Explaining the Interventionist Trend of British Liberalism in the Late Nineteenth and Early Twentieth Centuries: A Lesson in First Principles

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ABSTRACT: Traditionally, scholars have portrayed British popular Liberalism as thoroughly laissez-faire, minarchist, and anti-imperialist before the late nineteenth century. After this point, many scholars claim, popular Liberals broke with their traditional policies for humanitarian and pragmatic reasons by funding social welfare programs, regulating the economy, and endorsing imperialism. This article disagrees, contending instead that British popular Liberalism was never sufficiently committed to classical liberalism. A misguided humanitarian impulse arose within the movement that permitted exceptions to laissez-faire at home and interventionism abroad. Popular Liberals believed that because these exceptions were rare and undertaken in good faith, they did not undermine the movement. However, these initial interventions advocated by popular Liberals established a precedent that was exploited whenever further interventions seemed expedient. In the end, this statist trend destroyed the movement.

This article is a long-overdue libertarian analysis of British popular Liberalism. It contends that British popular Liberalism was insufficiently committed to classical-liberal principles and that this waywardness explains why it became increasingly interventionist as of the mid-nineteenth century. The argument concludes that this weakness of first principles destroyed British Liberalism as a mass movement by the end of the First World War.
and undermined the cause of liberty in the United Kingdom and the British Empire’s settler societies. Three of the latter—Australia, Canada, and New Zealand—are included in this study because they were predominantly British by heritage and culture.

This article counters mainstream scholarship, which tends to portray popular Liberalism as classically liberal before the late nineteenth century and describes its abandonment of minarchist government and laissez-faire economics as politically necessary and socially beneficial. It also breaks new ground in libertarian research on historical liberal movements, most of which has focused on the United States and Continental Europe. The most notable exception (Bresiger 1997) looks at only one segment of British Liberalism—the Manchester school—in the United Kingdom.

At the outset, some definitions are necessary. Following Ralph Raico (2012, xxv), this article regards classical liberalism and libertarianism as part of a single Western philosophical tradition based on individual liberty, private property, and the free market. Nevertheless, having made advances in economic and political theory, the modern-day libertarian movement is somewhat more radical than the classical liberalism of previous centuries (45). For this reason, liberals in the period under discussion (for example, those of the Manchester school) are called classical liberals and their more radical descendants (for example, those of the Mises Institute) are called libertarians.

It is critical to distinguish British Liberalism from this Western philosophical tradition, since the article argues that many British Liberals were insufficiently committed to its key principles. Following British scholarly convention, Liberal is capitalized to denote members of the British Liberal parties and Liberalism their political program. The term popular Liberalism is a little more specific. Researched extensively by the historian Eugenio F. Biagini (1992, 1996, 2000), it refers to British Liberalism during its heyday in the Victorian and Edwardian periods, when greater enfranchisement and political participation enabled the creation of mass political movements. Popular Liberalism became one of the greatest of these mass movements. Its support came from all levels of society but especially skilled workers and the lower-middle class.

A libertarian analysis of popular Liberalism is necessary because many scholars have interpreted the movement too simplistically. They tend to divide popular Liberalism into two phases: the early
and mid-Victorian (1837 to the 1870s) and the late Victorian and Edwardian (the 1870s to the 1910s). In the first period, popular Liberals are said to have upheld the key tenets of classical liberalism: free trade, minimal government, peaceable foreign relations, and anti-imperialism (Bresiger 1997, 52–60). In a country famous for its stratified class system, popular Liberals championed the rights of “the people”—defined as anyone involved in socially useful work, whether capitalist or worker—against vested privilege, especially that of the landed aristocracy (Biagini 1992, 11).

Popular Liberals became major political players in this first period. In 1859, members of three groups united to form the Liberal Party: the Radicals (who fought for the political rights of the lower classes), Peelite Conservatives (the free trade wing of the Conservative Party), and the Whigs (who had long defended constitutional government). Only a few were unabashed classical liberals. Notably, the Radicals Richard Cobden and John Bright were stalwarts of the Manchester school, a chief defender of liberalism in Britain (Mises 1998, 827; Bresiger 1997; Woods 2003). Nevertheless, almost everyone within the movement was sympathetic to all or most classical-liberal principles. The most famous defender was William Ewart Gladstone, a Peelite Conservative who served as popular Liberalism’s greatest statesman from the 1860s to the mid-1890s. As chancellor of the exchequer in the 1850s and 1860s, and later as prime minister from 1868 to 1874, Gladstone drastically reduced military spending, constraints on free trade, and the income tax.

The young Liberal Party became associated with laissez-faire and minarchism. Under Gladstone’s influence, the Liberal ministries emphasized balanced budgets and minimalist government. Many scholars have affirmed the reputation of the Liberal Party of this era for minarchism and laissez-faire. As the historian H. C. G. Matthew (1986, 169) states, “No industrial economy can have existed in which the State played a smaller role than that of the United Kingdom in the 1860s.”

In its second phase, numerous scholars claim that British Liberalism underwent a profound transformation (Freeden 1978, 1; Claeys 2000, 229; Taylor 1992, 2). They argue that classical-liberal ideas were becoming moribund because they could not alleviate poverty at home or preserve Britain’s power abroad. Humanitarianism and political savviness drove popular Liberalism in a
statist direction. Gladstone’s later ministries of the 1880s and 1890s witnessed substantial government regulation, military spending, and social welfare initiatives. Classical liberals were sidelined. As the party became more socialistic, even those still sympathetic to some classical-liberal ideas were pushed to the margins, Gladstone included. From 1906 to 1914, the Liberal Party instituted broad social reforms that paved the way for Britain’s modern welfare state. Similar events unfolded even more radically in the British Empire’s settler societies.

