

Sidney and Beatrice Webb's Viewpoint on "Collectivism"

– Was it Private or Public interest? –¹

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summary

This paper tries to make clear the viewpoint of Sidney and Beatrice Webb on "collectivism." Two points can be suggested about the characteristics of the Webbs' idea. The first point is that they supported some voluntary movements and criticised others. The second point is that their reform scheme had a dualistic structure of voluntary factors and the state / municipalities. The key to an understanding of the Webbs' attitude towards "collectivism" was their unique evolutionary perception of society. The Webbs knew well that the behaviour of all voluntary associations was based on essentially private interests. However, if they could "adapt" to "industrial progress," they were accepted from the viewpoint of the public interest. In this case, the state has to support them up to the national minimum levels in order to prevent "degeneration." The viewpoint of the Webbs on "collectivism" was one version of a "mixed economy of welfare." However, after the First World War, they were forced to change their idea from "evolutionary" thinking to "control" by the state. At the same time, the Webbs' pre-1914 idea became a forgotten aspect of the intellectual history of Britain.

I. Introduction

Habermas (1991) says that, in the last quarter of the nineteenth century, the "bourgeois public sphere" began to disintegrate as the Social-Welfare State emerged. In this new situation, consensus politics through the public debate in the "bourgeois public sphere" was transformed into a battlefield of "organised private interests."² How did the intellectuals of the day observe these social changes?

Of course, the terminology "Welfare State" was not used in the nineteenth century. This paper will focus on the word "collectivism" which was used widely in Britain at the turn of the century. In some cases,

“collectivism” meant a political ideology interchangeable with “socialism.” However, A. V. Dicey (1905) uses the word “collectivism” as “a convenient antithesis to individualism in the field of legislation.” This means that “collectivism” had very wide meanings, from simple “associations” among people, to state-oriented “socialism.”³ This paper will examine the case of Sidney and Beatrice Webb and try to clarify aspects of discourses on “collectivism” at the turn of the century.

II .“Freedom of Contract,”“Freedom of Association” and“Intervention with Freedom of Contract”

At the turn of the century, Britain confronted dual problems. One was international and the other domestic. The international problem was a symptom of relative industrial decline. Since the Great Depression, the United States and Germany had been catching up by using tariffs and dumping. Britain’s share of world manufacturing began to decline. Although this was only the beginning of a relative decline, it was a great shock for particular industries. The domestic problem, or “social problem” was the poverty of the lower working classes. However, it is difficult to link the problem of poverty directly to industrial decline, because, in real terms, the British economy grew steadily during the second half of the nineteenth century. It is correct to assert that the poverty of the lower working classes was highlighted as a result of the economic success of the upper working classes. The Enfranchisement Act(1884) and poverty surveys by C. Booth and S. Rowntree, gave momentum to social reform as the big issue.

These new socio-economic circumstances brought about a change in the world of politics. Three political groups emerged to solve these dual problems. The first group was Chamberlain’s Unionists. After splitting from the Liberal Party in 1886, they advocated a combination of protectionism and social reform, envisaging that the latter would be funded by tariffs. In 1903, they started the “Chamberlain Campaign” against traditional free trade. The

second group was the Gladstonian Liberals. In 1892, following Chamberlain's departure, orthodox Liberals led by Gladstone launched the "Newcastle Programme" and advocated social reforms which emphasised free trade. The third group was the "Liberal Imperialists." After the outbreak of the Boer War (1899-1902) under the leadership of Lord Rosebery, they used the slogan "national efficiency" and sought to combine imperialistic policies with radical social reforms.

Behind such a reorganisation of politics, new streams of thought emerged in economic policy. Members of the English Historical School, like Ashley and Hewins, associated poverty problems directly with industrial decline. They supported Chamberlain and advocated commercial education in order to revive British industries.⁴ By contrast, Alfred Marshall insisted that free trade and "liberty of initiative" were essential to revive the British economy. Marshall signed the "Anti-Chamberlain Manifesto" and warned against excessive intervention by the state in labour policy. Based on an evolutionary theory, he anticipated the "organic growth" of productivity in both labour and industrial organisations.⁵ J. A. Hobson identified the cause of poverty as a distortion of the income distribution caused by imperialistic foreign investments. He sought social reforms in line with orthodox liberal internationalism.⁶

Of course, the Webbs also breathed the same air. They have often been seen as "Social Imperialists,"⁷ and were famous for the political slogan "national efficiency." However, the originality of the Webbs' idea lay in the attention they paid to working class social movements. They thought that "collectivism" would, or should, contribute to solving the dual problems of the British economy. We have to survey the historical context in which the Webbs formulated their own reform scheme.

