

## **What was “New” about “New Liberalism”?**

Old liberalism, otherwise known as classical or Gladstonian liberalism was centred around the fundamental rights of the individual. It was an ideology that the state should have little to no intervention in people's lives and in the economy. It relied heavily upon the notion of laissez faire, and the Victorian mindset of self-help. Thrift was one of these ideas. It was the theory that any family could support itself if that income was managed wisely, and a pension could be saved for. The key pillars of old liberalism was low taxes and low state intervention. This was because they believed that the people should be able to spend their money as they wished, and not be forced to send it in taxes. The second principle of low state intervention was born out of the thought that “state intervention in the working of the market was both futile and wrong” especially reforms such as social intervention, which would require public expenditure. Classical liberalism was therefore based on personal liberty. If people were believed to be able to help themselves as long as they worked hard enough, then the state did not need to intervene and therefore people's liberties to choose how they spent their earned money was their freedom. The government was restricted to removing obstacles to entrepreneurship and providing a very basic social service, such as the postal system, which they preferred to be funded by public donation than state funds. However if old liberalism was working, how did new liberalism manage to evolve. Towards the late 19<sup>th</sup> century political thought and theory was at an all time high, while conversely Britain's economy was beginning to falter. For decades she had been the powerhouse of the world being more or less the only industrialised nation on the planet, and therefore became a great and powerful nation, with an unstoppable and unopposed economy. Towards the end of the century this was coming into question. Other European nations were industrialising and eating into Britain's profits. There was a thought among the British public that as long as the economy was growing, eventually prosperity would filter down to the lower classes. But as the economy began to shrink, according to Lee it “eroded the attractions of industrial growth as a panacea for society's ills.” Victorian notions were rapidly becoming out of date and viewed as wrong, not only economically, but morally as well. In London and York, studies showed that a third of people lived in poverty as a direct result of simply not having a large enough income to cover their basic needs, while thousands more lived in poverty due to inadequate education to manage their finances. Laissez faire was being proven to be out dated in Birmingham where the conservative mayor Joseph Chamberlain had shown that local government taking control for and organised public amenities and facilities could benefit the community as a whole. Not only did this destroy laissez faire, but also it was an attack by the Tories on Liberal values. In the 1880's socialism was starting to gain ground as the lower classes saw that their situation was not improving, and at the turn of the century the Labour party formation was yet another attack on the left which was traditionally liberal territory. Britain's inadequacy during the boar war brought forward the theory of National Efficiency and that a healthy nation would increase economic output. During the war a third of army recruits were turned away as they were not fit for service. It could therefore be said that new liberalism came about out of the challenges on the political, economic and purely moral grounds. New liberalism held at its heart that it was the responsibility of the state to help those who could not help themselves. Therefore taxes were raised in order to fund social reforms and improvements. They believed that poverty removed the liberty of those individuals to

lead a prosperous life and that every man should have the right to strive for a middle class life. The definition to which T. H. Green gave to society was a base for new liberals. He compared society, unlike Gladstone who said it was comprised of a collection of individuals, that society was more like a single being, made up of tiny cells. Each cell had its own role to play and that the human itself was so much more than simply all the organs of the body thrown together, and yet a human will die if the heart does not beat or the lungs not breath. He therefore argued for a society of which success should not be measured by the highest achievers, but by the lowest. It was the duty of the state to provide help for those people.

It is argued by Potter however that “in the Edwardian period, Liberalism underwent a change of emphasis rather than of aims.” To some extent this is an accurate statement. Both stands of liberalism concerned themselves with the liberties of the people. Old liberalism thought this lie in giving the people the ultimate amount of freedom possible; at one stage Gladstone proposed a tax free term in office. For new liberals this lie in giving people some freedoms, which had previously been, denied them. Liberty was not the only thing tying new and old together. A catchphrase of mid Victorian classical liberalism was “liberty, retrenchment and reform”. Besides retrenchment, new liberalism holds dear to it reform and liberty. The National Insurance Act of 1911 is a classic example of this. While it did increase public spending, it gave those injured while working compensation and benefits to those out of work long enough to find a job. This highlights another common theme between the strand of liberalism. Neither old nor new wish to see the population become reliant upon the state. For this reason old liberalism we reluctant to spend anything at all on individual benefits and why the new liberals were extremely careful to make sure that any benefits paid were simply enough to survive on, not for people to draw a comfortable living off of. These schemes also required to workers to pay the largest contribution into them during their time in work, so it was perceived that they had earned their benefits. Both liberals were adamant that they were not in any way socialists. Old liberals again distinguished themselves by doing nothing to actively help the people, while the New Liberals claimed that by not giving universal insurance, rather only giving it to certain professions such as ship building, and not complete reform of all social inequalities they were indeed different to socialists. The fourth common theme that runs through both them both is a sense of deserving and undeserving wealth and individuals. Productive wealth that had been earned through hard work was something to be encouraged and so rewarded with lighter taxes, while unproductive wealth passed down through inheritances was taxed much more heavily. Old and New Liberalism to share some similarities, but then perhaps that is why it is called old and new liberalism, rather than liberalism and socialism. New liberalism was an update of old liberalism, making it acceptable to the new generation of Edwardians and building upon the changing public perception of moral acceptance as well as responding to political pressure. The scale of which the liberals embraced it with their reforms was indeed radical for the time, but was an extension of experiments such as the happenings in Birmingham. New liberalism therefore could be thought of as new when in the context of Liberalism, but when put into the context of Britain was merely an update.