A libertarian should view this narrative, in which the Liberals suddenly turn away from their classical-liberal principles toward statist reforms, with skepticism. The swiftness with which the reforms were enacted suggests that British popular Liberalism was established on poor foundations—in other words, that it was never as committed to laissez-faire and minarchism as many scholars have alleged. Under this view, the Liberals did not transform into statists but held illiberal views from the start and merely intensified their statist ideology.

Recent research on popular Liberalism, together with some incisive older studies that deserve to be remembered, confirm this point. This article makes full use of such research to present a libertarian analysis of the movement. Before discussing its rise and fall, a preliminary discussion of the importance of liberal first principles is in order. Only then will British popular Liberalism’s internal weakness become fully apparent.

POPULAR LIBERALISM’S PROBLEMATIC FIRST PRINCIPLES

On the subject of liberal first principles, Ludwig von Mises is an excellent starting point. Mises was a formidable economist of the Austrian school who defended classical-liberal ideas long after they had fallen out of fashion. His staunch commitment to Austrian economics and liberal principles, even in the face of intense opposition, has made him a major influence on the modern-day libertarian movement.

Mises never articulated a comprehensive analysis of British popular Liberalism; however, his theoretical work on liberal first principles helps explain British popular Liberalism’s decline and fall. He describes the classical-liberal ideal of a minarchist society, in which the government limits itself to the protection of
persons and property: “The task of the state consists solely and exclusively in guaranteeing the protection of life, health, liberty, and private property against violent attacks. Everything that goes beyond this is an evil” (Mises 2002, 52). State activities would be modest and restricted to services such as law enforcement, the judiciary, military defense, and foreign relations. He emphasizes that “nowhere was this [liberal] program ever completely carried out” (1). Many deemed it too radical, and proponents of a strong state rallied against it.

Mises stresses that expanding the government’s role in any way, however well-intentioned, could undermine the whole liberal edifice. Regarding social policy, he notes that the government should be secular and refrain from legislating moral principles that go beyond the protection of persons and property from violent attack (Mises 2002, 55–56). Even if most citizens, for instance, want to prohibit alcohol for religious reasons, such a law would be unjust because the minority has the right to do as it likes provided that it respects the persons and property of others. Conceding the state’s right to legislate morality beyond the minarchist ideal would give it precedent to expand its role in the future. Well-meaning zealots might start “regulating and restricting” individual action “down to the smallest detail” (54).

Mises (2011, 1–32) applies the same argument to the government interfering with the economy. Even if it intervened rarely and only for what it considered ethical reasons—for instance, imposing a tariff to stimulate local industry and thereby provide employment—a precedent would be set to justify further violations of free trade. As an Austrian economist, Mises recognizes that government interference with the market disrupts healthy economic life.

The concept of empire is antithetical to classical liberalism. To subjugate territories and peoples is morally unacceptable, even, as Mises stresses, if the imperialists claim to be bearers of liberal civilization. It is perverse to spread freedom using instruments of oppression. In one instance, he dismisses Western apologists of imperialism as follows: “Could there be a more doleful proof of the sterility of European civilization than that it can be spread by no other means than fire and sword?” (Mises 2002, 125). Empires are also abominable because, built on coercion, they encourage an expensive military and bureaucracy and therefore an unhealthy burgeoning of state authority. Finally, empires are a source of
war between great powers, which view their rivals as threats to their interests. The classical-liberal understanding of foreign affairs is to promote peace through liberal values: free trade and personal liberty encourage cooperation and mutual respect between countries and peoples (Mises 1998, 827–28). A minimal military is necessary to defend against aggressors, but the best form of national defense is simply to reject the militaristic, statist worldview in favor of the liberal one.

The decline of British popular Liberalism is seen more clearly through a classical-liberal lens. Because popular Liberalism was never wholeheartedly committed to classical liberalism, the former was willing to depart from the latter for ostensibly humanitarian reasons. This approach ensured the growth of state power even during the so-called heyday of laissez-faire in the 1850s and 1860s. Herbert Spencer (1896, 290–96), the British philosopher and classical liberal, lamented this phenomenon firsthand, pointing out that during this period the Liberal government extended its control over the economy in small but significant ways, such as by implementing safety regulations in factories and public health mandates. He feared—rightly, as it turned out—that these reforms would encourage further interventionism and ultimately an overbearing state. Spencer’s testimony is evidence that from its inception, British popular Liberalism was insufficiently liberal.

Spencer argues that this statist direction stemmed from an overzealousness for public service. In his view, British Liberals had spent so long fighting for freedom as a public benefit that by the Victorian age they regarded public service as a virtue in itself and began to deploy the state to this end. Spencer’s argument that popular Liberals vested the state with a proactive humanitarian mission is correct. Nevertheless, he failed to articulate the religious underpinnings of this popular-Liberal waywardness.

