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Socialism, Civil Society, and the State in Modern Britain

Any adequate discussion of the changing nature of western European states during the twentieth century should include accounts of both the expansion of their role and the democratization of their structure.¹ On one hand, they became increasingly centralized and took on new functions in ways that strengthened them in relation to civil society. The British state concentrated decision making in itself, added to its jurisdictions, increased taxation, extended its powers of surveillance, developed new strategies of economic management, oversaw massive growth in the public sector, and accepted some responsibility for the welfare of its citizens. On the other hand, however, many western European states, especially after 1945, granted new political and social rights to their citizens in ways that made them increasingly subject to popular, democratic control. The British state was transformed by the growing power of representative institutions, the establishment of universal adult suffrage, the introduction of legal protections for trade unions, and the embodiment of social rights within the welfare state.

These developments in west Europe were shaped by cultural or intellectual issues, not simply economic and political ones. Yet the development of the state has been explored mainly in relation to theories of economic development: Marxists have emphasised the rise of monopoly capitalism, non-Marxists have emphasised the rise of corporate capitalism. Furthermore, the conterminous developments in civil society, including the economy, have been explored mainly in relation to theories of the state: scholars have emphasized the impact on social life of the way states mobilized their citizens for war, the extension of disciplinary power from state institutions to social practices, and the growth of rational bureaucracies.² In contrast, to approach these developments in state and civil society through the context of changes in culture or ideas will have the great advantage of enabling us to explain what otherwise remains the apparent paradox of an expansion of state power being accompanied by a wave of democratization.

This essay will thus make two main arguments. The first is that socialist theorists criticized the free market and thereby undermined the intellectual foundations of the liberal ideal of civil society. Socialists argued that the market was not a naturally harmonious system, so either the state or associations in civil society had to work to correct its defects. The second thesis is that as socialists rejected the free market, they looked to associations in civil society and popular democratic control of the state to protect the interests of the individual. The spread of socialist ideas led both to new powers being taken on by the state and to an extension of the rights of the citizen against the state.

Socialist ideas challenged the prevailing assumptions of classical liberalism. Classical liberalism promoted a faith in a market economy as a harmonious and self-regulating system. A liberal commitment to the minimal state, laissez-faire, and free trade inspired many people to try, with some success, to withdraw the state from the economic sphere of civic life. But the attempt to realize the liberal ideal, including an experience of a market economy, led socialists and others to reconceptualize the state and civil society. These new analyses of the state and civil society then set the scene for the rise of social-democratic states. Although some socialists retained a vision of a harmonious and self-regulating society, they left no space in this vision for a market economy. So, the shift from classical liberalism to socialism centered on the extent to which the market could contribute to the good of society. Liberals and socialists alike typically believed in the benefits of a strong associational culture, though within both camps there were disagreements about the merits of particular associations, such as churches and trade unions. However, whereas classical liberals usually advocated a large role for the market economy as part of civil society, socialists did not. Debates about the workings of the market economy were, therefore, central to the shift from classical liberalism to social democracy.

Classical Liberalism: The Benefits of the Market Economy

The establishment of a civil society placed outside of the legitimate demands of the state was a specific historical achievement. The cultural roots of this achievement lay in moral and pragmatic claims for religious liberties and in the claims of merchants and artisans to similar liberties. Claims to personal freedom were extended from intimate matters to religion and also to economic activities. Moreover, these latter claims arose as states undertook increasingly onerous military functions in part to open-up and then protect foreign trade. A Puritan emphasis on personal conduct fed into a new capitalist discourse focused on the productive citizen so as to generate a vigorous defense of a liberal civil society.³ In the eighteenth century, various social theorists reworked this defense to incorporate the Newtonian idea of the universe as a system of forces. Civil society, and more especially economic activity, was seen as a harmonious and self-regulating system akin to the planets. Theorists of the Scottish Enlightenment, such as Adam Smith, and later on utilitarians, including J.S. Mill, argued that private activity, whether based on habit or self-interest, could expand wealth and happiness as well as secure peace and prosperity. Classical liberalism asserted that the economic sphere within civil society could be left to itself. A market economy would bring not an anarchic muddle but a near perfect social system.

It is possible to overstate the extent to which classical liberals put their faith in an unregulated civil society. For a start, many classical liberals were as profoundly concerned with civic virtue as with individual freedom, and they looked to associations within civil society to sustain and to embody such virtue.⁴ Mill saw civic activities, especially participation in local government, as vital to ensure social solidarity. Indeed, he sympathized with Samuel Coleridge's notion of a clerisy and Auguste Comte's notion of a religion of humanity to such an extent that we can perhaps describe him as an aristocratic liberal anxious to ameliorate the possible effects of democracy.⁵ He argued that representative government required a particular type of political culture, which, therefore, should be promoted as a civic religion. "Hardly any language," he wrote, "is strong enough to express the strength of my

