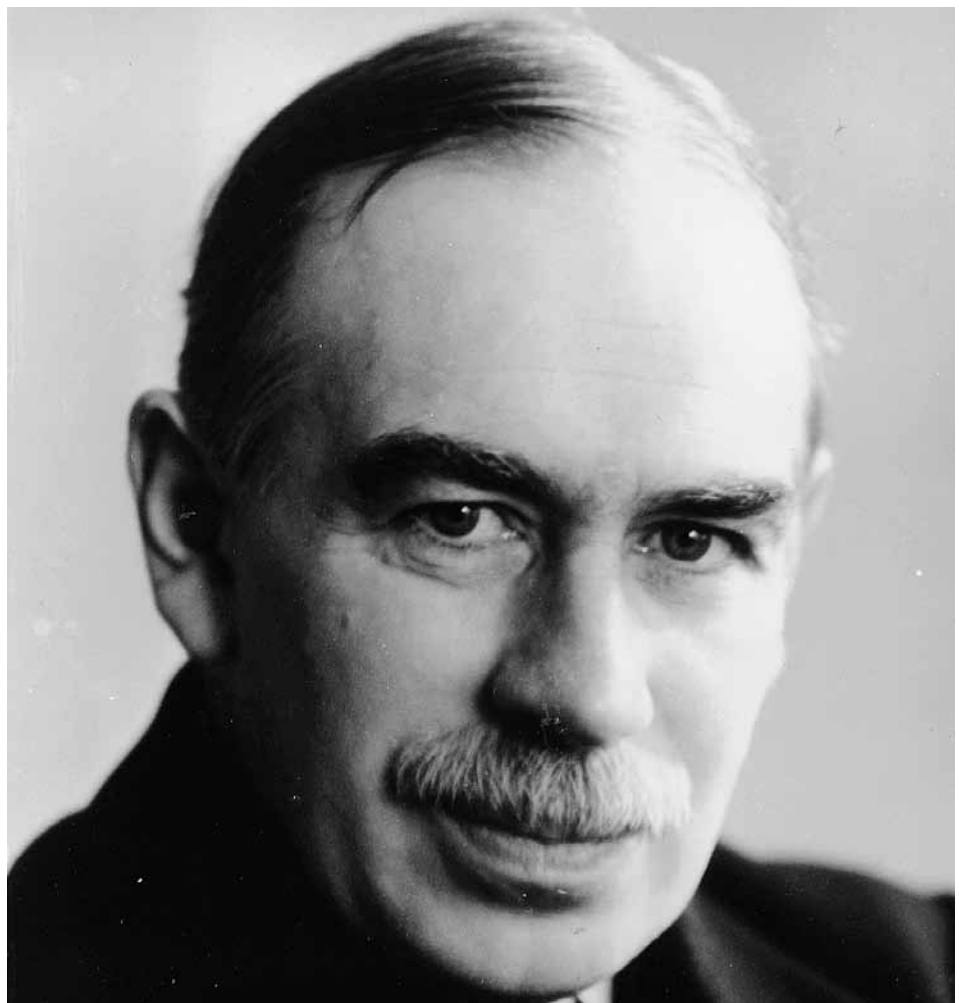
'RELUCTANT' OR LIBERAL? THE SOCIAL LIBERALISM OF KEYNES

At the 1945 British General Election, held in the wake of the Allied victory in Europe, the Liberal Party addressed the electorate in an assertive, even confident, spirit. Its election campaign, chaired by Sir William Beveridge, promoted a clear and radical programme which involved, in several important respects, a broadly collectivist approach towards the nation's acute economic and social problems. That approach was itself consistent with the kind of social liberalism which both Beveridge and Maynard Keynes, by 1945 the Liberal Party's most influential policy intellectuals, had, in their different ways, advocated during the interwar and wartime years. **Tudor Jones** examines their approach.

THEIR SOCIAL LIBERAL creed prescribed an extended role for the State in both economic and social policy, involving commitments to a managed market economy, to the goal of full employment, and to a welfare society. But this expansion of the State's role was justified by Keynes and Beveridge not for its own sake,

but because, in their view, it would entail productive forms of state activity that were compatible with liberal values – with the defence of individual freedom and the pursuit of rational progress in promoting the common welfare.

Reflecting, then, those ideological influences, as well as the prevailing climate of popular



LIBERAL COLLECTIVISTS? CLAYTON AND BEVERIDGE, 1922 – 1945

opinion, the Liberal manifesto stressed the need for post-war social reform and reconstruction, declaring that:

mankind is a prey to Fear – fear of poverty and want through unemployment, sickness, accident and old age. With the Beveridge schemes for Social

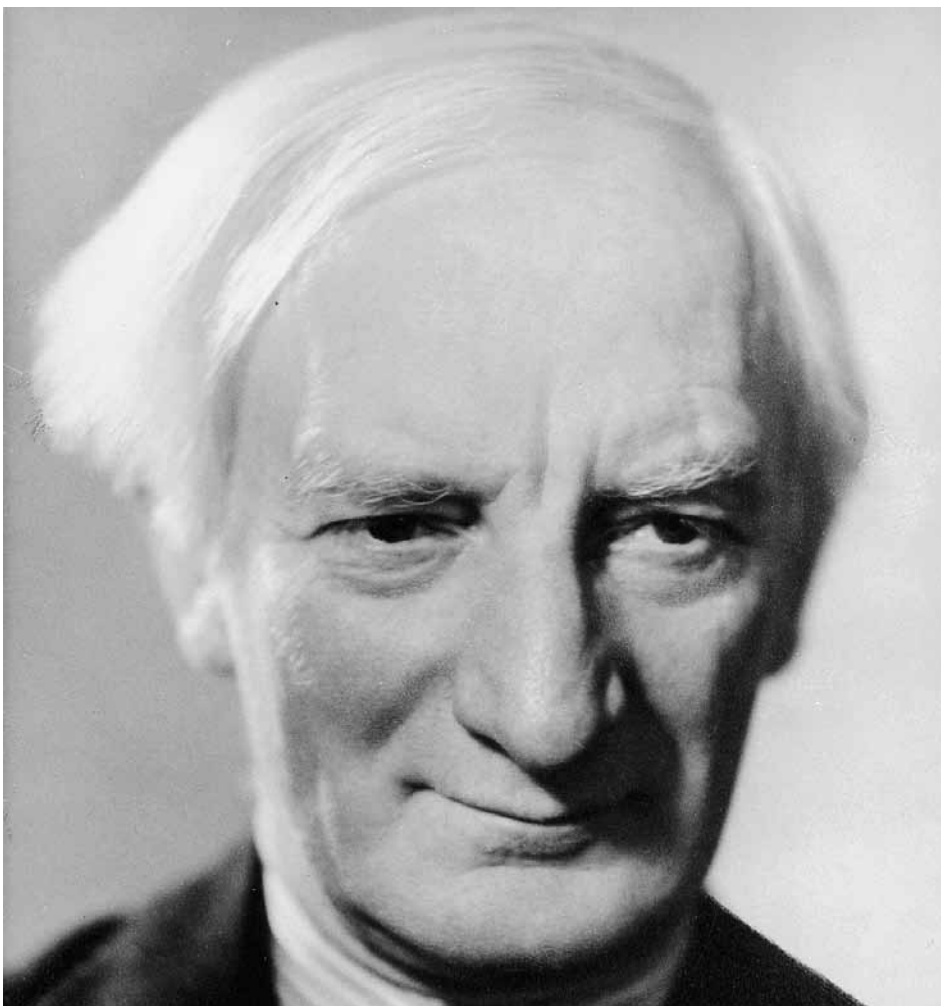
Security and Full Employment, the Liberal Party leads a frontal attack on this Fear.¹

