

# The Crisis of Liberalism: New Issues of Democracy

BY

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## PREFACE

THE constitutional *fracas* caused by the invasion of the ancient privileges of the House of Commons by the House of Lords well serves to indicate, though by no means to comprehend, the crisis with which English Liberalism is confronted. No English Liberal of the 'seventies would have deemed it possible that so evidently obsolescent an organ of Government as the House of Lords should, within a single generation, have come to show so vigorous a spirit of encroachment. Nor could it, had not Liberalism itself shown defects of vision and of purpose which sowed doubt and distraction among its followers.

Before the great new tasks of political reconstruction and social reform, which lay along the plain path of progress, the party quailed. The first test issue, Home Rule, was the signal, not merely for open schism and wholesale desertion, but for reluctance and despondency among large sections of those who formally accepted the policy. For then for the first time Liberalism was urged to apply the principles of self-government in such a manner as involved reformation in the ownership of property. The failure to carry through this policy in the mid-'eighties was a humiliation which bred self-distrust. Though this period synchronised with fresh and full disclosures of poverty and sweating in our towns, of the decay of rural industry and population, of conflicts of capital and labour assuming graver and more dangerous aspects, Liberalism made no serious endeavour to formulate an organic policy of social reform. The

old *laissez faire* individualism was still too dominant a doctrine among her intellectual leaders.

For over a quarter of a century Liberalism has wandered in this valley of indecision, halting, weak, vacillating, divided, and concessive. Not gaining ground, it yielded it. For the great arch-enemy of the age, Imperialism, found a too facile entrance among the ranks of her dejected followers, bringing as its natural ally Militarism. No one, clearly analysing the play of modern forces, can doubt that the course of British Imperialism which, swelling up in the late 'eighties and dominating our Asiatic and African policy, found its climax and its direct expression in the Boer War, was exploited by Conservatism to break and dissipate the new forces of social reform which were beginning to assert themselves in Liberalism. The diversion was only too successful. By the close of the century this Imperialism, composed of force, finance, and false philanthropy, now masquerading as defence, now as mission, now as commercial policy, had secretly eaten its way into the vitals of the Liberal Party. The connivance, condonance, nay the active participation, of Liberals in the wreckage of South Africa was a revelation of the measure of this betrayal of Liberal principles. What wonder if the champions of reaction should have thought it an easy task to recapture one by one the constitutional and economic positions wrested from them in the struggles of the nineteenth century! Why should not a nation which had yielded so far to Imperialism and Militarism be forced to accept their natural ally Protection, dressed out with Imperial trappings as its policy of national finance?

Shaken by the Free Trade victory of 1906, the confidence of Conservatism is not broken. Its energetic leaders do not believe that Liberalism contains within itself that sincerity of purpose, that clearness of vision, and that solidarity of movement, which will enable it to carry out a vigorous, comprehensive, and popular

policy. Recognising among its chief counsellors men who ten years ago betrayed the older Liberalism, they do not accredit it with audacity or energy enough to travel far, or willingly, along the road of a newer and more hazardous Liberalism. These men, they hold, have been partly forced by circumstances, partly manoeuvred by more advanced companions, into a Social-Radicalism which does not command their intellectual assent or their genuine sympathy, and which they will be prepared to abandon when a favourable opportunity presents itself. Every really dangerous onrush of progressive forces has always been checked by a free desertion of moderate Liberals to the enemy. As the new social-economic policy opens out into an "attack on property" there will be a further shedding of "the Whigs." Although the emergency of a Free Trade Party, committed by its own cowardice to heavy expenditure on armaments, and by opportunist pledges to large measures of social reform, has compelled resort to a "revolutionary" Budget, this advanced economic and financial policy does not, in the judgment of Conservatives, represent the accepted Liberalism of the future. Nor, in their judgment, will Liberalism be able to arouse and sustain that firm popular faith in its future without which it is not possible to do great works.

It is this disbelief in the spiritual strength of Liberalism, thus derived, that explains why Conservatism, defeated in its assault upon the fortress of Free Trade, rallies again to a more formidable attack upon the principle of popular representative government.

To many Liberals this movement of the Lords seems wanton folly. But it is not. It is a half-conscious recognition of the intrinsic or essential nature of the new Liberalism, which during the last few years has moved forward quickly from the shadowy background of the political stage towards actuality in statecraft. The reason, a quite sufficient one, why Conservatives have decided to stake the very constitution in the hazard of