conviction - on the importance of that portion of the operation of free institutions, which may be called the public education of the citizens."⁶ In addition, many classical liberals expressed concerns about the impact of the market upon civic culture. The thinkers of the Scottish Enlightenment, notably Sir James Steuart and Adam Ferguson, were worried about the public effects of the place that luxury acquired within modern economies.⁷ Later Mill actually argued "that the most serious danger to the future prospects of mankind is in the unbalanced influence of the commercial spirit."⁸ He believed that only thorough participation in the detailed business of government could prevent the commercial spirit from creating a mean populace bereft of civic virtue. Despite such forebodings, however, classical liberals generally extolled the benefits of the market economy. The thinkers of the Scottish Enlightenment, most famously Adam Smith, were modernizers who sought to show how the operation of the market transformed self-interested actions into public goods. Likewise, Mill defended a basic adherence to the market rather than state intervention on grounds that were common among the philosophical radicals. He wrote: "the great majority of things are worse done by the intervention of government, than the individuals interested in the matter would do them, or cause them to be done, if left to themselves."⁹ When all the necessary caveats have been made, therefore, we are left with the fact that classical liberals placed their faith in human reason and the market. They defended the market in debates with their contemporaries, and they believed, more than any group of thinkers before them, that an unregulated economy could provide prosperity, peace, and happiness. Classical liberalism is rightly associated with advocacy of a large role for a market economy. No doubt we can debate the extent to which the nineteenth-century state actually did withdraw from the economy, let alone other areas of civil society, but the fact remains that the dominant discourse and broad thrust of public policy pointed in such a direction. Victorian Britain came to stand for the classical-liberal vision of a minimal state, laissez-faire, and free trade.

However, even as classical liberalism became a dominant belief system in British society, so other thinkers began to conceive of dilemmas in its presentation of

the world. Not everybody experienced the dilemmas as salient, let alone understood them to require a rejection of liberal doctrine. But socialists did, and even liberals often recognized their import and sought to modify their beliefs accordingly. Three main issues stand out. The first issue was a moral concern with the way the market economy undermined the traditional values and associations that made for a stable society. Romantics and radical Tories often argued that liberalism actually promoted disharmony and discord. They called for a more orderly and just civil society in which the state would both sponsor associations, such as Coleridge's clerisy, designed to promulgate civic virtue, and also intervene to protect vulnerable industries and communities.¹⁰

The second issue arose in classical economics. In the 1850s and 1860s, trade unions expanded, wages and living standards rose, and there was a population boom. Such conjunctions made a mockery of the classical theory of distribution. If trade unions could raise wages, one had to reject the wages-fund theory according to which in the short term there was a fixed amount of savings to pay wages. And if population and living standards could rise simultaneously, one had to reject the law of "natural" subsistence wages, according to which population growth responded to wage rates so as to bring them back to subsistence level. Economists experienced a crisis within their discipline - even J.S. Mill rejected the wages-fund theory.¹¹

The final issue appeared in the widespread belief that trade cycles produced inevitable slumps. Many observers believed that Britain experienced just such a slump from the early 1870s to the early 1890s.¹² They complained that the British economy suffered from a range of ills, including technological obsolescence, insufficient investment, myopic entrepreneurs, poor management, and, most significantly, a lack of support from the state. Although reflecting on these issues did not require one to reject classical liberalism, let alone to adopt socialism, the socialist critique of classical liberalism did arise in large part out of reflections on such dilemmas. Indeed, we might almost say that British Marxism embodied a concern with economic cycles,

Fabianism a concern to rework classical economics, and ethical socialism a moral critique of the disruptive effects of the market.

Socialist Theories: The Failings of the Market Economy

In the mid- and late-Victorian age, radicals more or less accepted the classical-liberal vision of a harmonious and self-regulating market economy. Their critique of British society drew on a republican tradition in which social ills appeared as products of a corrupt political system rather than the inner workings of the economy.¹³ Radicals argued that the undemocratic, oligarchic nature of the British state enabled landlords and moneylords to institutionalize an unnatural and unjust distribution of land and thereby to keep a virtuous people in poverty. During the 1880s, however, popular radicals began to turn to Marxism in a way that led them to break with this republican tradition. Certainly the Marxists of the Social Democratic Federation (SDF), the Socialist League, and the Bloomsbury Socialist Society began to describe social ills as products of an exploitation integral to capitalism.¹⁴ Early British Marxists adopted Marx's catastrophist vision of capitalism. They argued that the market economy was leading not to happiness, wealth, and peace but to crises of overproduction, the immiserization of workers, and imperial rivalries.¹⁵ Capitalist competition led to the accumulation and concentration of capital, which then increased productive capacity. But because this increased production soon outstripped demand, capitalists were then forced into ever harsher competition, which soon led to a crisis characterized by bankruptcies, cutbacks, and unemployment. Here the growth of fixed capital, the pressure to reduce costs, and unemployment all forced wages down, thereby leading to the immiserization of the workers and the further accumulation of capital. Similarly, the intensity of competition prompted capitalists both to use the state to secure markets through imperialism and to seek refuge in trusts and cartels that further concentrated capital. Before long, however, the further accumulation and concentration of capital led to an even worse economic crisis. The free market was self-destructive, not self-regulating.

