

THE RADICAL TRADITION IN LIBERALISM - LEADING THE DEBATE THEN AND NOW

[Liberal Democrat Spring Conference 2021 - SLF fringe meeting]

- 1 Some of you, who have been in Liberal politics for enough years, may well be aware that since 1968 I have written and spoken almost incessantly on Liberal philosophy and values as the crucial foundation for policy. (You can check by going to my website archive – www.beemeadowcroft.uk). However, I have been more tolerant than might be thought on the tailoring of those values to different circumstances and times; my twenty-five years assisting electoral politics in thirty-five new and emerging countries has certainly informed that tolerance.
- 2 Liberals in countries where clericalism was dominant, such as Belgium, Spain and Latin America, have had to evolve a Liberalism that counters that; promoting Liberalism in countries with a Muslim hegemony brings very acute differences; and Liberals in a country, such as France, with republican values have the different focus on laïcité. So it is with different eras. Twentieth century British Liberals dealing with the rise of Labour, the decline of class dominance and an awareness of unsupportable employment and social conditions have different giants to slay than we have today. We need to be tolerant. Politics is complicated. It is an art not a science and, as Keynes said, “We have to invent a new wisdom for a new age.”¹
- 3 The Liberal party in 1924, in 1951, and arguably in 1970, faced existential crises which threatened its survival. The Liberal Democrats today are also facing an even more acute existential crisis. The differences are, first, that today the party is not aware of it and, second, it is not capable of expressing and expounding a distinctive and persuasive vision of the society it seeks. It lacks eloquent literature setting out its beliefs and the last statement of its values and principles was published in 2002 – nineteen years ago, in a very different context Today the party is virtually dead. It languishes at 6% in the polls and this month two highly reputable polling agencies put the Greens above the Liberal Democrats. A majority of constituencies have no viable party association but the party nationally has a superb structure with Federal and national committees, sub-committees , panels and associated bodies - all dedicated to maintaining that structure! Meanwhile, outside its ghetto the party is ignored and irrelevant. What a shameful state of affairs for Liberalism “the noblest appeal to have been heard on this planet”!²
- 4 So that is the “now” of our title today. What of the “then”? The crucial difference was that, despite the naiveté of Herbert Gladstone with the 1903 Lib-Lab Pact, the apostasy of Lloyd George in 1918, and the seduction of John Simon by the Conservatives in 1930, there were those in the Liberal party who knew what they believed, why they believed it

and saw the need to ensure, at whatever personal cost, that there was a political party organised and prepared to espouse those beliefs and to present them to the electorate.

5 In terms of leadership that small band of Liberals included Campbell-Bannerman (briefly), Donald MacLean, Archie Sinclair, Graham White (whom I knew well), Ernest Simon (until 1945), Clement Davies (after 1945). Others will have further names. (Matt will deal with post-1945). But above all these was one man whose sacrificial personal dedication kept the party going and ideologically sound - Ramsay Muir, with his prolific output of writing, his full-time commitment to the role of Chair of the party Executive, for which he resigned his Chair of history at Manchester University, and, above all, a clear focus on the distinctive nature of Liberalism. It was Muir who drafted the superb preamble to the constitution when the party was reorganised in 1936. His accomplice in this was Elliott Dodds (whom I knew) and I am sure that, as a distinguished journalist, it was Elliott who put it into such beautiful English. Now we rely on writers such as Ian Dunt, Tim Garton Ash and Nick Barlow to express Liberalism rather than party activists.

6 Ramsay Muir's message to the party in 1923 can be applied today:

I believe we have thought too much about leaders and organisation and enquired too little - this has been the malady of the Liberal party for a long time.³

7 I turn now to the policy areas we have been asked particularly to consider today: poverty and employment.

Interestingly, and perhaps perversely. Three names are linked throughout the attempts to counter poverty and unemployment: Lloyd George, Maynard Keynes and William Beveridge. The three knew each other and worked co-operatively. Before Lloyd George as Chancellor in the 1906 Liberal government and his 1909 budget, there were no state pensions. There were a few friendly societies into which individuals could contribute for their old age and there were even fewer companies that made any provision. But Lloyd George believed that the state had a responsibility for its elderly and he included such a provision in his budget. He was determined that the rich should bear the main burden. It is sometimes said that he designed the budget as a challenge to the House of Lords but there is no evidence for this. Certainly Lloyd George, and even more so Asquith, never thought that the Lords would break the 250 year old constitutional convention which made finance the concern solely of the Commons. But they did!

8 Interestingly his main ally in campaigning for the budget was Winston Churchill.

Lloyd George increased the level of taxation on a number of headings but the main - and certainly the most controversial - innovation was the introduction of land value taxation. In terms of its imposition in the budget it was at a relatively modest level but, of course, the point was that it necessitated a valuation across the country which could be used for increasing the rate of tax in the future.

Incidentally, much later in 1944, Churchill commented that, "The prime parent of all national insurance schemes is, of course, Mr Lloyd George".⁴

- 9 An emasculated budget finally passed into law and, on 1st January 1909, old age pensions were introduced, at a maximum of five shillings (25p) a week for those aged 70 and over. At this time the expectation of life was 40 and 43 years, male and female respectively! Rather like getting your pension today at age 90! However, the expectation of life at age 70 was a further 9 years - around about half the expected extra years at age 67 today. Hence the vast cost of pensions, not least with the present Triple Lock which virtually guarantees annual increases, courtesy of Liberal Democrat MP in the Coalition Government, Steve Webb, the only MP who ever understood pensions!
- 10 Labour exchanges were also introduced in 1909, by Churchill - and were based on research work done by the young William Beveridge!
- 11 Lloyd George continued his social reforms by financing the whole series of reports with different coloured covers leading up to the 1929 general election. The famous, of course, is his Yellow book" of Keynesian solutions to the huge unemployment crisis,⁵ paraphrased for the election as "How to conquer unemployment".⁶ Alas, a coalition Labour government was elected, which eventually became the National Government, and the Yellow Book was never enacted.

