

Some Hiccups in the Progress of the Liberal Idea

David McDonagh

We now call ourselves Libertarians rather than Liberals. Those of us who are anarchists may well tend to overlook that the basic idea we are pushing is, in fact, the dominant idea of our age, and it has loomed large, if not dominated, during the last 300 years. The reason for the new longer word is owing to the late nineteenth-early twentieth-century developments that not only made the Liberal Party weak by the 1920s but made it more illiberal than ever. But it never was completely liberal. Rawls has as his major principle in *A Theory of Justice* (1971) thus: 'First: each person is to have an equal right to the most extensive basic liberty compatible with a similar liberty for others.' (p.60). This major principle of liberalism is quite contrary to the very idea of government, even though Rawls does not seem to have the wit to see this fact. The ideologues who developed liberalism rarely went into active politics. When they did they often proved as out of place, as Richard Cobden who was, because of his principles, something of a misfit.

The Case of Richard Cobden

When Palmerston asked Cobden to take a place in the cabinet, Cobden felt that as Palmerston was something of a warmonger he could not bring himself to serve under him, or give him active support, for it would be contrary to his whole aim over the years. Today, many of us may see the conflict more starkly than did Cobden, but Palmerston, who thought of himself as a Whig or a Liberal, wondered what Cobden was doing in the House of Commons at all, and he put the question to him. 'I hardly know myself', Cobden answered. He most certainly felt a misfit, and so he was. But as the atheist needs to talk about religion in order to cope with it and obtain freedom from it in the long

run, so the liberal needs to engage in politics, and Cobden made great use of the House of Commons for the purpose of liberal propaganda. This was public service indeed. But he never did educate the public to the degree they needed to be (about 'O' level standard in economics) and so we had many hiccups.

Whether there was actually a decline of the liberal idea is not too clear. It certainly fell back in places, but that does not mean that there was an overall decline. We have to bear in mind that even a brilliant propagandist like Cobden may be rightly faulted by almost any member of the LA for some of his views. To my mind, he could have hardly been more wrong when he held that the state may well be able to advance education. Many may put this down to his times. If anything, the folly of putting down intellectual errors to the imaginary notion of different eras seems to go deeper into folly and to give way to some of the more fanciful notions from the secular religion of Sociology. Cobden failed to think clearly on education, which was, for him the most important aspect of life. However, we can be grateful for his merits and his errors do not do us any harm. We can correct them.

Not Liberal Enough to Live

A book like *The Strange Death of Liberal England* (1935) by George Dangerfield can entertain us but as instruction it is totally inept. It falls completely to Harold Wilson's maxim that 'a week is a long time in politics'. The Liberal Party fell after the First World War, not before it, and none of what happened to it prior to the war was really of much consequence. The major reason for its decline was the split between Lloyd George and H H Asquith, which resulted in a totally disorganised effort in the 1918 election.

A second reason for the Liberal party's fall was that this election was very important for the survival of any party, because of the great extension of the vote. The tough periods of government Asquith handled before the war and during it, were not relevant to the party's trouble in 1918, and nor do they even seem relevant.

The loss of the golden age of freedom was more due to the war itself than to the decline of the liberal ideal. It was the war that introduced passports, opening hours for public houses, and many other restrictions, and there never was a return to the status quo ante. Why was it not demanded? Here we see the extent of Cobden's failure, just as we see the extent of his great success in the free trade election of 1906. The people were not liberal enough to demand it. Like Cobden himself, they still saw the government as being basically a good institution, despite its many faults.

But so did all the earlier generations. And so do the public today.

Some Infantile Ideas About Industries

There have been many snags in the progress of the liberal idea. I am not going to deal with all of them but only with four. Those four were put up by Fredric List, Herbert Spencer, J A Hobson & Joseph Chamberlain and finally J M Keynes.

The first one is the 'infant industries' argument put forth by the sometime Cobdenite, List. He felt Cobden was only advocating free trade owing to the dominant position of Britain, and that Britain would never have got to the acme it had achieved if it had not built up its industries behind lots of protection. Small firms were like infants and they needed a long period of development under the state's care. In the twentieth century we see this paradigm revived vis-a-vis Japan. It is at best a *post hoc ergo propter hoc* argument. But what's ironic is that it is exactly the reverse of the truth.

Cobden did not think that Britain was the top dog. He thought the USA was. This, he felt, had been so for years, but he did not expect people to see it until about the 1860s. In fact, they did not see it until almost a century later, in the 1950s. He had, as his main criterion, the educational level of the people of the USA. Today, he might well think that Japan is top dog by that standard. List got Cobden wrong. So did many others, such as Disraeli. Yet Cobden made it quite clear that free trade, for him, was an eternal principle.

Free Riders

Firms are not at all like infants. And it is firms rather than nations that are germane. As Marshall rightly saw, economics is distinct from politics. Nations are political entities.) List was in complete folly, for any aid given to 'infant firms' would tax 'adult' firms *ipso facto*, as well as the general public. It is typical of politics to tax success in order to reward struggling failures - and it is against the public interest. Moreover, List's nationalism was not germane to economics. If he looked at Britain in the nineteenth century, or if others look at Japan in our day, they will see lots of examples of unsuccessful firms going bust and successful ones coming on. There *has* been state meddling, but we are nearer the free market than in the sort of story List and his epigones have to tell.