British Marxists rejected the idea of the market economy as a harmonious and self-regulating sphere. Indeed, many of them believed that the failings of capitalism made state intervention in civil society essential. H.M. Hyndman evoked a "principle of State management" in 1881 just after reading Marx.¹⁶ Soon afterwards, at the founding meeting of the SDF, he issued a pamphlet with the significant title *The Text Book of Democracy*. The pamphlet argued that "the time is coming when all will be able to recognise that its [the state's] friendly influence is needed to prevent serious trouble, and lead the way to a happier period."¹⁷ When British Marxists rejected the idea that the market economy guarantees individual liberty and social cohesion, they argued not only that the state had to intervene in civil society to secure a just and stable society but also that freedom had to be secured by a democratic political system. Hyndman insisted that "a great democratic English Republic has ever been the dream of the noblest of our race," and "to bring about such a Republic is the cause for which we Socialists agitate to-day."¹⁸ The program of the SDF called not only for a parliament based on universal suffrage but for popular control of this parliament to be reinforced through measures such as annual elections, referenda, a principle of delegation, abolition of the House of Lords, and even an elected civil service.

Although Marxists often accepted the need for a more interventionist state, their economic theory did not compel them to do so. Because the evils of capitalism arose from private ownership of the means of production, a civil society without such ownership might conceivably come to resemble the ideal of a harmonious and self-regulating system. The crucial question for Marxists, therefore, was what form common ownership of the means of production should take. While members of the SDF generally believed that a democratic state could act as a suitable vehicle for common ownership, other Marxists were more hostile to the state. Socialist, poet, and designer William Morris, for example, defended a form of anarcho-communism. The absence of private property would remove almost all cause for disagreement so that civil society could become a self-regulating sphere from which politics would be more or less absent.¹⁹ Other Marxists, notably Tom Mann, favored a form of syndicalism:

they gave an extended role to the state, while unpacking its democratic structure in terms of industrial units composed of producers, not geographical units composed of citizens.²⁰

The SDF appealed almost exclusively to socialists who had previously been popular or Tory radicals. Liberal radical converts to socialism typically joined the Fabian Society. They did so in the context of the collapse of classical economics.²¹ During the 1870s and 1880s, economists such as W.S. Jevons and Alfred Marshall developed various versions of marginalist economics. Fabians such as George Bernard Shaw and Sidney Webb then drew on marginalism to construct theories of rent as exploitation.²² Shaw argued that capitalists exploited workers in part by the exercise of their monopoly of the means of production and in part because as landlords they appropriated the rents arising from natural advantages of fertility. Webb argued that interest was strictly analogous to land rent since it derived from an advantageous industrial situation. Both Shaw and Webb believed, therefore, that any economy necessarily produced rent understood as a social surplus. Rent was unearned in that it reflected natural or social variations of fertility or industrial situation. Moreover, rent did not contribute to the maintenance of the supply of land or capital necessary to the efficient functioning of the economy but, rather, appeared when there was a permanent or temporary quasi monopoly. As Webb explained, "an additional product determined by the relative differences in the productive efficiency of the different sites, soils, capitals and forms of skill above the margin has gone to those exercising control over those valuable but scarce productive forces."²³ Indeed, the Fabians believed that rent promoted economic inefficiencies. According to Sidney and Beatrice Webb, things such as child labor and variable local rates generated forms of rent or "bounties" that enabled inefficient companies to flourish.²⁴ The free market led to an uncoordinated industrial system composed of numerous fragmented centers of management that knew little about each other's activities. The anarchic nature of capitalism thus resulted in duplication, temporary blockages, and other unnecessary

forms of waste. Capitalism, the Fabians concluded, was unjust and inefficient, not harmonious and self-regulating.

Fabian economic theories, unlike those of the Marxists, virtually compelled their adherents to call for a more interventionist state. Crucially, rent arose not just under capitalism but within any economy. The surplus value evoked by Marx arose from the buying and selling of labor in a capitalist economy, so collective ownership of the means of production would eliminate it irrespective of the particular role given to the state. The rents evoked by the Fabians, in contrast, arose from the variable productivity of different lands and, arguably, capitals. The solution, therefore, was for the state to appropriate rent.²⁵ As Shaw explained, "economic rent, arising as it does from variations of fertility or advantages of situation, must always be held as common or social wealth, and used, as the revenues raised by taxation are now used, for public purposes."²⁶ The Fabians did not believe that the extended role they advocated for the state need bring an increase in bureaucracy. On the contrary, they suggested that state action would eliminate the wasteful inefficiencies of a market economy. The Fabians acknowledged, however, that socialism would make the integrity and efficiency of the state absolutely vital, and they saw democracy as the best means to secure an honest state. They hoped "through Democracy to gather the whole people into the State, so that the State may be trusted with the rent of the country."²⁷ Yet because the Fabians generally drew on the liberalism of Bentham and Mill, not the republicanism that fed into the SDF, they defined democracy as representative government almost to the exclusion of other forms of popular control over the executive such as referenda or an elected civil service.