In addition, the Party advocated a Ministry of Housing to oversee a post-war housebuilding drive, including an expansion of affordable housing, in a country in which more than 500,000 dwellings had

been destroyed or damaged beyond repair during World War II. Land development rights outside built-up areas were to be ‘acquired for the public’ and ‘a periodic levy on all increases in site values’ was proposed in order to secure for the community any appreciation in the value of land that was due to communal action.²

The Liberal manifesto also called for the public ownership of the coal-mining industry, depicted as ‘the key to the health of our basic industries and our export trade’, and therefore accorded the status of ‘a public service’. The railways and electric power similarly should be organised as public utilities, and in general it was argued that where there was ‘no further expansion or useful competition in an industry’, or where an industry had become a private monopoly, it should become a public utility.³ In British industry Liberals believed in ‘the need for both private enterprise and large-scale organisation under government control’, and, in deciding which form was necessary, identified as the tests to be applied in each particular case ‘the service of the public, the efficiency of production and the well-being of those concerned in the industry in question’.⁴

All in all, the Liberal election manifesto of 1945 was thus, as Alan Watkins later noted, ‘surprisingly leftist both in content and in tone’.⁵ Certainly, by 1945 a more collectivist strand of thought was widely evident within the Party. It underlay both its economic and its social policy proposals, reflecting the



highly influential contemporary ideas of Maynard Keynes and William Beveridge.

To some extent, too, the shift to state collectivism in Liberal policy and thought by 1945 was due to the influence of a pressure group within the Party originally established in 1941 under the name, the Liberal Action Group, and renamed Radical Action in 1943. It sought to campaign for imaginative and radical policies for post-war social and economic reconstruction and, more immediately, to question or challenge the Party leadership's support for the wartime electoral truce between the three main parties. Founded by Donald Johnson, a doctor and publisher, Honor Balfour, a journalist, and Ivor Davies, another publisher, the group later included among its most prominent members the Liberal MPs, Clement Davies, Dingle Foot and Tom Horabin. In 1942 Lancelot Spicer replaced Donald Johnson as the group's chairman. By the time of the dissolution of Parliament in 1945, six of the 19-strong Parliamentary Liberal Party were members of Radical Action.⁶

Aiming to radicalise the party in respect of its policy, strategy and organisation, Radical Action strongly supported the Beveridge Report and its far-reaching proposals for social security after its publication in December 1942. It also claimed credit for encouraging the party leader, Sir Archibald Sinclair, and other senior party figures eventually to support Beveridge's proposals. It succeeded, too, in pressurising the Liberal leadership into fighting the forthcoming 1945 General Election as an independent political organisation, and into keeping free of any subsequent coalition arrangements once the war had ended.⁷

But more significantly, the ascendancy of Liberal collectivist ideas in 1945 could be traced back to the currents of social liberal thought that flowed during the interwar years. In that period of electoral decline and internal strife, the Party had nonetheless continued to display its intellectual vitality. The years from 1922 to 1929, in particular, had witnessed the development and dissemination of Liberal ideas through three overlapping institutional networks, in each of which Maynard Keynes

played a leading part.⁸ These consisted of, first, the Liberal Summer School movement, established in 1921 and running from 1922 onwards; second, the Liberal periodical, *The Nation*, founded in 1907 and managed by Keynes as active chairman from 1923 until its absorption into *The New Statesman* in 1931; and third, the Liberal Industrial Inquiry, financed by David Lloyd George, and culminating in *Britain's Industrial Future*, published in 1928, the key proposals of which later appeared in *We Can Conquer Unemployment* and *Can Lloyd George Do It?*, the pamphlets that launched the Liberals' 1929 general election campaign.

Like their Edwardian New Liberal predecessors, these intellectual movements and influences may be described as social liberal, rather than classical liberal, in character since, while supporting a market economy, they advocated a significant measure of state intervention in modifying or supplementing market outcomes in order to reduce mass unemployment and to promote social welfare.⁹ During the 1920s the Liberal Summer School movement thus sought to build on the foundations of Edwardian New Liberalism by recommending selective state intervention in the cause of social reform whilst turning away from the path of doctrinaire state socialism.¹⁰

The Liberal Summer School movement was, as Michael Freeden has observed, 'the linchpin of liberal and progressive thought during the 1920s'.¹¹ Its leading lights were drawn partly from Manchester – including Ramsay Muir, Ernest Simon and Edward Scott – and partly from Cambridge – including Keynes, Hubert Henderson and Walter Layton. The movement became particularly influential after Lloyd George assumed the Party leadership in 1926. During that year he personally initiated and financed the Liberal Industry Inquiry which resulted in the publication of *Britain's Industrial Future*, 'the Yellow Book' as it was popularly known, in February 1928.¹² That 'formidable and ... exceedingly interesting document', as the socialist thinker G.D.H. Cole described it in his review in *The New Statesman*,¹³ was to a large extent the product of active members of the Liberal Summer School

movement – including Keynes, Henderson, Layton, Muir and Ernest Simon.

Rejecting the traditional antithesis between individualism and collectivism, *Britain's Industrial Future* offered radical proposals for state intervention in the British economy without recourse to the orthodox socialist remedies of large-scale state or collective ownership of industry or central state economic planning. In addition to advocating joint consultation in industry between workers and managers, the Yellow Book put forward as its key proposal a Board of National Investment, which would oversee a wide-ranging programme of state investment in public works. This anticipated Keynes's case in *The General Theory of Employment, Interest and Money*, published eight years later, for large-scale public investment as a crucial means of stimulating economic activity and reducing mass unemployment.