The basic legislation of Victorian labour policy was the "New Poor Law" (1834) which advocated *laissez-faire* in the labour market. However, even after 1834, the administration of the Poor Law was not as rigid as expected. In

1869, the President of the Poor Law Board, G. S. Goshen, tried to tighten the conditions of welfare provision.⁸ It is said that one of the intentions of the Charity Organisation Society, founded in the same year, was to restrict such a loose provision to the poor by overlapping bodies.⁹ Anyway, “respectability” became the normative attitude of the Victorians. The type of independent lifestyle described by Samuel Smiles in his “*Self Help*” (1859) became important among the middle classes. However, toward the end of the nineteenth century, it also pervaded the working classes. For them, the means to live “respectable” lives lay in collective self-help such as trade unions, friendly societies and co-operatives.

In their early days, friendly societies and trade unions had had a close relationship with each other. However, friendly societies had been promoted by the Friendly Society Act (1793) whereas trade unions had been suppressed through the Combination Act (1800). This meant that friendly societies were viewed as comparatively moderate. They provided their members with welfare benefits, including sick pay and payment of funeral expenses, through the pooling of member’s weekly contributions. In this sense, they were a typical working class “collective self help” movement, and were, consequently, harmless to the ruling classes. At the beginning of the twentieth century, the sickness benefit membership of friendly societies had reached 40 per cent of the adult male workers in Britain.¹⁰

After the repeal of the “Combination Acts,” trade unions developed into craft unions in the mid-nineteenth century. Craft unions, consisting of skilled workers, regulated the labour supply through apprenticeships and the provision of out-of-work benefits. They preferred these indirect measures to direct ones like strikes, because of the common law crime of conspiracy and the master and servant employment relationship. However, through the Trade Union Act (1871), the Conspiracy Act (1875) and the Master and Servant Act (1875) freedom of combination was guaranteed. After that, “new unionism” became stronger and advocated direct negotiation with employers

and, failing this, strikes. In particular, the unions in the cotton and coal mining industries tried to enforce nationally unified collective contracts and demanded that the government regulate working hours by law. "New unionism" steadily permeated the less skilled workers towards the turn of the century.¹¹

In the first half of the nineteenth century, co-operatives passed through the times of Owenism and Chartism. Subsequently, they developed in two directions; associations of consumers represented by the "Rochdale Pioneers," and associations of producers introduced from France by the Christian socialists. Although the Industrial and Provident Societies' Act (1852) was beneficial for both, associations of consumers steadily developed and associations of producers began to decline in the latter half of the nineteenth century. At the end of the nineteenth century, there was a "profit-sharing" debate between them.¹²

The administration of local governments was growing. Throughout the nineteenth century, rapid urbanisation in industrial cities produced new problems such as slums and lack of public goods. After the Municipal Government Act (1835) was passed, democratic councils were founded in big cities and launched reforms of infrastructure. Among them, Birmingham and Manchester were the most successful. However, London had been excluded from the Act and was neglected for half a century. Accordingly, the problems of urbanization were most serious in London. In 1889, the London County Council was established, just after the Local Government Act (1888) was passed. At the turn of the century, London was the leading place for urban reform.¹³

The social policies of the state also developed throughout the nineteenth century. The Factory Acts were extended in their range and supplemented by related legislation. Regulation of child labour was accompanied by compulsory elementary education through Foster's Education Act (1870) and the Elementary Education Acts (1876 and 1891).

After the Employers Liabilities Act was passed in 1880, the employers' duty in the workplace was strengthened. The unemployment problem was perceived seriously and began to be treated separately from the Poor Laws. In 1905, the Unemployed Workmen Act was passed and the Royal Commission on the Poor Laws was appointed. The Liberal Government introduced unemployment insurance in 1911.