The third strand to make up British socialism was an ethical one based principally on a moral critique of capitalism. Ethical socialists, following Thomas Carlyle and John Ruskin, denounced the free market and competition in favor of a moral economy and cooperation.²⁸ Proponents of the moral economy rejected the classical-liberal view of the market economy as a road to prosperity, happiness, and peace. They associated it instead with poverty, urban squalor, immorality, and social

dislocation. Even if it did bring material benefits, these were outweighed by its social costs. Besides, many of the commodities produced in a market economy met artificial wants, not genuine needs, since production in it responded primarily to the changing whims and fashions of the wealthy. Perhaps the worst facet of the market, however, was its promotion of individualism and competition; it brought to the fore people's mean and selfish instincts as opposed to their generous and sharing ones. Edward Carpenter complained of self-consciousness being "almost a disease; when the desire of acquiring and grasping objects, or of enslaving men and animals, in order to administer to the self, becomes one of the main motives of life."²⁹ Capitalism thus elevated material greed above human relationships.

Ethical socialists rarely evoked sophisticated economic theories to reveal the unjust or inefficient nature of capitalism. Indeed, Carpenter dismissed the debate over the nature of value as akin to disputes among medieval scholastics.³⁰ The important thing was not to provide some formal theory of an abstract economic processes but to examine the actual results of these processes and then to assess their moral acceptability. Ethical socialists wanted everyone to acknowledge that, in Wilfrid Richmond's words, "economies are within the sphere of conscience."³¹ For many of them, the appropriate sphere of conscience derived from an immanentist Christianity, as with Richmond, or a mystical belief in the unity of all things, as with Carpenter. God was present in all of us, uniting us in a single brotherhood, the ethical expression of which was a social fellowship that required us to concern ourselves with others in all our daily activities. The welfare of others constituted the central focus of the moral economy.³² Capitalists, consumers, and workers alike had to put the well-being of their fellows before selfish concerns with profits, prices, and wages. The liberal view of civil society, with the powerful role it ascribed to the market, stood condemned, therefore, for its failure to ground economics on an ethic of co-operative fellowship.

The idea of a moral economy had perilously little to say about the role of the state under socialism. Ethical socialists typically defined socialism as the enactment of a spirit of democracy, fellowship, or brotherhood. Carpenter spoke of realizing the

"instinct of loving Union which lies at the root of every human Soul."³³ The Christian Social Union, more concretely, promoted "white lists" of producers and retailers who met specified criteria with respect to fair wages, decent working conditions, and so forth.³⁴ By dealing exclusively with such producers and retailers, socialists put the welfare of others before their own wealth and thus laid the foundations for the moral economy. The ethical socialists' ideal centered on a personal democracy in which relationships were based on equality and love. The particular role of the state was of little importance compared to personal transformations and the consequent revolution in civil society. On one hand, if economic interactions were governed by suitable moral values, there would be little need for the state to intervene. Thus, Carpenter advocated a nongovernmental society based on cooperative units of production.³⁵ On the other hand, however, debates about the economic role to be played by the state should not be allowed to detract from the vital need for a moral revolution within civil society. Thus, Carpenter argued that all forms of socialism and anarchism embodied the same ideal, and the key thing was to spread the ideal without worrying about the material form it might take.³⁶ Similarly, Christian socialists evoked the example of Christ: "Our Lord . . . preached no system of political economy. He never for a moment would allow us to suppose that changes in the machinery of political life or in the distribution of wealth would remedy the fundamental evils of society. What he required was a profound ethical change based on thoughts about God and about man."³⁷

A Socialist Debate: The Role of the State

Socialists reconceptualized the market economy in ways that led them to reject the classical liberal vision of civil society. Some socialists, notably the Fabians and many Marxists including Hyndman, argued that the state had to take on new functions and play a more active role in civil society. They called for an extension of democracy to ensure that a more active state remained trustworthy. Other socialists, notably the ethical socialists and some Marxists, argued that civil society needed to be purged of

abuses associated with competitive individualism and capitalism. They called for the democratization of civil society itself: for the ethical socialists, civil society needed to embody the democratic spirit of true fellowship; for Marxists, such as Mann, who were attracted to syndicalism, the associations in civil society needed to be made thoroughly democratic.³⁸ One of the main debates among British socialists, therefore, concerned the relative roles to be played under socialism by a democratic state and democratic associations in civil society. To simplify, we might say that the dominant outlook in the Independent Labour Party and the Labour Party fused ethical socialism with Fabian economics to emphasize the role of the state, but that this dominant outlook was criticized by socialists influenced by syndicalist forms of Marxism and by nongovernmental forms of ethical socialism.

