

position that attracts many 'movers and shakers', it has no chance of being able to challenge for any semblance of national political influence. In particular, it cannot pose

a significant challenge to the Labour Party in its strongholds. It is rigorous thinking, plus the 'vision thing' and its application, that is needed, not Dr Pangloss.

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Introduction to Liberal history

In the first of a new series of short introductory articles, **Duncan Brack** reviews the New Liberalism, an important development in Liberal politics and philosophy.

The New Liberalism

THE NEW LIBERALS of the late nineteenth and early twentieth century made the case against laissez-faire classical liberalism and in favour of state intervention directed against impediments to freedom such as poverty, ignorance or disease. They saw individual liberty as something to be achievable only under favourable social and economic circumstances. The New Liberal programme came to underpin most of the legislative achievements of the 1906–14 Liberal governments and marked the party's transformation to social liberalism.

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The New Liberalism emerged at the end of the nineteenth century (the term was first used by the Liberal MP L.

A. Atherley-Jones in 1889), largely as a reaction to the Liberal Party's failure, under W. E. Gladstone, to formulate an adequate response to the new social problems of industrialisation. Although radical pressure for 'constructionist' legislation – for example the free elementary education, graduated taxation and land reform of Joseph Chamberlain's 'Unauthorised Programme' of 1885 – had been growing for some time, Gladstone used great moral questions, such as home rule for Ireland, to steer the party away from the state-sponsored social reforms to which he remained firmly opposed.

The departure of most of the remaining Whigs, with Chamberlain, in 1886, after the split over home rule, Gladstone's retirement in 1894, and the disastrous elections of 1895

and 1900 opened the way to new thinking. Although living standards in general had risen throughout the latter half of the nineteenth century, society was increasingly marred by the spread of slums, poverty, ignorance and disease, and the ending of the long mid-Victorian economic boom had removed the belief that economic growth would automatically solve such social problems. Just as the emergence of classical liberalism in the early and mid-nineteenth century was closely linked to the emergence of industrial capitalism, so the development of the New Liberalism of the late nineteenth and early twentieth centuries derived from this further evolution of economy and society.

The Oxford academic T. H. Green was the first of the Liberal thinkers fully to take this growing social inequality into

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account. Green argued that the unrestrained pursuit of profit had given rise to new forms of poverty and injustice; the economic liberty of the few had blighted the life-chances of the many. Negative liberty, the removal of constraints on the individual, would not necessarily lead to freedom of choice for all; workers, for example, frequently had little if any choice of employer, and no real choice between working or not working, whereas employers had plenty of choice regarding their employees. The free market therefore often could, and did, lead to exploitation.

Green proposed the idea of *positive* freedom: the ability of the individual to develop and attain individuality through personal self-development and self-realisation. Since much of the population was prevented from such self-realisation by the impediments of poverty, sickness, unemployment and a lack of education, government was justified in taking action to tackle all these conditions. This was not a threat to liberty, but the necessary guarantee of it:

Our modern legislation then with reference to labour, and education, and health, involving as it does manifold interference with freedom of contract, is justified on the ground that it is the business of the state, not indeed directly to



Architects of the New Liberalism: David Lloyd George and Winston Churchill

promote moral goodness, for that, from the very nature of moral goodness, it cannot do, but to maintain the conditions without which a free exercise of the human faculties is impossible.¹

In this extension of the role of the state, Green was in fact reflecting what was already beginning to be common practice amongst Liberals in local government; Green himself was an Oxford councillor, as well as an academic, and Joseph Chamberlain's Municipal Liberalism had showed how councils could run gas, water and sewerage companies to the benefit of

the living standards of their citizens.

The members of the Rainbow Circle, a group of progressive politicians and thinkers who started meeting regularly in the early 1890s to discuss social and labour questions, provided much of the intellectual justification for the New Liberal programme. They included almost all of the major New Liberal writers, L. T. Hobhouse, J. A. Hobson, R. B. Haldane, Charles Trevelyan and Herbert Samuel, together with many of the leaders of the Fabian Society and the Labour Representation Committee founded in 1900. In 1896 the group established the *Progressive Review*, dedicated to

promoting a 'New Liberalism' based on 'a specific policy of reconstruction, the conscious organisation of society and an enlarged and enlightened conception of the functions of the state'.

Their creed was a self-conscious departure from the past; as David Lloyd George put it in 1908:

The old Liberals used the natural discontent of the people with the poverty and precariousness of the means of subsistence as a motive power to win for them a better, more influential, and more honourable status in the citizenship of their native land. The new Liberalism, while pursuing this great political ideal with unflinching energy, devotes a part of its endeavour also to the removing of the immediate causes of discontent. It is true that man cannot live by bread alone. It is equally true that a man cannot live without bread.²

Although the Liberal government elected in 1906 drew its inspiration from many sources, including, importantly, Bismarck's social reforms in Germany (designed primarily to fend off the rise of socialism), New Liberal thinking came to dominate its programme, particularly after the elevation of H. H.