The authors of *Britain's Industrial Future*, published a few months before the Wall Street Crash, succeeded, as Ed Randall has observed, in 'fashioning a Liberal programme for national recovery calibrated to needs of their own times'.¹⁴ Their most significant proposals were popularised a year later in the two 1929 election pamphlets, *Can Lloyd George Do It?*, co-written by Keynes and Hubert Henderson, and *We Can Conquer Unemployment*, published in Lloyd George's name.¹⁵ The latter document's centrepiece was its proposal for massive public investment in road-building, housing, electrification and other public works. The Yellow Book, and the documents that it generated, thus reflected the major influence that Keynes had exerted during his period of closest involvement in the politics of the Liberal Party, that is, between 1924 and 1929 – years in which he had set out, in Robert Skidelsky's words, 'to supply it with nothing short of a new philosophy of government'.¹⁶

In ideological terms, Keynes saw the central task of this governing philosophy, his version of social liberalism for the 1920s, as one of managing and reforming a market economy that was producing instability and high levels of unemployment in Britain and throughout the rest of the industrialised world. Part of the theoretical basis for this

To some extent, too, the shift to state collectivism in Liberal policy and thought by 1945 was due to the influence of a pressure group within the Party originally established in 1941 under the name, the Liberal Action Group, and renamed Radical Action in 1943.

ambitious project had already been laid in his 1926 essay, *The End of Laissez-Faire* (partly based on a 1924 Oxford lecture), which provided both an incisive critique of unregulated capitalism and an attempt to set out, in Bentham's phrase, 'the Agenda of the State'. In Keynes's view, the latter ought to relate 'to those functions which fall outside the sphere of the individual, to those decisions which are made by *no one* if the State does not make them'.¹⁷

In his major treatise of 1936, *The General Theory of Employment, Interest and Money*, Keynes later proceeded to specify the kind of economic 'agenda of the State' which he considered appropriate for unstable times. Developing new methods and ideas for effecting the transition from 'the economic anarchy' of the prevailing system of 'individualistic capitalism', he rejected the traditional socialist policy instrument of state ownership of industry on the grounds that it would prove to be inefficient and authoritarian.¹⁸ In its place, he advocated more indirect yet, in his judgement, more effective methods of controlling a market economy. These would involve the use of fiscal and monetary policy, and, in particular, government management of demand – by stimulating both investment and consumption – to levels at which full employment could be attained.

Ideologically, then, the economic approach of British social liberalism as developed by Keynes during the 1920s, and as endorsed and advanced politically by Lloyd George, amounted, as Paul Addison has observed, to a "middle-way" of imaginative reform within capitalism, offered as an alternative both to the perceived economic sterility of free-market Conservatism and to the 'socialist way of abolishing capitalism'.¹⁹

Keynes's contribution to British Liberal thought thus provided a movement away from classical liberal tenets towards the advocacy of forms of state intervention compatible both with liberal values and with the achievement of what he considered a more humane and more efficient system of managed capitalism. In this respect his ideas can be regarded as extending the social liberalism of the Edwardian era into the field of economic

Keynes's contribution to British Liberal thought thus provided a movement away from classical liberal tenets towards the advocacy of forms of state intervention compatible both with liberal values and with the achievement of what he considered a more humane and more efficient system of managed capitalism.

policy. However, he himself did not accept the philosophical basis of Edwardian New Liberalism, disdaining it 'as a typical example of Oxford Idealist muddle'.²⁰ His own empiricist philosophical leanings meant that his distinctive efforts to revise and update British Liberalism therefore 'stemmed from a different background, and a different intellectual style'.²¹

Deeply influenced as a student at Cambridge by the philosophical ideas of G.E. Moore and Bertrand Russell, Keynes shared, as Skidelsky has noted, their distaste for the idealist basis of the ethical belief, associated at Oxford with T.H. Green and his followers, 'that the good of the individual and the good of the whole are interconnected'. Keynes instead maintained, with Moore, 'that good states of mind could be enjoyed by individuals in isolation from social states of affairs'. More generally, too, Keynes and his Cambridge contemporaries found 'repellent' the 'mixture of Hegelian and biological language' in which the New Liberal thought of Green and his followers was philosophically expressed.²²

Developed, then, without the intellectual foundations of the Oxford-based New Liberalism, Keynes' own liberal 'via media' nonetheless clearly involved the acceptance and advocacy of state collectivist ideas and policies during the 1920s and 1930s, and the legacy of that intellectual process was later evident in Liberal thinking and policy-making. However, both he and Beveridge have been described, with some justification, by Vic George and Paul Wilding as 'reluctant collectivists'.²³ Keynes's ideological approach has thus been portrayed as 'a collectivism not of principle, but of necessity', for while it involved widening the field of economic activity in which state collectivist remedies could be applied, it confined their use 'to issues where the normal solutions of private enterprise and the free market' had been unsuccessful.²⁴ Skidelsky has made a similar observation with a different emphasis, characterising Keynes's 'reconstructed liberalism' as a creed concerned with 'grafting technocratic solutions to specific problems on to an individualist stem', and with 'confining state intervention

to spaces left vacant by private enterprise'.²⁵

Moreover, in *The General Theory* Keynes firmly emphasised 'the traditional advantages of individualism', pointing out that:

They are partly advantages of efficiency – the advantages of decentralisation and of the play of self-interest ... But, above all, individualism, if it can be purged of its defects and its abuses, is the best safeguard of personal liberty in the sense that, compared with any other system, it greatly widens the field for the exercise of personal choice. It is also the best safeguard of the variety of life, which emerges precisely from this extended field of personal choice, and the loss of which is the greatest of all the losses of the homogeneous or totalitarian state.²⁶

In *The End of Laissez-Faire*, too, Keynes had concluded his trenchant critique of the workings of unregulated capitalism by making clear his qualified support for a market economy as a form of technical organisation, maintaining that 'capitalism, wisely managed, can probably be made more efficient for attaining economic ends than any alternative system yet in sight', even though 'in itself it is in many ways extremely objectionable'. 'The important thing for government', he maintained, 'is not to do things which individuals are doing already ... but to do those things which at present are not done at all'.²⁷ 'The Agenda of the State' in the economic field should thus be concerned with remedying the technical faults of an unregulated market economy – the most serious of which, in his view, was its inability to ensure a sufficient level of demand to avoid depression and unemployment. In the context of the economic and political instability of the 1920s and 1930s, Keynes, as J.K. Galbraith later observed, therefore 'sought for nothing so earnestly as to save liberal capitalism',²⁸ a point reinforced by his biographer's choice of the title of his second volume.²⁹

After the fragmentation of the Liberal Party in 1931, and with it Lloyd George's departure from the Party leadership, Keynes retreated to Cambridge, convinced 'that

politics having failed, the world could be saved only by thought'.³⁰ While remaining 'a semi-detached Liberal',³¹ he believed that his 'middle way' of a reformed capitalism could best be advanced by academic scholarship and through official governmental channels rather than directly through the Liberal Party. The fruits of his academic endeavours emerged in 1936 in *The General Theory*, the most influential economic treatise of the twentieth century. His contribution to public life, meanwhile, culminated in his achievements as both leading economic adviser to the British Treasury between 1940 and 1946 and as Britain's most important international representative on economic affairs, who shaped the institutional foundations of the post-1945 international financial and trading system – including the World Bank, the International Monetary Fund and the General Agreement on Tariffs and Trade.