Leading figures in the Labour Party - Keir Hardie, Philip Snowden, and Ramsay MacDonald - condemned capitalism in much the same terms as the ethical socialists. Snowden condemned the competitive market for bringing out our "animal instincts," not our moral ones: "it makes men hard, cruel, selfish, acquisitive economic machines."³⁹ MacDonald defended the idea of "buying in the best market," where the idea of "the best" had to include the welfare of producers, not just cheapness.⁴⁰ And Hardie evoked the Sermon on the Mount and spoke of the coming of the Kingdom of God. Within the framework of ethical socialism, however, leading figures in the Labour Party turned to the Fabians to provide them with an economic analysis of the market economy. Snowden followed Webb's theory of interest as analogous to land rent, arguing that "just as the landlord gets an unearned income from the increase in the value of land, so the capitalist gets an unearned increment from improvements in productive methods and in other ways not the result of his own efforts or abilities."⁴¹ And MacDonald followed the Webbs's denunciation of the uncoordinated nature of the market, arguing that, whereas capitalism relied on a haphazard and chaotic clash of individual interests, socialism would eliminate waste by organizing economic life on a scientific basis.⁴²

The Labour Party's reliance on Fabian economics led it to reject the ideal of an unregulated civil society and instead to demand various forms of state intervention. For a start, the existence of an unearned increment present in all economies suggested that the state should be in charge of collecting this surplus and using it for the benefit of the community. The Labour Party's mock budget of 1907, for example, spoke of introducing "taxation" so as to collect "unearned . . . increments of wealth" and use them "for communal benefit."⁴³ Hardie, MacDonald, and Snowden advocated a range of measures to deal with the social surplus in the economy. To secure the surplus, they wanted not only taxation but also legislative restrictions on property rights and eventually public ownership of the means of production. To deploy the surplus for communal benefit, they wanted a considerable extension of social welfare legislation. In addition, they advocated public ownership of the means of production in order to end the anarchic nature of capitalist production. The solution to both overproduction and unemployment lay in the state taking control of the economy and regulating supply in relation to demand.

The leading figures in the Labour Party turned to the state to correct the failings they believed were inherent in the market economy. They rejected traditional fears about a too powerful state by stressing the ethical nature of a truly democratic state. Liberals had been right to oppose state intervention when the state had been a corrupt aristocratic one, but the establishment of democracy would make the state trustworthy. As MacDonald explained, "the democratic State is an organisation of the people, democratic government is self-government, democratic law is an expression of the will of the people who have to obey the law."⁴⁴ The leading figures within the Labour Party defined democracy in terms taken again from the ethical socialists and the Fabians. They equated democracy with a spirit of fellowship and representative institutions, rarely showing enthusiasm for other forms of popular control of the state. A social-democratic state provided a vehicle for freedom. The liberal view of liberty as based on individual activity in a civil society undisturbed by the state made sense when such activity was believed to yield justice, wealth, peace, and happiness. But

once socialists questioned the efficacy of the market as a deliverer of such goods, they had to redefine the value of liberty. Typically they redefined it as dependent on factors such as employment, a minimal standard of welfare, and even participation in a polity aiming at the common good. By providing appropriate support, the state thus could become a vehicle for promoting liberty.

While the dominant outlook in the Labour Party drew on Fabian economics, socialist opposition to this outlook often drew on forms of Marxism drifting towards syndicalism and forms of ethical socialism incorporating a nongovernmental ideal. The leading British syndicalists, including Mann and James Connolly, were Marxists who had belonged to the SDF.⁴⁵ They emphasised two themes. They argued, first, that the cure for capitalism lay in a transformation of industry and society without any involvement by the political realm. Because Marxist economics did not compel one to call for a greater role for the state, syndicalists were able to envisage a harmonious civil society in which the capitalist system of private property had been replaced by one based on worker-owned industrial units. The syndicalists rejected the Labour Party's commitment to realizing socialism through a parliamentary party and, instead, looked toward the industrial action of trade unions. The syndicalists argued, second, that any leadership soon became a self-serving bureaucracy unless it were subject to strong democratic control. Even worker-owned industrial units had to be subject to popular control through a principle of delegation and so forth. The syndicalists, and many other Marxists, opposed the Labour Party's restricted view of democracy as requiring little other than representative government.⁴⁶ They wanted to extend popular control by introducing the initiative and referenda into the institutions with which they were concerned.

Ethical socialism, with its debt to Ruskin, often incorporated a romantic medievalism in which craftsmen conjoined in guilds were seen as an approximation to the ideal of a social fellowship. A.J. Penty developed this medievalism in his *The Restoration of the Gild System*, which in its preface acknowledged a debt to Ruskin and to Carpenter and which inspired the other begetters of guild socialism, A.R. Orage

and S.G. Hobson.⁴⁷ The early guild socialists drew on two themes central to the ethical socialist tradition. They argued, first, that the ideal of fellowship consisted of a social spirit of democracy. Individuals would exercise full control over their own daily activities in a cooperative and decentralized society. As Penty explained, "it is necessary to transfer the control of industry from the hands of the financier into those of the craftsman."⁴⁸ The guild socialists argued, secondly, that the cure for capitalism lay in this moral ideal of fellowship, an ideal to which the political realm was largely irrelevant and perhaps even detrimental. Because the moral economy did not require state intervention, indeed because state-owned industries were capable of retaining the commercial ethic of private companies, the Labour Party should focus not on parliamentary politics but on the creation of the ideal of fellowship. The guild socialists rejected the Labour Party's view of democracy as representative government. Democracy, they insisted, entailed local control over the institutions within civil society and these institutions being largely autonomous from the state.