As Eugenio F. Biagini notes (2000, 46), popular Liberalism appealed more to passion than reason in its rhetoric to reach “innumerable common people without a developed political conscience.” Religion was an especially important topic. Liberal Christians avowed that because Britain was a Christian country it was the state’s duty to uphold Christian morality, specifically by alleviating poverty and protecting the economy from the vagaries of capitalism. “Laissez-faire was qualified in practice by the Christian concern to preserve the life, health and morality of the workers” (Biagini 1992, 168).
This Christian influence spread beyond the ranks of the faithful, shaping the outlook of Liberals who were Christian in name only as well as those who were freethinkers (Hamer 1968, 96). The British government funded and supervised this interventionism, which took place mainly at the municipal level. As Biagini (1992, 103) astutely notes, “while laissez-faire and retrenchment were preached at Nos 10 and 11, Downing Street, the organization of social services was carried out by ‘municipal socialists’ in town councils and local school boards.” He repeats this statement in his short biography of Gladstone (Biagini 2000, 56).

The foremost philosophical authority among the British popular Liberals, John Stuart Mill (1848, 504–49), justifies this interventionism at length. In Biagini’s concise summary, Mill argues that laissez-faire should not apply to “education, poor relief, hospitals and other public services, the limitation of the hours of labour, and the regulation of conditions of work” (Biagini 1992, 166–67). Libertarians have long acknowledged Mill’s weakness as a liberal thinker. As Murray Rothbard (1995, 277), the great libertarian philosopher and Austrian school economist, notes, Mill’s pragmatism caused him to develop “diverse and contradictory positions” that do a disservice to classical liberalism. Ralph Raico (2012, 76) also affirms that Mill “is responsible for key distortions in the liberal doctrine on a number of fronts.” The popular Liberals’ veneration of Mill points to their weakness in first principles.

Popular-Liberal humanitarianism concerned itself with three main issues. The first issue was factory legislation. Many popular Liberals were appalled by poor working conditions in factories. Believing that the free market would not solve this problem and that many industrialists were exacerbating it, they pressured Parliament to restrict working hours, promote safety at work, and regulate how and when employers paid their employees (Biagini 1992, 164–73).

The second issue was poor relief. Convinced that voluntary charity and cooperative societies could not alleviate Victorian poverty, popular Liberals secured government assistance for the deserving poor—that is, good people who had fallen on hard times, rather than opportunistic paupers (Biagini 1992, 173–84). In addition, they wanted to legislate against activities that Christians—Evangelicals above all—blamed for exacerbating poverty, such as drinking alcohol and gambling.
The third issue was land reform. Although popular Liberals vocally endorsed capitalism, they regarded the slums of industrial Britain and the destitution of many rural communities with horror. Nostalgic for the era of ruggedly independent yeoman farming, they wanted the government to make plentiful land available to the rural and urban poor. There was a push for land nationalization. First, they would form Liberal political parties and get elected to office. Then they would lease cheap land to poor people and use the unearned increment—the increase in the land’s value due to increased demand rather than the labor spent developing it—for the public good. There was significant support for this plan. Mill was a prominent supporter, and even Spencer propounded it for a time (Biagini 1992, 188; Taylor 1992, 247). Henry George, whose single-tax theory was based on it, became a staple author of popular Liberals.

In the early and mid-Victorian periods, the political situation was stable enough for popular Liberals to regard their pragmatism as compatible with classical liberalism. After all, under Gladstone the Liberal Party was balancing the budget and promoting free trade. A few exceptions for humanitarian reasons, far from appearing threatening, served only to reinforce the popular Liberals’ positive view of themselves. However, these exceptions signified a profound gulf between popular Liberalism and the classical liberalism it claimed to represent. The rise of imperialist and socialist ideas in the late nineteenth and early twentieth centuries pushed mainstream Western politics in a statist direction. Influenced by this trend, the popular Liberals increasingly deployed the state to satisfy their humanitarian impulse, using earlier reforms as precedents. Within the space of a few years, any affinity for classical liberalism had come to an end. It is time to analyze this phenomenon in greater detail.

**IMPERIALISM AND SOCIAL WELFARE**

The concept of social welfare became a contentious issue in the late Victorian period, as socialist ideas spread among British workers and intellectuals. A Liberal-Labour (Lib-Lab) faction, seeking to better the lot of the lower classes, established itself within the Liberal Party and gradually waxed in strength. Biagini (1992, 170) notes that for an increasing number of these Liberal laborites, “the Biblical principle that the State should restrain evil and promote good” became a “battlecry” for extensive welfare legislation. As H.
W. Massingham, a Liberal journalist who later joined the Labour Party, once put it, “Was it not the business of the humanitarian thinker to open the road from Manchester Liberalism to the social Liberalism of the ‘nineties?’” (Hamer 1968, 257).

In 1891, this faction promulgated the Newcastle Programme, which advocated greater limits on working hours, employer liability for work accidents, and the option for municipalities to enforce prohibition. Gladstone and his close allies, such as Viscount John Morley, were not comfortable with every policy but went along with it to win the next election (Partridge 2003, 216–17). Gladstone and Morley drew attention to home rule for Ireland not only in the hopes of giving political autonomy to this oppressed part of the United Kingdom but also to distract Liberals from the Newcastle policies (Hamer 1968, 189–98).

Yet, Irish home rule itself proved problematic, since imperialism was rife throughout the Western world by the late nineteenth century. Many popular Liberals, including Gladstone and Morley, were generally anti-imperialist. They did not want to see Britain aggrandize itself on the world stage by engaging in expensive, immoral conflicts. However, few of them were anti-empire except for Manchester school Radicals like Cobden and Bright, who wanted it either broken up or transformed into a free confederation of peoples (Bresiger 1997, 61). Like so many other Britons, popular Liberals tended to regard colonization as a benevolent vehicle of civilization. In particular, the settler societies in which the population was predominantly of British heritage were envisioned as “better Britains,” as vibrant new territories that transplanted what they considered the best aspects of the mother country while excluding its worst, such as the landed aristocracy (Morgan 2017, 40, 100). In addition, popular Liberals widely regarded foreign policy as a way to persuade or compel other nations to act more ethically. For these reasons, many popular Liberals were willing to bolster the Armed Forces and initiate wars for the sake of the empire. Once again, Mill gives voice to this weakness in popular-Liberal thinking: Rothbard (1995, 287) points out that he was a leading proponent of the British Empire’s civilizing project and therefore a significant defender of imperialism.