In 1942 Keynes renewed his formal connection with the Liberal Party when he became a Liberal peer, writing to Lord Samuel, party leader in the Lords: 'in truth I am still a Liberal, and if you will agree, I should like to indicate that by sitting on your benches'.³² By 1945, a year before his death, the kind of social liberalism that he espoused, and which his economic theories epitomised, had become one of the most important intellectual influences on Liberal thought and policy.

During the 1940s Sir William Beveridge, social reformer, social scientist, senior civil servant and university administrator, fostered the spirit of Keynes's social liberalism in the field of social policy. At the 1945 General Election his ideas provided a further and, in the immediate post-war climate the most powerful, influence on the radical and collectivist tone of the Liberals' manifesto and campaign.

Beveridge had only become a member of the Liberal Party in July 1944. He had not done so before because he considered membership of a political party inconsistent with his professional roles of civil servant and university teacher and administrator.³³ Moreover, he had had little formal connection with the Liberal Party in the past. He had, it is true, been briefly associated with the Liberal Summer

By 1945, a year before Keynes' death, the kind of social liberalism that he espoused, and which his economic theories epitomised, had become one of the most important intellectual influences on Liberal thought and policy.

School between 1922 and 1924,³⁴ but he was not involved with Keynes, Henderson and others in the preparation of either *Britain's Industrial Future* or the documents that launched the Liberals' 1929 election campaign, being at that time unsympathetic to the unorthodox ideas of expansionist public finance which they promoted.³⁵ Beveridge was later, in 1936, critical of Keynes' *General Theory*. He disliked, in general, what he considered to be Keynes' reduction of the economic concepts of 'unemployment' and 'demand' to the level of abstractions. In particular, too, he was unimpressed by Keynes' concept of 'the multiplier'.³⁶

Beveridge's unfavourable reaction to Keynes' *General Theory*, as well as to Sidney and Beatrice Webb's *Soviet Communism*, published in the same year, intensified, as José Harris has observed, Beveridge's 'sense of estrangement from current economic and political thought.' This in turn led to an 'almost total withdrawal into political agnosticism...which dovetailed with Beveridge's growing conviction that academic social scientists should refrain from dabbling in current politics'.³⁷

Such an attitude was already firmly rooted since, during most of the interwar years, Beveridge had tended to adopt what Harris has described as 'a self-consciously neutral stance on questions of party politics', which he believed appropriate in view of both his professional responsibilities and his respect for the role of the expert. That approach, albeit with underlying Liberal sympathies, was reflected in his statement, when successfully standing for the Vice Chancellorship of the University of London in 1926, that 'I am as nearly non-political as anybody can be, but when I have any politics I am a Liberal'.³⁸

By 1944, however, those vague Liberal sympathies had been strengthened. His own political principles, as well as his cordial personal relations with Clement Davies, Herbert Samuel, David Lloyd George and Dingle Foot, had drawn him closer to the Liberal Party.³⁹ In addition, as Beveridge later acknowledged, the Liberals were 'the first political party to accept the Beveridge Report without reservations',⁴⁰ including his plans for a

national health service.⁴¹ Indeed, shortly after the Report's publication in December 1942, a Liberal Party spokesman had stated that its underlying principles and objectives were entirely consistent with resolutions passed by the Liberal Assembly in September of that year.⁴²

Furthermore, Beveridge's newly-found Liberal commitment was in tune with more deep-rooted ideological convictions since, as his biographer has noted, he had always seen the Liberals as the 'Party of ideas' and of 'national interests' – as opposed to the sectionalism of both Conservatives and Labour'. In addition, the broad and flexible character of Liberalism as a political creed, and hence 'the tensions' within it 'between individualism and collectivism, radicalism and traditionalism ... appealed to Beveridge's own personal slant upon the world'. He tended, too, 'to idealize the Liberal past, and he looked back in particular upon Edwardian Liberalism as a golden age of radical innovation'.⁴³

All these factors, then, had helped to reinforce his sense of affinity with the Liberal Party by 1944, when, in his own words, he had become 'committed in mind to the adventure of putting Liberalism on the map again as an effective political force, for international as well as for domestic issues'.⁴⁴ That commitment had been confirmed in July of that year following the death in military action of George Grey, the young Liberal MP for Berwick-upon-Tweed. In September 1944 Beveridge was adopted as candidate to be Grey's successor, and was elected the following month as Liberal MP, unopposed by the Conservatives or Labour under the terms of the wartime party truce.⁴⁵

In the subsequent General Election, announced on 24 May 1945 and to be held on 5 July, Beveridge, whilst defending his own seat of Berwick, also assumed the responsibilities of chairman of the Liberal Party's Campaign Committee.⁴⁶ Moreover, he had already provided, too, the intellectual basis of the Liberals' radical election platform in the form of, first, his pioneering report on social policy, *Social Insurance and Allied Services* (1942) and, second, its sequel of 1944, *Full Employment in a Free Society*. These documents provided

the focus for the Liberal campaign and embodied popular issues and causes – freedom from both want and unemployment – to put before the voters in the most radical Liberal election programme since 1929. At the same time, the ideals underlying those causes – social reform and progress and personal freedom – were enduring liberal ideals that could unify all sections of the Party.

The Beveridge Report itself had its origins in a rather obscure inter-departmental enquiry, set up in June 1941 and chaired by Beveridge himself, for co-ordinating social insurance. The enquiry was gradually broadened in scope to become a full-scale and, so it was to prove, ground-breaking examination of British social policy. The resulting report, *Social Insurance and Allied Services* was published in December 1942, three weeks after the Allied victory at El-Alamein.⁴⁷

Maynard Keynes, at that time a high-ranking Treasury adviser, had during the previous months responded enthusiastically to Beveridge's early draft proposals for his Report. The two met in London over several convivial lunches and dinners at various West End clubs, and these meetings were important to Beveridge, as Harris has noted, 'both in enhancing the financial viability of his report and in smoothing the way for its reception in official circles.'⁴⁸ Keynes described the final draft of Beveridge's Report as 'a grand document', and conveyed to him his hope 'that the major and more essential parts of it might be adopted substantially as you have conceived them'.⁴⁹

The Beveridge Report presented a vision of society's battle against the 'five giants' of want, disease, ignorance, idleness and squalor. Its particular focus was on the struggle against want and, to a lesser extent, against disease and unemployment, and hence on the development of social security and health-care policy, but as the document stated:

Want is one only of the five giants on the road of reconstruction and in some ways the easiest to attack. The others are Disease, Ignorance, Squalor and Idleness.⁵⁰

The Report provided a comprehensive system of social insurance

delivered in the form of cash benefits, financed by equal contributions from employees, employers and the State, together with a public assistance safety net. In addition, it proposed both the unification of the administrative systems of different aspects of social security, and the standardisation of benefits and contributions at flat rates for different types of social need.