The Labour Party called for an extension of the state to eliminate the inequities and inefficiencies associated with capitalism. Socialist hostility to this position, from both within and without the Party, drew on the economics of the Marxists and ethical socialists to defend socialist visions based on voluntary associations rather than the state.⁴⁹ Although all socialists rejected the classical-liberal ideal, there was a division between those who looked to the state to correct the failings of the market and those who sought to transform civil society from within itself in a way that would make state intervention superfluous. The latter group long continued to criticize the Labour Party for the statist nature of its ideal and its limited concept of democracy. Not long after the end of the First World War, for instance, pluralists such as G.D.H. Cole and Harold Laski fused guild socialism with syndicalism, and also some Fabian themes, in an attempt to revitalize the democratic impulses within the Labour Party.⁵⁰

Social-Democracy and Its Discontents

By the outbreak of the First World War, the Labour Party had accepted socialist doctrines that committed it to an extended role for the state. These doctrines transformed state and society over the next half-century. To understand why these doctrines did so, however, we have to recognize that closely related ones gained ground among nonsocialists.⁵¹ Liberals and conservatives, too, reflected on the dilemmas posed by economic cycles, marginalism, and a moral disquiet at the effects of the market. When they did so, they often adopted ideas resembling those of the socialists. Thus, J.A. Hobson explained cycles in the economy as products of a form of underconsumption endemic to the free market, while Marshall introduced the concepts of producer's and consumer's surpluses into neoclassical economics.⁵² Numerous theorists began to challenge the idea that the market constituted a harmonious, self-regulating system. Moreover, they often turned to the state to put right the failings of the market, and to democracy to ensure the state could be trusted to play such a role. It is not surprising, therefore, that the twentieth century has witnessed both an expansion of state power and a growth of democracy. The state increased taxation, took an increasingly active role in economic management, and accepted some responsibility for the welfare of its citizens precisely because the market economy was now conceived as incapable of dealing adequately with such matters. Equally, the suffrage was extended, legal protections were granted to institutions in civil society such as trade unions, and citizens acquired greater social rights against the state precisely because an extended state was conceived as being trustworthy only if it were subject to democratic control.

The changes in the nature of the state and civil society therefore have to be located against the relevant cultural or intellectual background. No doubt the rise of corporate capitalism, the need of the state to mobilize the population for war, and similar factors played a role in bringing about the changes. Nonetheless, these developments were not given to people as brute facts; rather, they were developments that people made sense of through beliefs and debates that constituted part of the intellectual background. One need not conceive of trusts and cartels as in need of

regulation, let alone as evidence of the need for state ownership. Socialists and others argued in this way only because public debate, private discussion, and personal reflection led them to reject the liberal view of civil society that dominated Victorian Britain. Similarly, politicians would not have mobilized people for war through the state if they had believed the state could not play such a role, and they would not have seen the experience of war as relevant for peace had they not been convinced there were problems with a market economy. The First World War mattered because it was interpreted as further evidence of the failings of a classical liberalism that already had been rejected. MacDonald said that the war provided "a wonderful proof" of the socialist argument, not that the war constituted the socialist argument.⁵³

The process of historical change has continued throughout the twentieth century. The emergence of new ideas and institutions produced new debates. Social theorists began to suggest that social democracy had undermined civil society. Many of them went on to equate the alleged decline of civil society with an apparent lack of social cohesion. Worries about the erosion of social cohesion were compounded by a growing unease over the operation of the welfare state. Social theorists, rightly or wrongly, evoked an underclass trapped in a cycle of welfare dependency and an overly bureaucratic welfare state that undermined the spirit of independence and self-help.

The solution to all of these problems often has been seen to lie in a vigorous civil society. In this view, the welfare state needs to be superseded, at least to some extent, by voluntary associations based on local initiatives. Some of the theorists who call for a revitalized civil society are part of the new right; people like David Green generally adopt a neoliberal vision that relies heavily on the market.⁵⁴ Others, however, are inspired by the arguments with which syndicalists and guild socialists once challenged the dominant ideas in the Labour Party. Paul Hirst, for example, has drawn on Cole, J.N. Figgis, and Laski to argue for a shift from the state to a more pluralist society. He wants to revitalize civil society by returning to it tasks currently undertaken by the state and by thoroughly democratizing its institutions and practices.⁵⁵

¹ An earlier version of this essay appeared in Frank Trentmann, ed., *Paradoxes of Civil Society* (Providence, RI, 2000).

² See respectively Theda Skocpol, *Protecting Soldiers and Mothers: The Political Origins of Social Policy in the United States* (Cambridge, Mass., 1992); Michel Foucault, *Discipline and Punish: The Birth of the Prison*, trans. A. Sheridan Smith (London, 1977); Max Weber, *On Capitalism, Bureaucracy, and Religion*, ed. S. Andreski (London, 1983).

³ The classic study of the process remains Max Weber, *The Protestant Ethic and the Spirit of Capitalism*, trans. T. Parsons, intro. R. Tawney (London, 1930).