In short, for the working classes, the nineteenth century was an era of collective self-help.¹⁴ Under the *laissez-faire* of the labour market, collective self-help movements permeated down from the upper working class to the lower classes in step with the improvement in their economic status. The government undoubtedly assisted these new movements by means of legislation. In local and central government, the nineteenth century was a century of administrative reform.¹⁵ The social policies of the state improved more and more during this time. In 1905, A. V. Dicey described these new movements "collectivism."¹⁶

However, it is important to note that there were two implications in the ideas which pushed legislative reforms towards "collectivism." The first implication was the extension of "old liberalism." A typical example was the recommendation of the Report of the Royal Commission on Trade Unions (1868-69). This said that workers should no more be restricted in their freedom to dispose of their own labour, than the owners of capital were to dispose of their capital. This meant that equality between workers and capitalists should be guaranteed in "property rights" and "freedom of contract." In other words, "collectivism" was a vertical extension of "old liberalism." Just as the "collectivism" of capitalists, represented in joint-stock company acts, was an extension of "old liberalism," legislative reform which sustained workers' collective self-help was based on the same political philosophy.

By contrast, "collectivism" had a second implication which went beyond the limits of "old liberalism." As an example of this, "new unionism" sometimes sought to regulate labour conditions by law. Municipal governments tried to

limit the freedom of private enterprises to supply public goods, and demanded the right to operate municipal enterprises by themselves. T. H. Green says "it is evident that in the body of school and factory legislation . . . we have a great system of interference with freedom of contract."¹⁷ At the turn of the century, "collectivism" was demanding "interference with freedom of contract," that is to say, "state" collectivism.

III . The Webbs' "Voluntary" and "State" Collectivism

1. Trade Unions and the National Minimum labour conditions

In "*The History of Trade Unionism*" (1894) the Webbs describe the history of British trade unionism in the latter half of the nineteenth century as a movement from "old unionism" to "new unionism." They analyse the theoretical differences between them in "*Industrial Democracy*" (1897).

According to the Webbs, the main tactic of "old unionism" is a monopoly of the labour supply through apprenticeship controls and mutual insurance. This monopoly, they assert, has been very harmful to competition among employers, as well as among workers. From this point of view, they criticise "old unionism" as harmful to "industrial progress." However, they predict that "old unionism" will decline sooner or later, because apprenticeship control will be impractical as a result of "industrial progress."¹⁸

By contrast, they assert that "new unionism" is beneficial to "industrial progress," because it fixes only minimum labour conditions for each trade in every firm. Above these minimum conditions, both employers and workers are free to compete. Employers will offer more favourable conditions for efficient workers. Rivalry between workers will improve their skill. In discussing the latter process, the Webbs use the biological phrase "functional adaptation," signifying "the adaptation of the individual to an increase in the strength and complexity of his faculties and desires" necessitated by "industrial progress."¹⁹

Furthermore, minimum labour conditions will promote "industrial

progress” itself. The Webbs suppose that firms are competing for greater amounts of profits. However, after the introduction of minimum labour conditions, the least efficient firms, which cannot afford them, will be eliminated from the market. As a result of levelling up the minimum conditions, the amounts of profits of efficient firms will shrink. So, the efficient firms will be stimulated to improve their capital equipment and business abilities in order to increase profits. This process will allow room for the levelling up of minimum conditions. The whole process means that trade unions can improve minimum conditions without increasing prices. The Webbs conclude that “new unionism” is harmonious with the development of the national economy as a whole, because the efficiency of both labour and capital will be improved by it. The efficiency of the national economy will be improved as “new unionism” expands from one trade to another.²⁰

However, there is a limit to this process. It excludes low paid sectors in which workers cannot join in effective trade unions. In these sectors, children, women and unskilled manual labourers are employed under conditions which are not compatible with efficiency. Moreover, employers’ business abilities and their capital equipment are inefficient, because employers are unwilling to improve them as long as they can recruit cheap labour. The Webbs argue that these employers are “parasitic” on the national economy as a whole, because, in spite of their inefficiency, they survive by using cheap labour. Unfortunately, these “parasitic trades” will never be eliminated by competition. The Webbs’ prescription is the enforcement of “national minimum” labour conditions by the law. “Parasitic trades” will be swept away, and each trade will be re-allocated according to its efficiency. The Webbs argue that, through the enforcement of “national minimum” of labour conditions, both “industrial progress” and the welfare of the nation will be realised.