It was partially implemented by Franklin Roosevelt in the USA. His personal copy of the Yellow Book, with FDR's marginal annotations is in Library of Congress.

It is worth noting, not least for Liberalism today, the key paragraph from the Yellow Book:

The measures we advocate for all these things spring from one clear purpose. We believe with a passionate faith that the end of all political and economic action is not the perfecting of this or that piece of mechanism or organisation but that individual men and women may have life and that they have it more abundantly.⁷

- 12 Maynard Keynes was involved with national finance from an early date and his famous condemnation of the post First World War Versailles settlement, "The Economic Consequences of the Peace"⁸ setting out that the imposition of impossible reparations on Germany would inevitably provoke a response, proved all too accurate in the rise of the Nazis in Germany.

Despite his regular self-questioning, Keynes remained a Liberal all life and sat on the Liberal benches of the House of Lords after being ennobled. He was much more politically important than is often realised. He was remarkably self-confident in his views

and, even more remarkably, was almost invariably proved right, not least in the implementation of what we now know as “Keynesianism” - which was completely counter-indicative at the time and little understood today. At the Bretton Woods conference of July 1944 Keynes was very ill but, such was his importance to the discussions, that day after day he was virtually dragged from his sickbed to deal with those who opposed his - and the UK’s - policy.

At the time Beveridge was working on his report Keynes was the giant of economic policy and his approval was crucial to Beveridge. He and Keynes knew each other from participation in Liberal Summer Schools so Beveridge consulted Keynes and received a letter in reply:

Let me say that I have read your memorandum which leaves me in a state of wild enthusiasm for your general scheme. I think it is a vast constructive reform of real importance and am relieved to find that it is so financially possible.⁹

Keynes did, however, get an undertaking that the cost to the Exchequer would be limited to £100 million pa!

13 Beveridge summed up the object of his report:

The main feature of my Plan for Social Security is a unified comprehensive scheme of social insurance to be administered by one Department, to provide cash benefits adequate in amount and in time without a means test, at a flat rate of benefit in return for a flat rate of contributions. With this goes a comprehensive health service and a system of children’s allowances.¹⁰

The birth and initial development of his report is politically fascinating. He was first approached in 1942 by Ernie Bevin and told that the committee should be “essentially official in character, dealing with administrative issues rather than issues of policy.”¹¹ Beveridge was having none of that and from the beginning set out an agenda that was clearly concerned with policy. This caused problems in that the members of his committee were all senior civil servants representing each of the government departments who clearly could not commit their political masters. The Minister responsible for the committee, Arthur Greenwood, resolved this by make all the members purely advisory - which is the reason that only Beveridge’s signature. Neither he nor the committee members were bothered by the change of status - they all continued as before but now with political cover.

14 Beveridge also consulted and gained the support of Lloyd George and, in fact, Lloyd George’s last ever vote in the House of Commons was for the Beveridge Report.

- 15 Despite the support of Keynes and Lloyd George's parliamentary support for the report was not immediately overwhelming but it did eventually gain enough cross party support to gain widespread political approval.
- 16 The first party to welcome the Beveridge Report "without reservations" was the Liberal party and this was a key factor in persuading him to join the party and to become MP for Berwick.¹² Alas he lost in the 1945 election debacle - partly through neglecting his own campaign to tour the country speaking for other candidates. He later became a Liberal member of the House of Lords.
- 17 I leave it to Matt to take the story on and I finish this section by noting Beveridge's comment that, noting the Liberal Manifesto for the 1923 election, we would have had social insurance twenty years earlier had more people voted Liberal at that election!¹³

MM – 19 March 2021

¹ J M Keynes, *Am I a Liberal?*, Liberal Summer School, 1925

² Jose Ortega y Gasset, *The Revolt of the Masses*, 1930

³ Ramsay Muir 1923, quoted in *Liberalism without Liberals – The Politics of Reappraisal 1918-39*, ed C Cook, 1977.

⁴ Quoted in Lord Beveridge, *Power and Influence – An Autobiography*, 1953

⁵ *Britain's Industrial Future, being the Report of the Liberal Industrial Inquiry of 1928* (London: Ernest Benn, 1928;

⁶ *How to conquer unemployment*, D Lloyd George, 1929

⁷ *Ibid, Britain's Industrial Future*

⁸ J M Keynes, *The Economic Consequences of the Peace*, 1919

⁹ Quoted in op cit Beveridge, *An Autobiography*

¹⁰ *Ibid Beveridge, An Autobiography*

¹¹ *Ibid Beveridge, An Autobiography*

¹² *Ibid Beveridge, An Autobiography*; See also *Why I am a Liberal*, Sir William Beveridge, 1944

¹³ "The Liberal Party proposes thoroughly to re-model the Insurance Acts with a view to providing benefits sufficient to allow a reasonable subsistence to a man and his family without aid from Poor Relief", *The Liberal Party Manifesto for the General Election of 1923*, Liberal Publication Department, 1923.