Three key assumptions underlay the proposed system of social insurance, each of which, in Beveridge's view, was inseparable from the goal of the abolition of want. First, accompanying the new system, there should be a national health service available to all. Second, there should be state provision of tax-financed children's allowances. Third, there should be a commitment to state action to reduce unemployment. This third assumption was developed further in Beveridge's later report, *Full Employment in a Free Society*, based on his own independent enquiry.

The keystone of Beveridge's system of social insurance was the notion of universal entitlement, which thereby conferred equality of status upon citizens. In the case of social security, the basis of entitlement was the principle of contributory insurance, which Beveridge believed would protect and foster individualist values of personal responsibility and independence, thrift and self-respect. In the case of healthcare, the basis of entitlement was the principle of citizenship, which entailed the possession of both social rights and collective responsibilities for common needs.

In spite of Beveridge's lack of formal commitment to Liberalism in the interwar period, and his former, deliberate party-political neutrality, his Report on social insurance was nonetheless, as Freeden has commented, 'a highly liberal document in terms of its ideological orientation, as if Beveridge had emerged from outside the march of time to become suddenly and totally immersed in some radical implications of progressive liberalism, which liberals themselves could not voice'. In spite of his loose connection with British Liberal thought in the interwar years, his Report was 'in a circuitous way ... the very spirit of progressive liberalism, and Beveridge succeeded

in capturing that spirit where others had failed, or were on the point of giving up'.⁵¹

A number of key themes in the British liberal tradition can be identified within the Beveridge Report.⁵² Among the most significant of these was the assertion that social security involved a co-operative partnership between the State and the individual.⁵³ This was a point that Beveridge was to develop further in his work of 1948, *Voluntary Action*, the third and least known of his reports on social and economic reconstruction, in which he stated at the outset that:

The theme of this report is that the State cannot see to the rendering of all the services that are needed to make a good society.⁵⁴

He went on to contend that:

the State is or can be the master of money, but in a free society it is master of very little else.

The making of a good society depends not on the State but on the citizens, acting individually or in association with one another.⁵⁵

With an emphasis consistent, as Harris has noted, with the liberal idealist philosophy of T.H. Green, Beveridge believed that this interdependent relationship between the individual, the State and the voluntary sector would not only foster social solidarity but also enable individual citizens 'to exercise both their feelings of altruism and their democratic rights'.⁵⁶ In addition, and more in tune with the liberal utilitarian tradition, the Report underlined Beveridge's high regard for the role and character of the professional administrator as a disinterested specialist or expert, reflecting his own underlying belief in the efficiency of a benevolent central State, serviced and guided by a technocratic elite and promoting the common good.

A second, overtly social liberal theme that pervaded the Report was the reformist belief that the abolition of want entailed some degree of redistribution of income. Indeed, his plan as a whole was described by Beveridge as 'first and foremost a method of redistributing income so as to put the first and most urgent needs first, so as to

Beveridge's ... Report on social insurance was ... as Freeden has commented, 'a highly liberal document in terms of its ideological orientation, as if Beveridge had emerged from outside the march of time to become suddenly and totally immersed in some radical implications of progressive liberalism, which liberals themselves could not voice'.

make the best possible use of whatever resources are available'.⁵⁷ The contributions of those in regular employment and in good health would thus help the unemployed and the chronically sick.

Third, however, and reflecting more the classical liberal tradition, the Report also emphasised its belief that the pursuit of social security was linked to liberal-individualist notions of individual freedom, initiative, enterprise, personal responsibility and voluntary effort. As Beveridge stressed at the outset:

The State in organising security should not stifle incentive, opportunity, responsibility; in establishing a national minimum, it should leave room and encouragement for voluntary action by each individual to provide more than that minimum for himself and his family.⁵⁸

A few months before the publication of the Report, he had expressed the same view when writing to the chairman of the Board of Education on the subject of child allowances. 'Social insurance in a free society', Beveridge wrote, 'must, I think, to a large extent consist of putting people into a position to meet their responsibilities rather than removing their responsibilities entirely'.⁵⁹

Finally, the Report reflected liberal thinking, and themes in Beveridge's political outlook that were recurrent throughout his life, both in its rejection of sectional interests as a basis for public policy-making and in its suspicion of producers' organisations and preference for voluntary associations of various kinds, such as friendly societies, consumers' organisations or philanthropic and mutual aid movements. This preference was further underlined in his third report, *Voluntary Action*, in 1948. As Harris has therefore emphasised:

Beveridge's commitment to planning must be set against his spirited defence of personal freedom and against his emphasis on voluntarism and on the crucial role of a wide variety of intermediate organizations.⁶⁰

In its overall ideological approach, the Beveridge Report has been characterised by Freedman as

comprising 'a blend of left-liberalism and centrist-liberalism'.⁶¹ It thus combined the two main tendencies of British Liberal ideology in the interwar period: the former stressing community, social justice and social welfare, together with greater state intervention in pursuit of those ideals; the latter stressing personal freedom, individuality and private property.⁶²

In assessing the Beveridge Report's practical political impact, Addison has described it as 'the blueprint of the post-war welfare state in Britain', providing the foundations and underlying principles of the Attlee Government's social legislation of 1945–48. As for Beveridge's personal contribution to that achievement, his Report was 'a brilliant coup by one man, which at once synthesized the pressures for a more progressive capitalism, and jolted all three parties into accepting the resulting formula as the basis of a new post-war consensus'.⁶³ For acting, as Harris, too, has noted, in the role 'of a synthesizer and publicist rather than that of an innovator',⁶⁴ Beveridge had proved a skilful and persuasive advocate of social policy ideas, launched in favourable circumstances, who succeeded in winning over the country's political and administrative elites into acceptance of those ideas, including those who were initially opposed or sceptical – notably, the establishments of both the Conservative Party and the senior civil service, and sections of the Labour Party.⁶⁵

The circumstances in which Beveridge had applied those persuasive skills as an advocate and publicist were uniquely favourable since, as his biographer has observed, 'his mingled tone of optimism, patriotism, high principle and pragmatism exactly fitted the prevailing popular mood'.⁶⁶ That reality was subsequently reflected in the public response to his Report, with national sales of 100,000 copies within a month of its publication.