2. Associations of Consumers and Municipal Government

In “*The Co-operative Movement in Great Britain*” (1891), Beatrice Webb

divides co-operative movements into associations of producers and associations of consumers. She criticizes the former as unrealistic in a modern industrial society. Associations of producers are devoted to profit sharing and workers' control. However, they have failed because of lack of capital. She observes that their failure is unavoidable because of competition with large-scale organizations.²¹

By contrast, associations of consumers have been, and will be, successful in a modern industrial society. Through the system of "dividing profits on purchase," i.e. the system of distributing the profits to customers according to the amounts of purchase, an economy of scale operates in associations of consumers. The profit is paid back, not only in cheapness, but also in the quality of the goods. This helps co-operative members to improve their quality of "desire." They will progress towards "functional adaptations" to modern industrial society. Associations of consumers are administered by "representative self-government." So, the members are able to learn "citizenship" through participating in it. Beatrice concludes that, through associations of consumers, the working classes can "progress" in both economic and moral aspects.²²

In "*London Programme*" (1891), Sidney Webb applies this framework to municipal government. Just after the foundation of the London County Council in 1889, Sidney asserts that it should municipalise gas, water, the tramways and the dockyards because they are the basic necessities of urban life. He calls these municipal enterprises "compulsory associations of consumers" because people cannot avoid consuming them. Moreover, he advocates the introduction of new local tax in order to fund the demands of urbanisation. He asserts that this should be levied on property whose value has been increased by the improvement works carried out by local authorities.²³

These were Sidney's proposals for the newly enfranchised voters in London. However, municipal reforms were not only a local problem. They

were also a national problem because the legal framework of local government was fixed by Westminster. Unfortunately, in Westminster the idea of “old liberalism” was still strong and hampered municipal reform. For example, LCC did not have the right to undertake municipal enterprises or to levy new local taxes. Sidney emphasised that, in order to push forward municipal reforms, local government should be a national political issue.²⁴

3. Friendly Societies and Welfare Provisions by the State

In 1909, the “Royal Commission on the Poor Law” submitted two “Reports,” Majority and Minority. The Majority Report was mainly written by COS members like Helen Bosanquet. Beatrice Webb wrote the Minority Report with Sidney’s help. In the history of British social policy, the Majority Report has been criticised as defending the “Principles of 1834.”²⁵ By contrast, the Webbs’ “Minority Report” has been appraised as a forerunner of the British Welfare State. However, these stereotyped views should be revised carefully. In reality, at least in their recognition of the main defects of the Poor Law, these two reports were closer than they seemed. Both reports recognise the main defect of the Poor Law as the unconditional relief for the able-bodied.

The Majority’s remedy is to limit the provision by the Poor Law (destitution) authority and to supplement it through charity organizations. The latter is very important for the Majority writers, because they identify the cause of pauperism as defects in personal character. In order to improve the character of paupers, the social work of voluntary organizations is more effective than the bureaucracy of the state, because the former is more flexible than the latter. This means that the role of the destitution authority is only to provide for residual cases.²⁶

In their Minority Report, the Webbs insist that there are several causes of pauperism of the able-bodied. In place of unconditional relief which “degraded” the poor, several remedies by the state or municipality should be attempted to “prevent” poverty. They recommend that the able-bodied poor

should be dealt with by the newly-founded Ministry of Labour. Labour Exchanges will give information to the unemployed and check on under-employment. Loan funded public works should be introduced to reduce cyclical unemployment. After creating new jobs, vocational training will be "enforced" on able-bodied people who are reluctant to work. In this final case, the Webbs believe in the effectiveness of the legal power of the state. They propose a "minimum of civilised life" through the legal powers of the state. Insofar as these remedies are concerned, the Webbs' idea was a state-oriented one.²⁷ However, it is also true that they emphasise the importance of the collective self-help movement as an efficient system of social policy.

In 1911, the Liberal Government introduced the National Insurance Act.²⁸ Part one of the Act was concerned with health insurance and the second part dealt with unemployment insurance. In the history of the British Welfare State, the Liberal Reforms have been described as a milestone in the development of the social insurance system. However, the Webbs, in *"The Prevention of Destitution"* (1911) criticise the "compulsory" system of National Insurance. They argue that a "compulsory" system will become inefficient and will create a deficit in its finances, because contributors will try to get as much benefit as possible for their fixed contributions. By contrast, the Webbs focus on the fact that, at the turn of the century, many friendly societies and trade unions had developed widely. These voluntary organisations provided their members with sickness and unemployment benefits. The Webbs assert that such voluntary insurance will work effectively, because it promotes the prudence of its members.²⁹ In short, the welfare provision scheme of the Webbs consisted of dual factors; friendly societies and a national minimum enforcement by the state.