Let us take an example from recent economic history which seems to me to be typical of the facts and contrary to List's story of 'infants'. In the late 1960s many supermarkets such as Fineware, Tesco and Sainsburys were experimenting on the optimum size of warehouse. This trial and error took up lots of funds. By 1976 they had solved the problem. But once it was solved in came Asda from the north of England and it was able to snap up the solution free as part of public knowledge. That's how it usually is on the free market. Latecomers are quite the reverse of infants, they are more like vigorous young men who can learn what the pioneers discovered - on the cheap. This is well known to be a feature of the success of many Japanese firms.

Mysticism

Next, we have Herbert Spencer and Sociology. Spencer was emotionally a liberal. But as the old adage has it, 'He who means well is no good unless he does well.' Well, Spencer did do quite well but he also developed the inept and bogus theory of society as an organism. This idea was criticised by W H Mallock, and Spencer admitted in a letter to Mallock that the criticism was right, though he felt that it was not quite fair to conclude that he had ceased to be an individualist. If we look at the socialist

press of the late nineteenth-century and early twentieth century, or in the novels of Jack London, we will see that they make more use of Spencer's ideas than they do of Marx's, despite being avowed followers of the latter.

The idea that we are all part of a whole is very old, and has been celebrated in verse by John Donne. But it is completely false and even Mrs Thatcher can see that it is, though she stated the fact rather pleonastically when she said 'There is no society, only individuals and their families.' For society, like the family, is just an abstract norm for relations between individuals rather than for a whole that we are all part of. When we hear the bell toll we are not Donne, for it tolls for some other poor fellow. But I suppose our day is sometime due.

More Mysticism

J A Hobson was also a Cobdenite but by the time he got to write his autobiography he thought Cobden not worth a mention. He was a forerunner of some very poor thinkers of our own day, such as J K Galbraith and R L Heilbroner, in that he wrote books full of interesting clap-trap. Those authors do have the merit of saying their piece in a readable way. What Hobson understood as imperialism was 'radical' Joe Chamberlain's ideal, and he gave it the oxymoronic label of 'Empire Free Trade'. On this ticket many used List's ideas to press for tariff reform, and individualists like Mallock were on the bandwagon. They all met defeat in the election of 1906.

In fact, to compress the trade relations of Britain within the empire alone would have been almost as difficult as autarky within Britain. It may have been possible, given other desires on the part of the public. As it was, trading patterns were in the main well outside the empire, being with America (North and South) and with Europe. The empire was just not geared to the British Market, as J A Hobson and other ignoramuses felt it had to be in order to make sense,. Economically, the empire made no sense. It was 'a millstone round England's neck', as Cobden said repeatedly in the 1840s, and as Disraeli repeated, for masochistic pleasure many years later.

The Lord was Their Shepherd

Lastly, we come to Lord Keynes. Milton Friedman keeps telling us what a brilliant man Keynes was, and this reminds us that he still, more or less, follows Keynes, despite the criticism that he has of Keynes. Karl Marx once wryly observed that 'even the critical theologian remains a theologian'. Keynes has the merit of being a first-rate writer, though he tends to neglect his skills in most of his reputed masterpiece: *The General Theory of Employment, Interest and Money* (1936). Here he puts forth a special, or particular theory to deal with the problem of unemployment so even his title is inept.

His major idea was music to the ears of the politicians, for he held that inflation was a grand trick that statesmen could use and 'not one in a thousand could see its effects'. After moaning at length that politicians just ignored the free traders and economists, he later went on to say that they were under the influence of economic ideas after all, though they felt they were merely practical men. The latter half of the absurdity is the true half. But it is one of many absurdities the author has given his readers as puzzles to sort out.

Another one is his disagreement with 'the classics' over the need for a wage cut. They had it completely wrong, says Keynes. The best way to get the wage cut was to use inflation to let the silly workers get wage increases while their real wages fell. Keynes never said that the effect of this would not just be helping the spenders and harming the savers (as well as the intended lowering of real wages) but also, of messing up money as a proper tool of economic calculation in the market economy, and thus badly damaging the price system as a means of allocating resources. Keynes was right that few could see the effects of inflation but wrong to hold himself as one of the few. It also proved true that Keynes was wrong about the workers being silly, for they soon got the hang of the 'cost of living rises' needed to counter the effects of the state's policy of inflation. The Keynesian Revolution, like many other revolutions, had benefits only in the imagination of the romantics. In practice, it was not merely barren but positively wasteful and a menace to the public.

Go For It!

Well, there are many other ideas that hamper the progress of liberalism. As we can see, many of them come from the liberal tradition itself. Liberalism has been an idea of 'the left'. But this idea of left and right, of 'us and them' is profoundly hostile to Liberalism, and is usually a mere defence mechanism against the use of debate and reason. The liberal idea will progress just because it is the idea best suited to people as they actually are. Not just to one of us but to one and all. That it is the dominant idea, and that it has been for a long time, does not mean that it is at the end of the road. Most people have some idea of it, but few, including Rawls, who as Flew says is 'paid to know better', know the elementary economics that will let the market function to serve the public as it should do. The age of enlightenment badly needs a revival.

Free Life