Beveridge's reputation as principal architect of the British welfare state needs, however, to be qualified in one important respect. He himself disliked the term 'welfare state' because of its paternalistic implications and its 'Santa Claus'

and 'brave new world' connotations. He preferred instead to refer to either a 'social service state'⁶⁷ or 'welfare society'. The latter was 'a phrase he was proud to have coined',⁶⁸ implying, as we have seen, a wider partnership between individuals, voluntary organisations and the State in the promotion of welfare, with the State by no means always the best provider.

The Beveridge Report of 1942 was one of the two pillars of the Liberals' radical programme of 1945 for post-war social and economic reconstruction. The second pillar was his independent report of 1944, *Full Employment in a Free Society*. Its central concern was how to abolish unemployment without infringing essential civil and political liberties, which, in his view, were 'more precious than full employment itself'.⁶⁹ The protection of those essential liberties – freedoms of speech, expression and religious worship, freedoms of assembly and association, freedom of choice of occupation, and so on – would therefore preclude 'the totalitarian solution of full employment in a society completely planned and regimented by an irremovable dictator'.⁷⁰

Beveridge had earlier insisted, as we have seen, that his system of social insurance needed to be supplemented by state action to achieve and maintain full employment – by which he meant not total abolition of unemployment, but a margin of unemployment of not more than three per cent. His own private enquiry was therefore designed to achieve the goal of full employment, defined in that manner, thereby slaying the giant of idleness, just as the report of 1942 had aimed to slay the giants of want and disease. The outcome of his endeavour, *Full Employment in a Free Society* was published in November 1944, five months after the appearance of the Churchill Government's Full Employment White Paper of June 1944. It is clear from Cabinet papers that the government's official commitment to the goal of full employment, and hence to publication of its White Paper, was intensified by awareness in Whitehall of the development of Beveridge's own resolute undertaking.⁷¹

Beveridge had not become converted to Keynes's economic

The Report reflected liberal thinking, and themes in Beveridge's political outlook that were recurrent throughout his life, both in its rejection of sectional interests as a basis for public policy-making and in its suspicion of producers' organisations and preference for voluntary associations of various kinds.

theories, including his ideas of expansionist public finance, until after publication of the Beveridge Report of 1942, as Harold Wilson, who had been Beveridge's research assistant at Oxford in the late 1930s, later confirmed when Labour Prime Minister.⁷² By 1944, therefore, adopting a broadly Keynesian approach to the problem of unemployment, Beveridge was proposing a new kind of annual budget that used taxation, public borrowing and deficit-financing to control levels of public expenditure, business investment and consumer demand. Advocating a high degree of central direction of the economy without recourse to large-scale nationalisation, Beveridge's programme for maintaining full employment involved state investment in nationalised industries such as transport and power; public spending on a wide range of 'non-marketable' goods and services, such as roads, hospitals, schools and defence; state subsidies for food and fuel; and state regulation of private investment and consumption by means of monetary and fiscal policy.⁷³

Beveridge readily acknowledged the state-collectivist and centralist nature of this programme of measures, declaring that:

Full employment cannot be won and held without a great extension of the responsibilities and powers of the State exercised through organs of the central Government. No power less than that of the State can ensure adequate total outlay at all times, or can control, in the general interest, the location of industry and the use of land. To ask for full employment while objecting to these extensions of State activity is to will the end and refuse the means.⁷⁴

Yet in spite of the range of state-interventionist proposals in the report, Beveridge also continued to adhere to liberal-individualist and voluntarist beliefs. This was evident in his statement that:

The underlying principle of the Report is to propose for the State only those things which the State alone can do or which it can do better than any local authority or than private

The description of Keynes and Beveridge as 'reluctant collectivists' appears, as we have seen, to be largely justified.

citizens either singly or in association, and to leave to those other agencies that which, if they will, they can do as well or better than the State.⁷⁵

In this respect, then, it may be said, as with Keynes, that Beveridge was to some extent a 'reluctant collectivist'. As George and Wilding have observed:

His liberal principles led him to seek to stress the limitations which he believed should be applied to government action, while on the other hand, his passionate concern about social ills led him at times to the view that many less essential liberties could rightly and reasonably be sacrificed to their abolition.⁷⁶

In a collection of his articles and speeches entitled, *Why I am a Liberal*, published shortly before the 1945 General Election, Beveridge gave further ideological shape to his social and economic policy proposals, depicting them as cornerstones of a radical, interventionist programme that would liberate Britain from the 'giant evils of Want, Disease, Squalor, Ignorance and Idleness enforced by mass unemployment, which have disfigured Britain in the past'.⁷⁷ Like Keynes, Beveridge presented his version of social liberalism – which he referred to as 'Liberal radicalism' – as an enlightened middle way that avoided the errors both of free-market individualists and of collectivists 'who desire extension of state activity for its own sake'.⁷⁸ His approach would certainly involve an extension of the responsibilities and powers of the state into social and economic policy areas, using 'the organised power of the community' to purge the country of its social ills and thereby to 'increase enjoyment of liberty'.⁷⁹ But state intervention of that kind was thus justified not for its own sake but rather by the enhancement of personal liberty, in its positive sense as the widening of opportunity, and by the promotion of the common welfare that it would make possible.

Beveridge's dominant influence on the Liberal Party and its election campaign in 1945 was not, however, to be rewarded by the fruits of electoral and political success. At the 1945 General Election the Liberal

Party won only 12 seats, in scattered rural constituencies throughout Britain, polling 2.2 million votes with only a 9 per cent share of the total national vote. Beveridge himself, an MP for barely seven months, had been, together with Sir Archibald Sinclair and Sir Percy Harris, among the Liberals' most high-profile electoral casualties. Beveridge's own declared commitment to 'the adventure of putting Liberalism on the map again as an effective political force',⁸⁰ had ended in profound disappointment as his party became the victim of its various shortcomings, as well as of new developments. Among those factors could be cited the Liberals' financial and organisational weaknesses, together with their lack of connection with any major social class or sectional interest group. But highly significant, too, were the advent of a new voting generation without any inherited Liberal tradition, and, boosted by the support of that new section of the electorate, the surging rise to political maturity of the Labour Party. In stark contrast, the Liberal Party's eventual, tentative recovery was not to be even faintly discernible until the winter of 1955–56. Subsequently it was more clearly apparent following Jo Grimond's accession to the Liberal leadership in November 1956, which heralded both a revival of his Party's fortunes and a reinvigoration of British Liberalism.