IV . The Webbs' Evolutionary Perception of Economic Society

From the above considerations, two points can be suggested about the characteristics of the Webbs' idea. The first point is that they supported some

movements and criticised others. They supported the “new unionism” and criticised the “old unionism.” They appreciated associations of consumers and found fault with associations of producers. So, the first question is: how and why did the Webbs make judgements on various voluntary movements?

The second point is that their reform scheme had a dualistic structure, consisting of voluntary factors and the state/municipalities. The Webbs proposed that national minimum labour conditions should be settled by the state. Municipal government should supply the necessities of urban life as “compulsory associations of consumers.” They proposed a “minimum of civilised life” in social welfare by the state. So, the second question is: what is the demarcation line between voluntary collectivism and state collectivism?

In order to answer these two questions, the evolutionary economic idea of the Webbs should be focused on. Because they have been thought of as socialists who opposed it, it should be emphasised that the Webbs have a positive view of the market economy. The most famous English writer on the market economy of the day, Alfred Marshall, sees the mechanism of “industrial progress” as an evolutionary process. His “organic growth theory” supposes that both the organisation of firms and the productivity of labourers will be improved through the dynamism of the market. The economic thinking of the Webbs, especially that of Sidney Webb, is very similar to that of Marshall. In his early treatises,³⁰ Sidney emphasises the process of “industrial progress” through competition for greater profits. Because of competition among firms to get maximum profits, the price will be reduced. As a result of this, the least efficient firms will be eliminated and the profits of efficient firms will be reduced. However, innovation will be made elsewhere seeking more profits. He asserts that this “dynamic” process is “never ending.”³¹

Sidney describes British society after the industrial revolution as a process of “evolution” from small industry to “an advanced industrial society.”³² He says that individual freedom was extremely important in the age of small industry.³³ However, as economic society “evolved” toward the end of the

nineteenth century, the working classes lost their "freedom," because their daily lives were ruled by machines in huge urban cities. For the working classes, "collectivism" was a mean to "adapt" to these new situations. Sidney emphasises "the fact that, in modern society, the individual thus necessarily loses control over his own life, makes him desire to regain collectively what has become individually impossible."³⁴

For the Webbs, "collectivism" did not mean the rejection of industrial society. On the contrary, "collectivism" would, or should, be in harmony with industrial society. The Webbs used the biological term "adaptation" to describe this ideal relationship between them. This is the reason why "old unionism" and associations of producers were rejected. Through "new unionism" and associations of consumers, workers can obtain a higher standard of living without disturbing "industrial progress." In short, the Webbs knew well that voluntary collective movements were based on private interests. However, if they were compatible with the public interest, they would be accepted in a democratic society.³⁵

And, for the Webbs, "progress" was a key concept in this judgement. They use the biological term, "functional adaptation," which means the positive adaptation of workers to "industrial progress." The changes in working circumstances made by innovation will demand more intense and complex work of workers than ever before. Workers will "adapt" themselves to new circumstances by levelling up their standard of consumption. As long as this adaptive process develops, a high-wage economy will operate. The Webbs identify this "functional adaptation" as synonymous with "progress."³⁶

However, they also believe that the market economy is an unstable system because it has dual tendencies: not only towards "progress," but also towards "degeneration." Beatrice, especially, observes that among the poorest workers, there are no incentives for endogenous actions towards "functional adaptation," because both their productivity and consumption levels are in equilibrium at the lowest level. She describes this phenomenon as

“degeneration” in biological terminology.³⁷ But, the factors of “degeneration” will never be eliminated by the market economy.³⁸ Of course, for the Webbs, competition is vital to “industrial progress.” What is needed is a particular framework in which competition will result in “progress” not “degeneration.” The Webbs’ conclusion is that “(e)volution, in a word, if unchecked by man’s selective power, may result in Degeneration as well as in what we choose to call Progress.”³⁹

The Webbs see “man’s selective power” as meaning state intervention. They assert that the state should regulate labour conditions and supply welfare provisions, because those who need most cannot organise voluntary associations by reason of their poverty. For the Webbs, who anticipated the reorganisation of industrial society through voluntary collectivism, the impossibility of voluntary associations among the poorest classes was an urgent problem. In this field, authoritative interference by the state is necessary. However, it should be limited to a “minimum,” just enough to prevent “degeneration,” because provision by the state beyond the “minimum” will undermine voluntary actions.