This concept of moral interventionism explains Gladstone’s checkered foreign policy. He endorsed the Crimean War in the 1850s because he considered Russia an aggressive power with
designs on the Balkans and the Mediterranean—a threat, in other words, to Britain’s own imperialist stake in these regions (Taylor 1957, 71). Two decades later, he published a pamphlet decrying the Ottoman Empire’s persecution of Christians in its Balkan territories and calling for Britain and other European powers to bring the Ottomans to heel (Gladstone 1876). This was a hypocritical position considering the British Empire’s inglorious history of oppressing its own subject peoples.

During his second ministry, from 1880 to 1885, Gladstone made peace with the Boers in South Africa and pulled British forces out of Afghanistan, where they had been propping up a local ruler (Partridge 2003, 179–81). However, he also invaded and occupied Egypt in 1882 to crush a nationalist revolt against the pro-Western khedive and thereby protect British commercial interests in the Suez Canal. Many popular Liberals endorsed the invasion, to the disgust of the minority still committed to classical liberalism. John Bright resigned from the cabinet in protest (Bresiger 1997, 79).

The result of the 1882 invasion was a typical example of how one intervention can snowball into more. The situation in Egypt was still unstable, and the British had to prop the khedive up with military force. When the Egyptian Army invaded Sudan to squash an independence movement, British military personnel associated with the Egyptian regime voluntarily participated, and Gladstone found himself unwillingly drawn into the conflict (Partridge 2003, 185–87). The Egyptian invasion was a debacle; retreat was the only reasonable option. Yet, owing to the fanatical imperialism of Charles George Gordon, a British major general in Egyptian service, his forces stayed put and were besieged in Khartoum. The Liberal government felt obliged to deploy the British Armed Forces to salvage the situation. Before the relief force arrived, however, Gordon and his troops were overrun and massacred in January 1885.

In the late nineteenth century, the great powers scrambled to expand their empires and to defend what they already possessed. Many British people wanted their empire—which already dominated the world’s oceans and large swaths of land—to retain its eminent position. In response, popular Liberals increased military spending and adopted a more assertive foreign policy. Not everyone was happy about this situation, especially when the Conservatives came to power shortly after the Sudan disaster and agitated for even more militancy. For example, Lord Morley
bemoaned jingoistic rhetoric on principle (Hamer 1968, 331). However, because the Liberals were pro-empire at a time when the empire was said to be under threat, many reluctantly acquiesced in the legislation. While in government from 1880 to 1885, Gladstone abandoned retrenchment to shore up the empire overseas (Biagini 2000, 78). In 1888, now in opposition, he resigned himself to the Conservative government’s exorbitant Naval Defence Act, which devoted over £21 million, on a rolling program, to upgrade and expand the Royal Navy (Partridge 2003, 220–21).

Deeply affected by the international situation, some members of the Liberal Party, such as Joseph Chamberlain, became outright imperialists, as jingoistic as any flag-waving Conservative. These renegade Liberals opposed Gladstone’s version of home rule for Ireland, which would not restrict home rule to domestic concerns, for fear that full Irish self-government might destabilize the empire. They ended up splitting the Liberal Party in 1886, seriously weakening it. Leading up to the party’s eventual loss of power in 1895 was the plan of foreign secretary Archibald Primrose, the earl of Rosebery, to annex Uganda to bail out the flailing Imperial British East Africa Company and secure British interests (Partridge 2003, 229). Gladstone was appalled by this avaricious plan, but the earl was able to carry it out upon becoming prime minister shortly after Gladstone resigned in 1894 due to ill-health. Rosebery’s ministry fell in 1895.

The party remained in opposition until 1905, then governed until 1915, after which wartime pressures obliged the creation of various national coalition governments. To hold onto the levers of power, the party’s last prime ministers—Henry Campbell-Bannerman from 1905 to 1908 and Herbert Asquith from 1908 to 1916—passed substantial welfare legislation to satisfy socialist-minded workers while also funneling money into defense to satisfy the imperialists. The most noteworthy mastermind of the former endeavor was David Lloyd George, a Welsh solicitor of humble beginnings. As chancellor of the exchequer from 1908 to 1915, he passed the People’s Budget, which instituted enormous land and income taxes—unprecedented for a self-professed liberal government—to fund new welfare measures, such as old age pensions (Gilbert 1987, 369–72). This legislation was so shocking that the House of Lords, the conservative upper house, exerted all its power to squash it. A constitutional crisis ensued in
which the Lords were eventually defeated. Lloyd George passed many other reforms, including the 1911 National Insurance Act that organized state unemployment and health schemes. Big government had been normalized.

Winston S. Churchill was, like Lloyd George, a prominent figure in the Liberal government. Although supportive of social welfare, he was particularly interested in imperial and defense matters. Wary of the prospect of German sea power, he wanted to maintain Britain’s dominance of the world’s oceans. His relentless advocacy led the Liberal government to upgrade the Royal Navy, an extremely expensive overhaul, not least because it involved designing cutting-edge warships, such as dreadnoughts and battlecruisers (Charmley 1993, 72–83). Ironically, this bellicose behavior exacerbated tensions between Britain and Germany, the latter being determined to protect its imperial possessions and maritime commerce even from the world’s greatest naval power. These tensions would contribute to the outbreak of war in August 1914.