Conclusion

The description of Keynes and Beveridge as 'reluctant collectivists' appears, as we have seen, to be largely justified. The social liberalism which they both espoused involved a major extension of the power and responsibilities of the State into the fields of economic and social policy. But for Keynes the 'Agenda of the State' would relate to 'those functions which fall outside the sphere of the individual',⁸¹ and which needed to be exercised by the State in order to rectify market failures. For Beveridge, too, statist measures were proposed only, he stressed, for 'those things which the State alone can do or which it can do better than any local authority or than private citizens either singly or in association'.⁸²

The state-collectivist measures that lay at the heart of their policy prescriptions stemmed, it is true, from their shared belief in the efficacy of a benevolent state guided by policy intellectuals such as themselves. But theirs was nonetheless, as George and Wilding have suggested, 'a collectivism not of principle, but of necessity.'⁸³ For the extension of state activity which they advocated was for both Keynes and Beveridge an essential, pragmatic response to the debilitating economic and social ills of their time. It was not, however, intrinsically desirable, as in the socialist view, but rather was considered by them to be a necessary means of enlarging effective freedom, of promoting the common good, and of developing a more humane and stable form of managed capitalism. Keynes and Beveridge were thus advancing the case for a liberal as well as largely pragmatic version of collectivism that could draw upon a British social liberal tradition stretching back to the late-Victorian and Edwardian eras and which had been developed more recently in the Yellow Book of 1928.

In broader ideological terms, the social liberalism of Keynes and Beveridge reflected, too, their belief that there was not a rigid antithesis in British Liberal thought between individualism and collectivism, a belief that the Yellow Book had also affirmed. Moreover, for Beveridge the tension within Liberalism between individualist and collectivist positions was itself a manifestation of its nature as a flexible and dynamic political creed. In his view, that was indeed one of Liberalism's attractive and appealing features, not an indication of some basic incompatibility of attitude within its philosophical framework. In the light of twenty-first century disputes, and at times exaggerated divisions, between 'social liberals' and 'economic liberals' among today's Liberal Democrats, that seems an important historical point to consider whilst reflecting on the far-reaching intellectual contribution of Keynes and Beveridge to a British Liberal tradition which Liberal Democrats of all kinds have inherited.

Dr Tudor Jones is Senior Lecturer in Political Studies at Coventry University. His publications include Remaking

The extension of state activity which they advocated was for both Keynes and Beveridge an essential, pragmatic response to the debilitating economic and social ills of their time. It was not, however, intrinsically desirable, as in the socialist view, but rather was considered by them to be a necessary means of enlarging effective freedom ...

the Labour Party: From Gaitskell to Blair, *Modern Political Thinkers and Ideas: An Historical Introduction, and, most recently, The Revival of British Liberalism: From Grimsmond to Clegg.*

- 1 Liberal Party General Election Manifesto, 1945, in Iain Dale (ed.), *Liberal Party General Election Manifestos 1900–1997* (London: Routledge/Politico's, 2000), pp. 62–3
- 2 *ibid.*, p. 63
- 3 *ibid.*, pp. 66, 65
- 4 *ibid.*, p. 654
- 5 Alan Watkins, *The Liberal Dilemma* (London: MacGibbon and Kee, 1966), p. 38
- 6 See R.M. Sommer, 'The Organisation of the Liberal Party, 1936–60', PhD thesis, University of London, 1962, p. 77
- 7 See Robert Ingham, 'Radical Action', in Duncan Brack and Ed Randall (eds.), *Dictionary of Liberal Thought* (London: Politico's, 2007), pp. 327–9; Sommer, *op.cit.*, pp. 56–77
- 8 See Robert Skidelsky, *John Maynard Keynes: The Economist as Saviour, 1920–1937* (Basingstoke: Macmillan, 1992), p. 222
- 9 For a concise, introductory discussion of social liberalism as an ideological tendency, see Duncan Brack, 'Social Liberalism', in Brack and Randall (eds.), *op.cit.*, pp. 386–9
- 10 See David Dutton, *A History of the Liberal Party in the Twentieth Century* (London: Palgrave Macmillan, 2001), p. 84. For a detailed study of the Liberal Summer School movement in the 1920s, see Michael Freeden, *Liberalism Divided: A Study in British Political Thought 1914–1939* (Oxford: O.U.P., 1986), Ch.4
- 11 Freeden, *op.cit.*, p. 78
- 12 For a detailed analysis of *Britain's Industrial Future*, see Freeden, *op.cit.*, pp. 105–118
- 13 G.D.H. Cole, 'Liberalism and the Industrial Future', *The New Statesman*, 11 February 1928; quoted in Freeden *op.cit.*, p. 115
- 14 Ed Randall, 'Yellow versus Orange: Never a Fair Fight: An Assessment of Two Contributions of Liberal Politics Separated by Three-Quarters of a Century', *The Political Quarterly*, Vol.78. No.1 (Jan–March 2007), p. 43
- 15 See Freeden, *op.cit.*, p. 119
- 16 Skidelsky, *op.cit.*, p. 222
- 17 John Maynard Keynes, *The End of Laissez-Faire* (London: Hogarth Press, 1926), pp. 46–7
- 18 See John Maynard Keynes, *The General Theory of Employment, Interest and Money* (London: Macmillan, 1936), pp. 377–383
- 19 Paul Addison, *The Road to 1945: British Politics and the Second World War* (London: Quartet Books, 1975), p. 35
- 20 Skidelsky, *op.cit.*, p. 134
- 21 *ibid.*
- 22 Skidelsky, *op.cit.*, p. 224. On Keynes' early philosophical influences, see Robert Skidelsky, *John Maynard Keynes. Vol. 1: Hopes Betrayed, 1883–1920* (London: Macmillan, 1983), Ch.6 (pp. 133–160)
- 23 Vic George and Paul Wilding, *Ideology and Social Welfare* (London: Routledge and Kegan Paul, 1976), Ch.3
- 24 *ibid.*, p. 54
- 25 Skidelsky, *John Maynard Keynes. Vol.2: The Economist as Saviour*, p. 222 For this interpretation, see, too, Freeden, *op.cit.*, pp. 166–171
- 26 Keynes, *The General Theory*, p. 380
- 27 Keynes, *The End of Laissez-Faire*, pp. 52, 46–7
- 28 J.K. Galbraith, *American Capitalism [1952]* (London: Penguin, 1962), p. 194
- 29 Skidelsky, *John Maynard Keynes: The Economist as Saviour* (1992)
- 30 *ibid.*, p. xxviii
- 31 *ibid.*, p. 21
- 32 Quoted in Robert Skidelsky, *John Maynard Keynes. Vol.3: Fighting for Britain, 1937–1946* (London: Macmillan, 2000), p. 265
- 33 See William Beveridge, *Why I am a Liberal* (London: Herbert Jenkins, 1945), pp. 1–5
- 34 See José Harris, *William Beveridge: A Biography* (Oxford: O.U.P., 1997) (second edition), pp. 303–4
- 35 *ibid.*, p. 304
- 36 *ibid.*, p. 321
- 37 *ibid.*, pp. 321, 322
- 38 *ibid.*, p. 304
- 39 See Alun Wyburn-Powell, *Clement Davies: Liberal Leader* (London: Politico's, 2003), p. 129
- 40 William Beveridge, *Power and Influence* (London: Hodder & Stoughton, 1953), p. 337. On reservations within both the Conservative and Labour Parties about the implementation of the Beveridge Report's proposals, see Harris, *op.cit.*, pp. 421–3
- 41 See George Watson, 'Remembering Beveridge', *Liberal Democrat History Group Newsletter* 14, March 1997, p. 4
- 42 See *The Manchester Guardian*, 9 December 1942; quoted in Freeden, *op.cit.*, p. 367
- 43 Harris, *op.cit.*, p. 447
- 44 Beveridge, *Power and Influence*, p. 340
- 45 On Beveridge's brief period as a Liberal MP, see Beveridge, *op.cit.*, pp. 340–3