Asquith to the premiership in 1908. Although Asquith himself, a student of Green's at Oxford, was not a consistent radical, his Cabinet contained several who were, notably Lloyd George, Samuel (from 1909) and Winston Churchill, and they had many supporters amongst the newer and younger MPs. The introduction of old age pensions and national insurance for periods of sickness, invalidity and unemployment, minimum wages for the miners, government grants for maternity and child welfare clinics, compulsory school meals, loans for local authority house-building, and the establishment of labour exchanges and trade boards and of the Development Commission to provide investment in those sectors of the economy which private capital failed to finance: all marked the acceptance of the New Liberal belief that however much one removed constraints upon individual liberty, there were some things that individuals could not accomplish by themselves – and therefore could not be truly free.

The budgets of Asquith and Lloyd George marked a similar redirection of fiscal policy, abandoning the Gladstonian notion that taxation was merely a necessary evil, and accepting that taxation and expenditure could become positive instruments of social policy. Asquith's 1907 budget not only raised taxation in

aggregate, in order to pay for the planned social expenditure of the years ahead, but for the first time differentiated between earned and unearned income, raising taxation on the latter. Lloyd George's 'People's Budget' of 1909, which graduated the income tax structure more progressively, and introduced a new super-tax, higher excise duties and new taxes on cars, petrol and land – all designed to raise revenue for social spending (and higher military expenditure) – was perhaps the apotheosis of the New Liberal programme.

Tension inevitably existed between the New Liberals and the more orthodox Liberals who still supplied much of the party's rank and file; for many of them, New Liberalism seemed little different from socialism. Herbert Spencer in particular, in his exposition of social Darwinism, articulated the antipathy that many Liberals felt towards those who championed the state as an essential agent in achieving social progress.

Why, then, did New Liberal thinking come to dominate the government's programme so thoroughly? Three main reasons can be identified. First, because there was no alternative agenda on offer: Gladstonianism had clearly run its course, the Conservatives were split over tariff reform and the Labour Party had no distinctive programme of its own.

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Second, because the New Liberal agenda met the requirements of the time. The living conditions of the working class, revealed in the poor physical conditions of Boer War recruits and the social surveys of Booth and Rowntree, and highlighted by campaigning journalists, were clearly bad enough to stimulate action of some kind. Many of the New Liberals had discovered the realities of poverty and destitution for themselves, through work in 'settlements' such as Toynbee Hall in East London. The programme was also supported by the more radical (usually Nonconformist) industrialists, concerned to see state investment in those sectors of the economy where private finance was lacking.

The third reason was entirely pragmatic: that in electoral terms the New Liberal programme worked. By and large the government's social and economic programme was popular; even the Conservatives accepted the irreversibility of much of its legislation, particularly old age pensions. The Liberal Party looked well placed to win the election due in 1915, had war not intervened.

This New Liberalism which was in so many ways so different from Gladstonian Liberalism can still be seen, however, as identifiably Liberal. While retaining a firm belief in liberty, it sought a wider definition. 'Liberalism', wrote Hobson in 1909:

is now formally committed to a task which certainly involves a new conception of the State in its relation to the individual life and to private enterprise ... From the standpoint which best presents its continuity with earlier Liberalism, it appears as a fuller appreciation and realisation of individual liberty contained in the provision of equal opportunities for self-development. But to this individual standpoint must be joined a just apprehension of the social, viz., the insistence that these claims or rights of self-development be adjusted to the sovereignty of social welfare.³

What the New Liberals did was to inject the concept of a community wider than the individual firmly into liberal thinking. The state was entitled to take action on behalf of the community as a collectivity, rather than merely on behalf of individuals as themselves. The New Liberals were quite clear, however, *why* they were advocating such collectivism: for the greater liberty of the individual. 'Liberals must ever insist', wrote Hobson, 'that each enlargement of the authority and functions of the State must justify itself as an enlargement of personal liberty, interfering with individuals only in order to set free new and larger opportunities

... Liberalism will probably retain its distinction from Socialism, in taking for its chief test of policy the freedom of the individual citizen rather than the strength of the State.³

More pithily, as Hobson's contemporary L. T. Hobhouse put it, 'Liberty without equality is a name of noble sound and squalid meaning'.⁵ In this way the Liberals evolved from a classical to a social liberal party – unlike many continental European liberal parties of the time. Although the wartime split of 1916 prevented the party from being able to implement the New Liberal agenda further, its legacy can be seen in Lloyd George's 'coloured books', the innovative thinking of Keynes and Beveridge, and the welfare state that Labour governments created after 1945.

Duncan Brack is the Editor of the Journal of Liberal History and co-editor of all the History Group's publications.

- 1 Thomas Hill Green, *Liberal Legislation and Freedom of Contract* (Slatery & Rose, 1861).
- 2 A. Bullock & M. Shock (eds), *The Liberal Tradition from Fox to Keynes* (A. & C. Black, 1966).
- 3 J. A. Hobson, *The Crisis of Liberalism: New Issues of Democracy* (1909; reprinted Leopold Classic Library, 2016).
- 4 Ibid.
- 5 L. T. Hobhouse, *Liberalism* (1911; reprinted Echo Library, 2009).