the present fight, is that they recognise in the New Liberalism, to which they think the Government has been reluctantly committed by Mr. George and Mr. Churchill, the beginnings of an unceasing and an enlarging attack upon the system of private property and private industrial enterprise. Actuated rather by a true instinct of self-defence than by a fully reasoned policy, they have decided to fight this New Liberalism before it has captured the firm adhesion of the party and the imagination of the people. In the valuation clauses of the Budget, the higher graduation of estate duties and income tax, and in the explicit assertion of a scrutiny into 'origin' of wealth as a test of taxable capacity, they read the handwriting on the wall. When the essential distinction between earned and unearned income and property is once clearly accepted, not merely as a theory but as a first principle of public policy, to be applied, progressively, as an instrument for financing 'social reform,' resistance may be too late. From the standpoint of the 'vested interests,' as from that of Liberalism, the situation is indeed 'critical,' and the crisis is even more momentous than is indicated by the struggle for the 'veto.' The forces of Conservatism must use every weapon in their armoury, constitutional, legal, electoral, educational; every art of menace, cajolery, misrepresentation, and corruption, which their control of a party machinery, landlordism, 'the trade,' finance, the Press, the Church, 'Society,' 'sport,' the 'services,' place at their disposal, will be plied with unexampled ardour. The House of Lords only forms the first line of trenches. Behind it lies a whole row of defences, represented by the laws and the judiciary, the bureaucracy, the Court, the electoral machinery (favouring at every turn the power of the purse), the secret unrepresentative character and working of Cabinet Government, the manipulation of electoral opinion through the public house, the Press, the pulpit, and those other instruments of popular instruction which depend for their financial

support upon the charity of the propertied classes.

All these forces will be brought into action to meet the New Liberalism, which, in the name of 'social reform,' proceeds to the attack upon 'monopolies' and unearned property.

Will Liberalism, reformed and dedicated to this new, enlarged, and positive task of realising liberty, carry its adherents with unbroken ranks with persistent vigour along this march of social progress?

The real crisis of Liberalism lies here, not in the immediate capacity to resist the insolent encroachment of the unrepresentative House, but in the intellectual and moral ability to accept and execute a positive progressive policy which involves a new conception of the functions of the State.

It is true that no sudden reversal of policy is required: the old individualism has long since been replaced by various enlargements of public activity. But hitherto these interferences and novel functions of the State have been mostly unconnected actions of an opportunist character: no avowed principle or system has underlain them. This opportunism, this studied disavowal of ulterior meaning, disarmed much opposition in the ranks of Liberalism: so long as "Socialistic" measures were shown as single moves in a party game, played by both sides, little offence was caused.

Our crisis consists in the substitution of an organic for an opportunist policy, the adoption of a vigorous, definite, positive policy of social reconstruction, involving important modifications in the legal and economic institutions of private property and private industry. For any faithful analysis of our existing economic system will show that nothing less can fulfil the demand, which Mr. Churchill has expressed, that "property—be associated in the minds of the mass of the people—with ideas of reason and justice."

No one who follows the new crystallisation of Liberal policy, as displayed in the anti-destitution and insurance

proposals of the Government, to which substance is already given in Old Age Pensions, Wages Boards, and Labour Exchanges, in the public provision for the development of our natural resources, in the Small Holdings and Town Planning policy, and in the financial claims of the State to participation in "unearned increments," can fail to recognise a coherence of purpose, an organic plan of social progress, which implies a new consciousness of Liberal statecraft.

The full implications of this movement may not be clearly grasped, but Liberalism 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. That conception is not Socialism, in any accredited meaning of that term, though implying a considerable amount of increased public ownership and control of industry. 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.

How far the historical Liberal Party in the country is capable of the intellectual and moral re-orientation demanded for the successful undertaking of this new career, is the fundamental issue at stake. In most European countries Liberalism has failed, because it has tied itself too rigorously to a set of narrow intellectual principles. Political parties in this country have never been dominated to the same extent by ideas: this logical weakness, we often boast, perhaps with reason, has been a source of practical strength. It implies at any rate an adaptability, a plasticity, perhaps an instinctive virtue of adjustment, that may enable British Liberalism to avoid the shipwreck which Continental Liberalism has suffered when it was driven on

the submerged reefs of the economic problem in politics.

This volume, though consisting of articles contributed to various publications during recent years, has been composed with the definite object of relating the present constitutional struggle to the larger and more important issue of the future of Liberalism in this country. In the First Part, I seek to indicate the place which the fight around the Lords' veto occupies in the larger struggle for democratic government. The destruction of the veto must be accompanied or followed by other important reforms in our electoral institutions, and by a measure which shall associate the people more directly with the art of government, by assigning to it that power of mandate which the Lords falsely pretend that it possesses. The case for a Referendum is set forth with some detail of argument, and the experience of Switzerland is cited in support of it as a serviceable complement of representative government. Recognising that behind the issues of Constitutional Reform lies the policy of Social Reform, whose financial implications have precipitated the present struggle between the Houses, I have devoted the Second Part of the volume to the relations between New Liberalism and Socialism, indicating the chief developments of the modern State required to protect citizens against the abuses of property and of private industrial enterprise, and to furnish substantial equality of economic and intellectual opportunity.

The last section is devoted to a discussion of certain broader questions, in part political, in part intellectual and ethical, which are bound up with the substance of democracy, such as the function of private charity, organised or free, in its relation to problems of Poverty and Education, and the new issues of Imperialism and national morality, with their bearings upon the control of lower or of backward peoples.

The future of Liberalism depends upon the willingness and the ability of its professed adherents to confront courageously and hopefully these large demands for the restatement of the Liberal creed, and its realisation in the new economic and moral world opening out before us.

To the Editor of the *Manchester Guardian*, *The Nation*, the *Contemporary Review*, and the *English Review* I am indebted for kind permission to republish articles contributed to these publications.

J. A. HOBSON.

*Limpsfield,*

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