⁴ Donald Winch, *Adam Smith's Politics* (Cambridge, Eng., 1978); Eugenio Biagini, "Liberalism and Direct Democracy: John Stuart Mill and the Model of Ancient Athens", in *Citizenship and Community: Liberals, Radicals, and Collective Identities in the British Isles, 1865-1931*, ed. E. Biagini (Cambridge, Eng., 1996), 21-44. It should be said, however, that by the time we reach Mill the idea of virtue has been transformed to highlight self-development and responsible public participation.

⁵ Alan Kahan, *Aristocratic Liberalism: The Social and Political Thought of Jacob Burckhardt, John Stuart Mill, and Alexis de Tocqueville* (Oxford, 1992).

⁶ J.S. Mill, "Considerations on Representative Government", in *Collected Works of J.S. Mill* (London, 1963/89), 19:535.

⁷ Istvan Hont, "The Rich Country-Poor Country Debate in Scottish Classical Political Economy", in *Wealth and Virtue: The Shaping of Political Economy in the Scottish Enlightenment*, ed. I. Hont and M. Ignatieff (Cambridge, Eng., 1983).

⁸ J.S. Mill, "De Tocqueville on Democracy in America [II]", in *Collected Works*, 18:198.

⁹ J.S. Mill, "Principles of Political Economy", in *Collected Works*, 3:941.

¹⁰ Jonathan Mendilow, *The Romantic Tradition in British Politics* (London, 1986); Raymond Williams, *Culture and Society, 1780-1950* (London, 1987).

¹¹ J.S. Mill, "Thornton on Labour and its Claims", in *Collected Works*, 5:631-68.

Examples of economists decrying the state of their discipline include William Cunningham, "Political Economy as a Moral Science", *Mind* 3 (1878), 369-83; H.S. Foxwell, "The Economic Movement in England", *Quarterly Journal of Economics* 2 (1888): 84-103; Henry Sidgwick, *The Principles of Political Economy* (London, 1883), 1-7.

¹² Historians have been skeptical about the depth of the depression, restricting it at most to certain sectors: see S.B. Saul, *The Myth of the Great Depression 1873-1896* (London, 1969). The fact remains, however, that most contemporaries believed they were living through a depression.

¹³ The alliance between radicals and liberals has been emphasized by Eugenio Biagini and Alastair Reid, eds., *Currents of Radicalism: Popular Radicalism, Organised Labour and Party Politics in Britain, 1850-1914* (Cambridge, Eng., 1991). On the discourse of popular radicalism, see Patrick Joyce, *Visions of the People: Industrial England and the Question of Class* (Cambridge, 1991); Gareth Stedman Jones, "Rethinking Chartism", in *Languages of Class: Studies in English Working Class History 1832-1982* (Cambridge, Eng., 1983), 90-178.

¹⁴ Mark Bevir, "The British Social Democratic Federation 1880-1885: From O'Brienism to Marxism", *International Review of Social History* 37 (1992): 207-29;

Mark Bevir, "Republicanism, Socialism, and Democracy in Britain: The Origins of the Radical Left", in *Journal of Social History* (forthcoming).

¹⁵ See, e.g., H.M. Hyndman, *The Economics of Socialism* (London, 1896); William Morris and Ernest Bax, *Socialism: Its Growth and Outcome* (London, 1893).

¹⁶ H. M. Hyndman, "The Dawn of a Revolutionary Epoch", *Nineteenth Century* 9 (1881): 17.

¹⁷ H. M. Hyndman, *The Text Book of Democracy: England for All* (London, 1881), 31.

¹⁸ *Justice*, 14 June 1884.

¹⁹ William Morris, *News from Nowhere*, in *The Collected Works of William Morris* (London, 1910-15), vol. 16.

²⁰ Joseph White, *Tom Mann* (Manchester, 1991).

²¹ On the Fabians and their intellectual ancestry, see Norman and Jean MacKenzie, *The First Fabians* (London, 1977); Willard Wolfe, *From Radicalism to Socialism* (New Haven, 1975).

²² Mark Bevir, "Fabianism and the Theory of Rent", *History of Political Thought* 10 (1989): 313-27.

²³ Sidney Webb, "English Progress towards Social Democracy", *Fabian Tract*, no. 15 (1892), 5.

²⁴ Sidney and Beatrice Webb, *Industrial Democracy* (London, 1902), esp. 863-72.

²⁵ At first Webb advocated the positivist solution of moralization of the capitalist: see Sidney Webb, "The Economics of a Positivist Community", *Practical Socialist* 1 (1886): 37-9. Before long, however, he rejected this solution on the grounds that it

would not address the inefficiencies of the free market: see Sidney Webb, "Rome: A Sermon in Sociology", *Our Corner* 12 (1888): 53-60 and 79-89.

²⁶ George Bernard Shaw, "The Economic", in *Fabian Essays in Socialism*, ed. G. Shaw (London, 1890), 27.

²⁷ George Bernard Shaw, "The Transition to Social Democracy", in *ibid*, 182.