The cabinet sometimes disagreed over whether defense or social reform should occupy pride of place. In the end, it contributed substantially to both. As late as August 1914, the ministry contained one noteworthy dissenter, the elderly Viscount Morley. However, he could do little to stem the interventionist tide. Reminiscent of John Bright in 1882, he resigned in protest of Britain’s entry into the First World War, which he rightly predicted would be a disaster (Bresiger 1997, 79). Apart from its horrific human cost, the war accelerated the move toward big government (Beloff 1984, 1–50). The state micromanaged the economy to help the war effort. Many citizens joined—or, later, found themselves conscripted into—the Armed Forces. Draconian laws hounded conscientious objectors and enemy aliens.

Shortly after the armistice in late 1918, Lloyd George, now prime minister of a national coalition, promised a better life for the survivors. This provided impetus for yet another ream of legislation. The Liberal Party was by this point a spent force. Many left-wing members were joining the Labour Party, many antisocialists were joining the Conservative Party, and those who remained were internally divided. From a classical-liberal standpoint, all three organizations were thoroughly statist in outlook. Popular Liberalism as a mass movement was finished; British Liberalism received a death blow from which it has never recovered.
Remarkably, there was still a scattering of classical liberals who rallied around groups such as the Liberty and Property Defence League and the Society for Individual Freedom. Figures like Ernest Benn stood proudly in the tradition of the Manchester school and recognized the weaknesses of popular Liberalism, but they lacked influence in public life (Abel 1960).

Having charted the fall of popular Liberalism in Britain, it is time to discuss the situation in the empire’s settler societies. These were integral parts of the empire that the popular Liberals sought to safeguard. Moreover, because many British settlers were Liberals, settler societies developed their own popular Liberal movements.

THE EXTREME CASE OF THE SETTLER SOCIETIES

British liberalism became thoroughly statist in the settler societies even earlier than in the mother country. Two factors explain this phenomenon. First, there was an imperative to build up and maintain control of new territories: as outposts of the empire, colonial governments exerted themselves to gain revenue (often by imposing tariffs), overcome Indigenous hostility to their regimes (often by force), cultivate and protect nascent institutions, and defend their holdings from overseas powers. As Stuart Macintyre (1991, 91) remarks, “Colonizing was an inherently artificial project that required artifice.”

Second, and more importantly, was the ideal of a better Britain. As noted earlier, settler societies aspired to be purified versions of the mother country. Disaffected British immigrants shaped them as they saw fit, transplanting what they considered the best aspects of Britain, such as its legal system, while excluding what they dismissed as oppressive, such as the landed aristocracy and church establishments. Settler societies gained a reputation for egalitarianism, as places in which even the poorest Britons could become wealthy and respected (Belich 2009, 157).

Popular Liberals in both Britain and the settler societies recognized that it would be easier to implement controversial reforms in the latter. This is because the settler societies were more egalitarian than Britain, which was still dominated by the aristocracy. Land reform is a case in point. They wanted to revive, with state support, a countryside of independent yeoman farmers (Brooking 2019, 68–101). In the settler societies, the state could acquire land, give it to small farmers, regulate the economy to keep them financially afloat,
and limit the amount of land wealthy persons could purchase—all without the opposition of a landed gentry entrenched in the government (Biagini 1992, 89–90; Métin 1977, 17).

Popular Liberals in the settler societies also expected the state to prevent the horrors of the Old World, such as urban slums, by making exceptions to laissez-faire (Reeves 1969b, 5–6). Many colonial Liberals rejected the concept outright, citing Mill for philosophical justification, above all regarding protectionism. Indeed, colonials so overused and abused his qualified endorsement of protectionism in the 1848 edition of the *Principles of Political Economy* that Mill revised the work in later life to protect his reputation (Macintyre 1991, 91–92). Concerns about big corporations taking over the infant colonies and destroying the vision of a just society provided yet another justification for state power. Whereas in Britain figures such as Gladstone and Morley were still trying to champion—however weakly—individual liberty and limits on state power, popular Liberal leaders in the settler societies were endorsing a state-enforced ideal of fairness. As David Hackett Fischer (2012, 6) has remarked in a comparative study of New Zealand and the United States, “fairness” became the watchword for New Zealanders in the same way that “freedom” did for Americans.

The desire for a “fair” society was most advanced in New Zealand. Mass immigration began in the mid-nineteenth century, when memories of the Highland Clearances in Scotland, the Great Famine in Ireland, and the enclosure of common lands in England (to name only a few hardships) were still raw. Most settlers, whether Liberal or not, expected the government to develop their new homelands and assist them in times of distress. The popularity of strong government among the electorate gave added incentive to Liberal interventionism. As William Pember Reeves (quoted in Métin 1977, 160), the first minister for labor in the New Zealand Lib-Lab government, proclaimed in 1895, “the more the state does for its citizens . . . the more it fulfills its function. . . . State enterprises ought to be extended to the maximum possible extent. . . . True democracy consists in the extension of state activities.” Writing in the 1930s, the socialist politician John A. Lee heartily praised the Lib-Labs for having “carried New Zealand well forward into socialism” (Lee 1938, 17).