- 46 See Beveridge, *op.cit.*, pp. 344–351
- 47 For a detailed analysis of the preparation and development of the Beveridge Report, see Harris, *op.cit.*, Ch.16 (pp. 365–412)
- 48 See Harris, *op.cit.*, pp. 399, 400
- 49 Letter from Keynes to Beveridge, 14 October 1942; quoted in Harris, *op.cit.*, p. 404
- 50 *Social Insurance and Allied Services: Report by Sir William Beveridge*, Cmd 6404 (London: HMSO, 1942), para 8, p. 6
- 51 Freeden, *op.cit.*, p. 366
- 52 See Jose Harris, *William Beveridge; A Biography* (Oxford: O.U.P., 1977) (first edition), pp. 472–3; Freeden, *op.cit.*, pp. 368–371
- 53 See *Social Insurance and Allied Services*, para 9, p. 6
- 54 William Beveridge, *Voluntary Action: A Report on Methods of Social Advance* (London: Allen & Unwin, 1948), p. 304
- 55 *ibid.*, p. 320
- 56 Harris, *op.cit.*, 1st edn., p. 472
- 57 *Social Insurance and Allied Services*, para 457, p. 1704
- 58 *ibid.*, para 9, pp. 6–7
- 59 Beveridge, letter to Maurice Holmes, 27 August 1942; quoted in Beveridge, *Power and Influence*, p. 305
- 60 Harris, *op.cit.*, 1st edn., p. 475
- 61 Freeden, *op.cit.*, p. 371
- 62 *ibid.*, pp.12–13
- 63 Addison, *op.cit.*, p. 211
- 64 Harris, *op.cit.*, 1st edn., p. 449
- 65 Harris, *op.cit.*, 2nd edn., pp. 421–3
- 66 *ibid.*, p. 416
- 67 *ibid.*, p. 452. Beveridge used the phrase 'social service state' throughout his 1948 report, *Voluntary Action*.
- 68 Watson, 'Remembering Beveridge', p. 5. The phrase 'welfare society' first found print in 1957 in *The Unservile State* (London: Allen & Unwin), the collection of essays on Liberal thought and policy which George Watson edited as chairman of The Unservile State Group.
- 69 William Beveridge, *Full Employment in a Free Society: A Report by William H. Beveridge* (London: Allen & Unwin, 1944), p. 36
- 70 *ibid.*, p. 21
- 71 See Harris, *op.cit.*, 2nd edn., p. 438
- 72 See Harold Wilson, Beveridge Memorial Lecture, Institute of Statisticians, 1966, p. 3; cited in Harris, *op.cit.*, p. 427, n.60
- 73 See Harris, *op.cit.*, p. 434
- 74 Beveridge, *Full Employment in a Free Society*, para 44, p. 36
- 75 *ibid.*
- 76 George and Wilding, *op.cit.*, pp. 53–4
- 77 Beveridge, *Why I am a Liberal*, p. 22
- 78 *ibid.*, p. 33
- 79 *ibid.*, p. 36
- 80 Beveridge, *Power and Influence*, p. 340
- 81 Keynes, *The End of Laissez-Faire*, pp. 46–47
- 82 Beveridge, *Full Employment in a Free Society*, para 44, p. 36
- 83 George and Wilding, *op.cit.*, p. 54

LIBERAL HISTORY QUIZ 2012

The 2012 Liberal history quiz – with a link to the latest History Group booklet, *Mothers of Liberty* – was a feature of the History Group's exhibition stand at the Liberal Democrat conference in Brighton last September. The winner was David Maddox, with an impressive 19½ marks out of 20. Below we reprint the questions – the answers will be included in the summer issue.

- Who was the Deputy Leader of the Liberal Party from 1949 to 1951?
- Who said of the possible formation of a breakaway from Labour in 1981 that such a party would have 'no roots, no principles, no philosophy and no values'?
- Who is the current Parliamentary Under-Secretary of State for Employment Relations, Consumer and Postal Affairs?
- What is the name of the organisation within the Liberal Democrats which seeks to ensure that women are more fairly represented in the Commons?
- Margaret Wintringham became the first-ever woman Liberal MP by winning the seat of Louth in Lincolnshire in a by-election. In what year?
- Which Parliamentary seat was contested for the Liberal Democrats by Nicola Davies at a by-election in July 2004, when she lost by just 460 votes?
- In what year was the Women's Liberal Federation formed?
- Which seat did Ray Michie (later Baroness Michie of Gallanach) represent in the House of Commons from 1987 to 2001?
- W. E. Gladstone's daughter acted as one of his private secretaries at Downing Street after the Grand Old Man resumed the premiership in 1880. What was her Christian name?
- Lady Violet Bonham Carter was a great friend of Winston Churchill. What was the title of the biography of him that she published in 1965?
- Which Liberal activist became Director of the Electoral Reform Society in 1960?
- Who did Geoff Pope succeed as Member of the Greater London Assembly when she stood down in June 2005?
- With what animal is the former SDP MP Rosie Barnes forever associated, thanks to her appearing with one in a 1987 party election broadcast?
- On which Caribbean island was Baroness Floella Benjamin born?
- Christiana Hartley was a Liberal social and welfare rights activist, businesswoman and philanthropist. In 1921 she was elected the first female Mayor of which Lancashire borough?
- What distinction do Margery Corbett Ashby, Alison Vickers Garland, Mrs J. McEwan and Violet Markham collectively share?
- In the Liberal interest she contested Hornchurch in 1950 and 1951, Truro in 1955 and 1959, Epping in 1964, Rochdale in 1966 and Wakefield in 1970. Who was she?
- Honor Balfour was a member of Radical Action, which opposed the wartime electoral truce; which seat did she contest in 1943 as an Independent Liberal, coming within 70 votes (and two recounts) of victory?
- What is the burial place of Margot Asquith, a location she shares with her husband – and also with George Orwell and David Astor, amongst others?
- Why are Nora Radcliffe and Margaret Smith notable Lib Dem names?