²⁸ On the importance of Carlyle and Ruskin for ethical socialism, see Stanley Pierson, *Marxism and the Origins of British Socialism* (Ithaca, 1973); and Mendilow, *Romantic Tradition*. On ethical socialism, also see Stephen Yeo, "A New Life: The Religion of Socialism in Britain, 1883-96", *Historical Workshop* 4 (1977): 5-56.

²⁹ Edward Carpenter, *The Art of Creation* (London, 1904), 50.

³⁰ Edward Carpenter, "The Value of the Value Theory", *To-day* 11 (1889): 22-30.

³¹ Wilfrid Richmond, *Christian Economics* (London, 1888), p. 25.

³² Frank Trentmann, "Wealth versus Welfare: The British Left between Free Trade and National Political Economy before the First World War", *Historical Research* 70 (1997): 70-98.

³³ Edward Carpenter, *Angel's Wings* (London, 1898), 226.

³⁴ E.g. "Preferential Dealing", in Christian Social Union (Oxford Branch), Leaflets, Bodleian Library, Oxford.

³⁵ Edward Carpenter, "Transitions to Freedom", in *Forecasts of the Coming Century*, ed. E. Carpenter (Manchester, 1897), 174-92.

³⁶ *Commonweal*, 5 December 1891.

³⁷ Charles Gore, *Strikes and Lock-Outs: The Way Out* (London, 1926), 12.

³⁸ Of course, the divisions were never as clear-cut as this suggests. So, for example, Sydney Olivier, a Fabian, held views remarkably close to those described as ethical

socialism: see Sydney Olivier, *Sydney Olivier: Letters and Selected Writings*, ed., M. Olivier (London, 1948). Likewise, many of the early socialists changed their beliefs somewhat, often under one another's influence. So, for example, the Webbs and Carpenter briefly showed signs of being influenced by syndicalism: see Sidney and Beatrice Webb, *A Constitution for the Socialist Commonwealth of Great Britain* (London, 1920); Edward Carpenter, *Towards Industrial Freedom* (London, 1917).

³⁹ Philip Snowden, *Socialism and Syndicalism* (London, 1913), 84.

⁴⁰ Ramsay MacDonald, *The Zollverein and British Industry* (London, 1903), 163.

⁴¹ Snowden, *Socialism and Syndicalism*, 117.

⁴² E.g. Ramsay MacDonald, "Socialism", in *Ramsay MacDonald's Political Writings*, ed. B. Barker (London, 1972).

⁴³ Philip Snowden, "The Socialist Budget 1907", in *From Socialism to Serfdom*, ed. J. Hardie (Hassocks, 1974), 7.

⁴⁴ Ramsay MacDonald, *Socialism and Society* (London, 1905), 70.

⁴⁵ R.J. Holton, *British Syndicalism, 1900-14: Myths and Realities* (London, 1976). On Connolly's political thought, see David Howell, *A Lost Left* (Manchester, 1986).

⁴⁶ On socialist debates about the nature and role of democracy, see Logie Barrow and Ian Bullock, *Democratic Ideas and the British Labour Movement, 1880-1914* (Cambridge, Eng., 1996).

⁴⁷ A.J. Penty, *The Restoration of the Guild System* (London, 1906). For discussion of the movement, see S.T. Glass, *The Responsible Society: The Ideas of the English Guild Socialists* (London, 1966).

⁴⁸ Penty, *Restoration*, 57.

⁴⁹ Once again, of course, the division was not as clear-cut as this suggests. So, e.g., Orage and Hobson were themselves members of the Fabian Society, albeit part of an internal opposition to Shaw and the Webbs; while the leading figures in the Labour Party, including MacDonald, were influenced at times by doctrines such as syndicalism. See Ramsay MacDonald, *Socialism: Critical and Constructive* (London, 1921).

⁵⁰ A.W. Wright, *G. D. H. Cole and Socialist Democracy* (Oxford, 1979); Michael Newman, *Harold Laski: A Political Biography* (Basingstoke, 1993).

⁵¹ Cf. Frank Trentmann, "The Strange Death of Free Trade: The Erosion of 'Liberal Consensus' in Great Britain, c. 1903-1932", in *Citizenship and Community*, ed. E. Biagini (Cambridge, Eng., 1996), 219-50.

⁵² J.A. Hobson & A.F. Mummery, *The Physiology of Industry* (London, 1889); Alfred Marshall, *Principles of Economics*, ed. C. Guillebaud (London, 1961).

⁵³ Ramsay MacDonald, *Socialism after the War* (London, 1918), 8.

⁵⁴ David Green, *Reinventing Civil Society: The Rediscovery of Welfare without Politics* (London, 1993); David Green, *Community without Politics: A Market Approach to Welfare Reform* (London, 1996).

⁵⁵ Paul Hirst, ed., *The Pluralist Theory of the State: Selected Writings of G. D. H. Cole, J. N. Figgis, and H. J. Laski* (London, 1989); Paul Hirst, *Associative Democracy: New Forms of Economic and Social Governance* (Cambridge, Eng., 1994); Paul Hirst, *From Statism to Pluralism: Democracy, Civil Society, and Global Politics* (London, 1997).