Owing to Crown prerogatives over land, the New Zealand government was the dominant landlord in the late nineteenth
and early twentieth centuries (Reeves 1969a, 98). Under John McKenzie, a Highland Scot of humble beginnings who served as the first minister of lands, the Liberals busted up indigenous Māori landholdings and the pastoral estates of squatters—early settlers who had, legally or illegally, accumulated large tracts of land—and gave the pieces to small farmers. Laws passed in the 1890s empowered the government to seize lands (Métin 1977, 25). The owners were compensated but the amount could be small, as when McKenzie paid a pittance to the Māori owners of vast tracts of North Island land, accusing them of not using it productively (Brooking 1996, 131–56). To make life easy for the new farmers, the government supported cheap leases, the most famous of which was the lease in perpetuity, which was not subject to reevaluation for 999 years. This policy upset the supporters of Henry George, who were determined to use the unearned increment efficiently. However, McKenzie was a pragmatist who cared little for theory. As long as he could deploy the state in defense of small farmers, he was content.

The government was also involved in industry and labor relations. To ensure adequate service and to lessen fears of overseas corporate influence, it acquired an almost complete monopoly on land transport, telegraphs, and telephones. It also instituted an “almost prohibitive” tariff to safeguard local industries (Métin 1977, 123). These industries were valued because they offered employment and lessened reliance on agricultural exports, which made the country vulnerable to overseas economic fluctuations.

The government spent revenue from tariffs on its many social initiatives. To discourage sweated labor, it instituted public work schemes and led the world in the establishment of old age pensions (Métin 1977, 165–69). It made state hospitals and insurance schemes a top priority (Lee 1938, 17). To preserve healthy labor relations, the Lib-Lab government enacted compulsory arbitration in 1894 (Métin 1977, 114–18). Strikes and lockouts were outlawed; all disputes between employers and trade unions were to be mediated by the state, which could issue binding decisions. As one might expect, this legislation dismayed employers throughout the country, since they knew that the government was more sympathetic to the workers’ concerns than their own (Métin 1977, 122).

In other words, popular Liberalism in New Zealand had abandoned classical liberalism far more rigorously than in Britain.
Reeves (1969a, 68) himself acknowledged that colonial Liberals, building their new society with vigor, were “deeply tinged with socialism.” This was no doubt exacerbated by two factors: New Zealand had developed a centralized government after the abolition of the provinces in 1876, and the Liberal Party was especially sensitive to working-class concerns because it governed in alliance with labor politicians.

Finally, New Zealand Liberalism was more overtly imperialist than British Liberalism. Conscious of its isolation in the South Pacific, New Zealand relied on the Royal Navy for protection. As imperialist tensions grew in the late nineteenth and early twentieth centuries, many New Zealanders became concerned—often to the point of rampant paranoia—about the prospect of foreign raids and invasions. They enthusiastically advocated the annexation of Pacific islands to reduce the risk of invasion and marshaled the country’s resources for imperial defense. Like British policy in general, New Zealand’s pugnaciousness contributed to prewar tensions between the German and British Empires. In particular, Germany’s small and sparsely defended Pacific territories watched New Zealand’s military buildup with horror and bewilderment (Hiery 1995, 12).

Popular Liberals were prime instigators of militarization. Under Richard John Seddon’s bombastic leadership, the Lib-Lab government pressed for the annexation of Tonga, Samoa, Fiji, Hawaii, the Society Islands, New Caledonia, Niue, and the Cook Islands (Eldred-Grigg 2010, 28–29). It succeeded in annexing the last two. Seddon encouraged a militaristic spirit among New Zealanders, heartily approving a New Zealand contingent to serve in the Second Boer War. By 1906, when Seddon died, 8 percent of adult male New Zealanders aged nineteen to forty-nine were enrolled in the Volunteer Force, a citizen militia, and many more were veterans (Crawford 1986, 1). In 1909, Seddon’s successor, Joseph Ward, instituted compulsory military training for males and the establishment of a thirty-thousand-strong Territorial Army (Pugsley 2000, 221–38). Ward also funded the construction of a costly new battlecruiser, HMS New Zealand, for the Royal Navy. The ship was supposed to be for Pacific defense but was actually used to maintain Britain’s starvation blockade of Germany during the First World War. During the war, New Zealand’s coalition government, of which Ward’s Liberals were an integral part,
introduced conscription. The striking contrast between Gladstone, who despite his statist shortcomings continued to denounce imperialism and militarism in broad terms, and his colonial counterparts Seddon and Ward, who were unashamedly jingoistic, shows how the settler context exacerbated popular Liberalism’s weakness for state intervention.

Australia was similarly statist in policy and outlook. As the French socialist scholar Albert Métin (1977, xxi) noted in his pioneer study of antipodean politics, Australia was known as a “workers’ paradise” by the 1890s. Diversity among the colonies, which retained significant autonomy as states after federating as the Commonwealth of Australia in 1901, kept the country decentralized by comparison with New Zealand. Even so, state governments held enormous powers. For example, like the New Zealand government, they were the chief landlords in the late nineteenth and early twentieth centuries (Reeves 1969a, 98). Popular Liberals across the country could not resist using these powers to realize their political vision.