V . Conclusions

Of course, the Webbs’ idea was only one example of various discourses centering on the new relationship between voluntary associations and the state at the turn of the century. There were other schemes of social reformation.⁴⁰ For example, Bernard and Helen Bosanquet, who wrote the Majority Report of the Poor Law Commission, tried to seek “social collectivism.”⁴¹ This consisted of charity organizations and friendly societies. They rejected the role of the state, because authoritative interference was harmful to the endogenous development of morality in the human mind. By contrast, New Liberalists, such as J.A. Hobson, tried to reconcile state collectivism and traditional individualism. They limited the role of the state to preparing the conditions for the progress of individuals.⁴² Nevertheless, they

did not appreciate the role of voluntary collectivism as much as the Webbs did. Alfred Marshall partly supported the Webbs' theory of "new unionism." However, he rejected the intervention in freedom of contract because his evolutionary theory of the market economy was an optimistic one.⁴³ Therefore, it is possible to say that at the turn of the century words like "development," "progress" and "evolution" were the key concepts in different versions of social reform schemes.

As discussed in this paper, the key to an understanding of the Webbs' attitude towards "collectivism" was their unique evolutionary perception of society, consisting of "progress" and "degeneration." They knew well that the behaviour of voluntary associations was based on essentially private interests. However, if they can "adapt" to "industrial progress," they will be accepted from the perspective of the public interest. Moreover, the state has to support them up to a "minimum" level in order to prevent "degeneration." So, it is possible to say that the viewpoint of the Webbs on "collectivism" was a version of a "mixed economy of welfare."⁴⁴ Although former studies focus on only the aspect of state collectivism in the Webbs' idea,⁴⁵ it was this concept of a "mixed economy of welfare" that supported the Webbs' "national efficiency" movement at the turn of the century.

However, because of the emergence of monopolistic firms and huge trade unions (syndicalism) before and after the First World War,⁴⁶ the Webbs were forced to change their idea from "evolutionary" thinking to "control" by the state. After this, they sought to reconstruct "a hierarchy" to co-ordinate the interests of huge trade unions, monopolistic firms and consumers through their social democratic scheme. At the same time, the Webbs' pre-1914 ideas became a forgotten aspect of the intellectual history of Britain.

Notes

- 1 This paper was originally presented to the "Seminar of Public Spheres of Great Britain" in July 2004 at Nagoya City University, aided by Grants-in-Aid for Scientific Research

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- 2 Habermas 1991, pp.142-43, pp.175-77
- 3 Dicey 1905, p.64.
- 4 Koot 1987 and Marrison 1966.
- 5 On Marshall's viewpoint on tariff debate, see Groenewegen 1995, pp.376-89.
- 6 Freedon 1978, Clarke 1978, Freedon 1990
- 7 See Semmel 1960 and Koot 1987. However, both writers recognise that the real aim of the Webbs was domestic reform.
- 8 Crowther 1981, pp.58-59
- 9 Bosanquet 1892-3, p.62
- 10 Johnson 1985, Table 3.3, p.57.
- 11 Labourn 1992.
- 12 On the history of Co-operative movement in Britain, see Gurney 1996
- 13 Young & Garside 1982 and Saint 1989.
- 14 The perspective of "mixed economy of welfare" is very useful. See Finlayson 1983, Thane 1990, Thane 1998 and Kidd 1999.
- 15 Thane 1990 says that "even in the mid-Victorian period the reality of government action did not wholly match this ideal" of Peel and Gladstone's minimal state. (p.1)
- 16 Dicey divided the nineteenth century into three stages; "the period of old Toryism or legislative quiescence" (1800-1830) "the period of Benthamism or Individualism" (1825-1870) and "the period of collectivism" (1865-1900). So Dicey undervalued the forerunners of collective movements, i.e. the friendly societies, of the early nineteenth century.
- 17 Green, T.H. 1997, p.369
- 18 Sidney & Beatrice Webb 1897. pp.704-15
- 19 Sidney & Beatrice Webb 1897, pp.715-27
- 20 Sidney & Beatrice Webb 1897. pp.727-39
- 21 Beatrice recognises that, in some cases, associations of producers have survived. But they change their shapes into "joint-stock-companies" or "small masters". Joint-stock-companies are no longer co-operatives, because external shareholders govern them. And Beatrice insists that "small masters" are rather a "positive evil" because "they can only exist by evading a high standard of employment, by sweating subordinate labour, or by defrauding the customer" (Potter 1891, pp.150-51).
- 22 Beatrice says "The economist of the market-place, in his advocacy of Universal