Almost all colonies endorsed protectionism to create employment and insulate the country from fluctuations in the global economy. The protectionist spirit is embodied in the newspaperman David Syme, a popular Liberal who outstripped Mill in his praise of protectionism as a vehicle of prosperity (Macintyre 1991, 92). Social legislation became integral to all colonies. By 1899, for instance, New South Wales, Victoria, South Australia, and Queensland had passed legislation enacting a forty-eight-hour week, limiting overtime, regulating the age and sex of workers in certain jobs, and restricting work on Saturday afternoons and Sundays. In the first three colonies, night work was also heavily restricted (Métin 1977, 83). South Australia was arguably the most radical: its Liberals were ardent statists who wooed laborite votes (Glass 1997, 77–78, 83). Under the Liberal government of Charles Kingston from 1893 to 1899, in addition to the aforementioned policies, subsidized efforts were made to resettle unemployed workers on small farms (Métin 1977, 136–40).

Only in New South Wales did free trade Liberals remain politically influential, rallying around the aptly named Free Trade Party. Even here, however, first principles were sacrificed to electoral pragmatism and colonial development. The party’s greatest leader, George Houstoun Reid, served as premier from
1894 to 1899. Although generally committed to free trade, he allowed for exceptions on social issues, especially since he relied heavily on Labor support while in office (Hogan 2006, 192, 196–97). In return for this support, he was content to enact some Labor policies, including a land tax and regulations on industry (197–99). Other members of the Free Trade Party were similarly interventionist on social issues.

Australian popular Liberals were as imperialist as their New Zealand counterparts, though more eager to maintain autonomy from Britain in defense matters. Under Alfred Deakin, the Liberal prime minister who served three terms from 1903 to 1910, the Commonwealth founded an independent navy whose flagship was HMAS Australia, a battlecruiser that easily outclassed any German warship in the Asia-Pacific region (Spee 1915, 18), and that would ultimately participate in the starvation blockade of Germany during the First World War (Lambert 2001, 217; Jones 2001, 160–73). In 1909, Deakin introduced compulsory military training for white Australian males aged fourteen to twenty (Hiery 1995, 16). Critically, he did this despite being advised by Major General Edward Hutton—the Australian army’s first commander in chief—that compulsory military training, especially in peacetime, was distressingly un-British (Grey 2001, 25). As in New Zealand, Australians widely supported annexations to create buffer zones between them and potential enemies. They had their sights set in particular on New Guinea and the New Hebrides (Hiery 1995, 17–18).

When discussing how popular Liberalism became more statist in the settler societies, the Canadian context differs considerably from the Australasian. Canada had been settled far earlier than Australia and New Zealand. It confederated in 1867, though not all provinces and territories joined at the same time. Its Liberal tradition, having established itself and matured long before popular Liberalism’s acceleration toward state interventionism elsewhere, remained more sympathetic to classical liberalism into the early twentieth century. Canada’s unique makeup helped perpetuate the older popular-Liberal sympathy for free trade and small government. For example, in the country’s single Francophone province, Quebec, nationalists wanted to protect their autonomy from Anglophone Canada and the British Empire. Almost all English-speaking Canadians, however, supported the imperial connection, although they disagreed about how best to maintain
it. Those who rallied around the Conservative Party were heavily influenced by Loyalist traditions and convinced that the United States posed a perennial threat to Canadian sovereignty (Smith 1990, 148–71). Consequently, Conservatives favored a strong state that supported local industries against American competition, fostered trade with distant Britain rather than the nearby United States, encouraged settlement in western regions to keep them out of American hands, and developed transport systems such as railways to implement these policies (Creighton 1970, 25–40). The Conservatives undertook such projects at great cost, making little effort to balance the budget.

Faced with such recklessly statist Conservatives, many Canadian Liberals reiterated the importance of free trade and small government. It was natural and profitable for Canadians and Americans to trade with one another; to raise public debt and pursue economically unsound policies out of a sense of imperial loyalty was misguided and futile. Canadian Liberals tended to adopt a more circumspect approach to the Empire, stressing that Canada was self-governing and relatively safe from attack if cordial relations were maintained with the United States.

Nevertheless, popular Liberalism in Canada contained within it the same weakness of first principles that blighted popular Liberalism elsewhere. The Canadian Liberals permitted exceptions to laissez-faire for what they considered humanitarian and imperialist reasons. As the political atmosphere of the Western world became more statist in the late nineteenth century, the Canadian Liberals followed suit. The history of Wilfrid Laurier’s Liberal government from 1896 to 1911 makes this clear.

Laurier was very much a French-Canadian Gladstone: an aging patriarch sympathetic to classical liberalism who had the sagacity and gravitas to mediate between party divisions, the most important of which was the Francophone-Anglophone divide. His government moderated the rabid anti-Americanism of the previous Conservative administration and allowed commerce to flow across the border with less interference. Laurier even set about negotiating a reciprocity agreement with the United States (which, incidentally, played a large role in his defeat at the polls in 1911).

Yet, interest in social reform was growing among Canadian Liberals. Seeing its electoral value, Laurier began devoting greater attention to labor concerns in the early twentieth century
A Liberal civil servant, William Lyon Mackenzie King, became the leading light of the newly created Department of Labour. He would soon enter parliament, and in 1909 he became the first full-fledged minister of labor under Laurier. Well-educated in liberal economics and philosophy, King never became as baldly socialistic as antipodean ministers like Reeves. He was, however, a staunch Christian who read socialist works and became convinced of the need for state-enforced humanitarianism: “An awakened social conscience demands that conditions which make for ruin and decay in urban or rural communities must be eliminated, that the well-being of society as a whole may be conserved” (Mackenzie King 1918, 331). If these efforts violated the freedom of businesses and persons, so be it: “Wherever . . . the claims of Industry and Humanity are opposed, those of Industry must make way . . . Most effort to promote human welfare necessitates some interference with individual liberty” (Mackenzie King 1918, 334, 336). Mackenzie King promoted the eight-hour day, the regulation of workplace conditions, and compulsory state investigation of labor disputes in key industries such as the railways (MacGregor Dawson 1958, 133–37, 202).