Competition, was groping after the biological law of the survival of the fittest through the struggle for existence.... The Socialist Reformer, on the other hand, was expressing in colloquial language the equally true and important biological fact: the modification of structure brought about by the modification of function, in other words, the law of functional adaptation." (Beatrice Potter 1891, pp.18-19) Beatrice sees consumers' co-operatives as "a training school for citizenship" (Beatrice Potter 1891, p.189)

23 Sidney Webb 1891-b.

24 Sidney Webb 1893.

25 In fact, it was the Webbs who labelled the proposal of Majority as "a bold attempt to get back the 'Principles of 1834' ." (Sidney & Beatrice Webb 1911, p.282) In one sense, as Harris 1972 criticises, they behaved politically at this time.

26 Bosanquet 1892-3 and Bosanquet 1909

27 Kidd 1996

28 However, unfortunately for both parties, the "Liberal Reforms" undermined the active debate. The opportunity for reform of the Poor Law was suspended.

29 Sidney & Beatrice Webb 1911, pp.159-214

30 Sidney Webb 1888-a, Sidney Webb 1888-b and Sidney Webb 1889.

31 Sidney Webb 1888-b, pp.471-72

32 Sidney says that it is important "to think of social institutions and economic relations as being as much the subjects of constant change and evolution as any biological organism." (Sidney Webb 1891, p.361)

33 Sidney says, in the age of small industry, "there was much to be said for the view that the greatest possible personal freedom was to be obtained by the least possible collective role." (Sidney Webb 1891-a, p.373)

34 Sidney & Beatrice Webb 1897, p.850

35 The Webbs say "(i)n the English-speaking world institutions which desire to maintain and improve their position must at all hazards bring themselves into line with democracy.... each section of Trade Unionists will have to put forward a policy of which no part runs counter to the interests and ideals of the bulk of the people." (Sidney & Beatrice Webb 1987, p.809)

36 In this sense, the Webbs' theory of "functional adaptation" is similar to A. Marshall's theory of the "standard of life." That is to say, the Webbs' scheme of development of economic society consists both of "industrial progress" on the business side and "functional adaptation" on the workers' side. Apparently, their theory has a similar

framework to Marshall's theory of "organic growth."

37 In her early days, Beatrice, co-operating in the poverty surveys of C. Booth, began to be suspicious of "orthodox economics," including those of A. Marshall. She has written, "at the dock gates, the mechanistic doctrines of the orthodox economists are waste words. The so-called 'economic law' 'that labour goes where it is best paid,' one of the many deductions from the metaphysical theory that all men follow their pecuniary self-interest, is here glaringly falsified by events. Labour in this case goes where it is worst paid, and remains there. Can we discover the sequence which leads to this state of affairs? Taking the class of casual labourers as a whole, we observe that their economic faculty is intermittent, and that the majority of these individuals have always been, or have become, mentally or physically unfit for persistent work. . . . For their economic desire, besides being inefficient, has sunk to the lowest level of subjective quality." (Beatrice Webb 1926, pp.440-41)

Afterwards, the Webbs, in their "Industrial Democracy," say, "(a)nd in human society, as in the animal world, the lower type developed by parasitism, characterized as it is by the possession of smaller faculties and fewer desires, does not necessarily tend to be eliminated by free competition. The degenerated forms may, on the contrary, flourish in their degeneration, and depart farther and farther from the higher type." (Sidney & Beatrice Webb 1897, pp.752-53)

38 Apparently, their perception of the market economy differs from Marshall's opportunistic view, mainly because Marshall asserts that "industrial progress" will advance only through competition.

39 Webb 1897, pp.752-53

40 Harris 1990.

41 McBriar 1987, p.372.

42 Freeden 1978, p.32.

43 Marshall 1961, pp.704-08

44 On the social reform scheme of the Webbs just before the First World War, see Sidney Webb 1910. On "mixed economy of welfare," see Finlayson 1983, Thane 1990, Thane 1998 and Kidd 1999.

45 See Semmel 1960, pp.234-35, Hobsbawm 1964, pp.311-12, Searle 1971, p.13-14, Koot 1987, p.178 and Kidd 1996, p.189-196.

46 On the new problems emerged after the First World War in Britain, see Booth & Pack 1985.

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