Following Laurier’s death in 1919, Mackenzie King became the party leader. Despite the fact that many Canadian Liberals were still somewhat sympathetic to classical liberalism, he firmly stamped his statist outlook on the Liberal program (MacGregor Dawson 1958, 251). Serving as prime minister three times from the 1920s to the 1940s, he played a pivotal role in founding the modern Canadian welfare state.

Imperialism also affected Canadian popular Liberalism. Laurier loathed jingoism and, more consistently than Gladstone, criticized overseas imperial escapades. He did not believe that the empire was in profound danger from Germany or any other great power (Schull 1965, 494). However, as issues of empire became more prominent in the late nineteenth and early twentieth centuries, Laurier reluctantly adopted a more bellicose stance. By doing so, he hoped to maintain constructive relations with other imperial statesmen (lest Canada’s relationship with Britain and the other settler societies be soured) and with Conservative and Liberal imperial loyalists at home (who could defeat him at the polls).

Laurier sanctioned Canadian participation in the Second Boer War. His cabinet tried to compromise by subsidizing only a
token volunteer force (Schull 1965, 382–83), a clever tactic but one that still represented a concession to imperialism. In 1910, he introduced a bill to establish a modest Canadian navy of cruisers and destroyers—a forlorn attempt to satisfy imperialist Canadians without alienating the anti-British nationalist bloc in Quebec (494). Once again, with respect to first principles, Laurier’s compromise was problematic. It was also unpopular: imperialists in Canada and Britain prioritized capital ships and therefore were dismissive of Laurier’s cruisers, while Quebec nationalists were unhappy about any capitulations to British imperial policy.

Laurier’s inability to manage these issues helped bring about his electoral defeat in 1911. He remained active in opposition, and during the war he heroically challenged the Conservative government’s conscription policy and its refusal to hold an election. However, as with Gladstone in his last years, his more extreme statist colleagues came to outnumber and outflank him. Some entered into coalition with the Conservatives; others, such as Mackenzie King, remained in the Liberal Party as dissenting voices. After becoming the party leader in 1919, Mackenzie King maintained a somewhat cautious stance toward imperial affairs, although this reflected his nationalism more than a commitment to liberal principles. Still, Mackenzie King’s statist approach undermined the Liberal Party’s tradition of antimilitarism. For example, he controversially instituted conscription while prime minister during the Second World War.

The initial political conditions that were unique to Canada only delayed the popular Liberals’ drift toward statist politics. Like popular Liberals elsewhere, they allowed for exceptions to the first principles of classical liberalism. When confronted with imperialism abroad and socialistic ideas at home, popular Liberals moved further and further away from these principles. Although the process was slower than in Australia and New Zealand, the result was the same: a Liberal Party in name only, with a political ideology centered around an overbearing state that curtailed liberty.

CONCLUSION

This article has argued that popular Liberalism in Britain and its settler societies suffered from a weakness of first principles. In its heyday during the 1850s and 1860s, it appeared to be a promising and vibrant mass movement devoted to classical-liberal principles,
led by redoubtable and articulate individuals. Without doubt, popular Liberalism accomplished a lot of good in its early years, rolling back the state in many sectors of life and educating the public about the importance of free trade.

On closer study, however, the movement’s shortcomings become evident. Only a few popular Liberals, notably of the Manchester school, were dedicated classical liberals. The others adopted the program piecemeal. Because of this uncertainty of first principles, most popular Liberals allowed for exceptions to laissez-faire and minarchism, principally from a sense of religious humanitarianism. They wanted desperately to cure the social ills around them and believed that private initiatives were insufficient. They argued that the state should serve the public good by providing social welfare, protecting local industries, and legislating morality (that is, beyond the protection of persons and property from violent attack). In international affairs, they supported the British Empire as a vehicle of civilization, which inclined them to imperialism and militarism.

Popular Liberals did not believe that these exceptions undermined their commitment to classical liberalism—they were made rarely and for what they considered ethical reasons. In retrospect, they were wrong. As Ludwig von Mises stresses, rigorous adherence to first principles is essential for liberalism to flourish because any exceptions will provide precedent for further reforms whenever the circumstances seem to warrant them. Left unchecked, the reforms snowballed into a potent statist ideology.

Authentic liberals recognize the danger of state power. Minarchist government and laissez-faire economics safeguard liberty by protecting persons and property and facilitating free trade. Increasing state power, even for humanitarian reasons, violates personal liberty, undermines the free market, and encourages the growth of unhealthy vices such as militarism. The liberal alternative to this statist threat is to stress voluntary efforts. The free market allows goods and services to flow efficiently between consenting individuals, and private charity is a time-honored means by which people have assisted those in dire hardship.

Popular Liberalism, with its exceptions, did not perceive the danger of statism. As the conditions of the late nineteenth century encouraged the growth of statist ideology, popular Liberals—many willingly, some unwillingly—responded by leaning ever more on the government. Classical liberals within the movement,
an ever-decreasing minority, were sidelined. Socialistic policies became the order of the day, especially in British settler societies, heavily interventionist by nature, where leaders such as William Pember Reeves regarded a tightly regulated economy and a proactive state as paramount to their political programs (Métin 1977, 160). By the early twentieth century, popular Liberalism had become a kind of state socialism, many of its leaders having openly repudiated laissez-faire and minarchism.

REFERENCES


