

# THE UNDERBELLY OF LIBERALISM

**Evan Jones**

The philosophy of liberalism has been the subject of a vast but frustrating literature. Too much is oriented to the philosophy of liberalism, not enough to liberalism as it played out historically in politics and policy.

Liberalism is a protean philosophy, making a coherent articulation impossible. Moreover, the label has been much abused. Some literature equates liberalism purely with the philosophy of the freedom of the individual and embodying the moral imperative of such (*cf.* Ruggiero 1959). Some authors even grant to liberalism the source of all human progress in the last several hundred years (cited in Jones 1994).

On the contrary. Democracy is intrinsically universalist in conception. In contrast, liberalism (in practice and, hence, in essence) is selective in its intended beneficiaries. This article explores the contradictions inherent in liberalism and its neglected dark side, with particular reference to its character and evolution in Great Britain.

## **Liberty – universal or a class privilege?**

The individual might well have been a beneficiary of liberation from forms of oppression over the Eighteenth and Nineteenth Centuries. However, this remained a selective outcome – applicable in some domains, for some classes, races, one gender and in some countries alone.

Probably the most significant domain in the which the individual was gradually liberated was that of religion. Much early liberalist thought was directed precisely towards the freedom of belief (*cf.* Martin 1954). However, this push for tolerance did not extend to freedom *from* belief, as

**Jones, E. (2020)**  
**‘The Underbelly of Liberslism’**  
***Journal of Australian Political Economy***  
**No. 86, pp. 61-84.**

early 'liberal' thinkers took fear and saw the desirability for religion pervasively, but especially amongst the lower orders to ensure the desired social stability.<sup>1</sup>

The incoherence of liberalism only makes sense if interpreted as originating in a class-based philosophy. Liberalism in the abstract is universalist; liberalism in practice is class-specific. Historical context is everything.

The clash is present in philosophers of the liberalist cause but is obfuscated by selective readings by disciples and obliterated by propagandists. In the representative case of John Locke, the philosopher of individual (formally universal) liberty, Locke's own writings divulge his defence of select beneficiaries of colonial expansion in the 'virgin' territories of North America (Quiggin 2015; Losurdo 2011 [2006]).<sup>2</sup>

Occasionally, one gets explicit acknowledgement of the disjuncture between abstract universalism and specific class interest. Thus Harold Laski (1936: 15, 155) posits that:

the freedom [liberalism] sought had no title to universality, since its practice was limited to men who had property to defend. It has sought, almost from the outset of its history, to limit the ambit of political authority, to confine the business of government within the framework of constitutional principle [...] but the scope of the conscience it has respected has been narrowed by its regard for property, and its zeal for

---

1 Mill recounted, of the vast literature that underlay his education, a book drawing on some of Bentham's manuscripts as having had 'the greatest effect' upon him. Mill notes (1924 [1873]: 58): 'This was an examination not of the truth, but of the usefulness of religious belief, [...] most important in this age, in which real belief in any religious doctrine is feeble and precarious, [making] its necessity for moral and social purposes almost universal'. de Tocqueville was more class conscious (1983 [1858]: 154): 'Once the bourgeoisie woke to the fact that its seeming triumph was likely to prove fatal to it, it, too developed leanings toward religion. Thus little by little religion regained its hold on all who had anything to lose in a social upheaval and unbelief died out, or anyhow hid its head the more these men became alive to the perils of revolution.' A significant coterie of British Liberals were evangelical Christians, seeking to export Christianity (in conjunction with Liberalism) to the 'lesser' races.

2 The edited collection of Lott (1998), *Subjugation and Bondage*, not least the chapters by William Uzgalis and Tommy Lott, traverses in fine detail the logic-chopping in Locke's treatment of slavery. The fact is that Locke's philosophy of rights dwelt in a separate world to his active and senior role in American colonisation – slave- and servitude-based – from which he personally profited.

the rule of law has been tempered by a discretion in the breadth of its application [...]

For it has meant that liberalism, though it has expressed itself always as a universal, has, in its institutional result, inevitably been more narrow in its benefit than the society it sought to guide [...] Its universal, in a word, is a particular woven from a special logic unaware of its inherent limitations.

Guido de Ruggiero, in a generally uncritical discourse, writes as if in surprise (1959 [1927]: 127, 138):

Yet – so strong is class prejudice even in the most independent mind – the same [Richard] Cobden who demanded freedom for the working man opposed the reduction of the number of hours in the factories [...] it is impossible to reconcile his demand for freedom with his profound hatred and contempt for workmen's associations [...]

Liberalism had fought the aristocracy in the name of the general interest. But its actions showed itself attached to its own interest alone; and in its worship of freedom it permitted the unopposed development of the industrial system to result in the formation of an impassable gulf between masters and men.

C.B. Macpherson, influenced by Laski (*cf.* Townshend 2000), devoted a considerable *oeuvre* to highlighting the fundamental tension within liberalism. Macpherson's close interrogation of Hobbes and Locke and others (1962) highlights that behind the general proposition by these greats for individual liberty, their detailed exegesis turns it into a defence of the select liberty of the propertied. For Locke, the socio-economic conditions of the late Seventeenth Century are converted into natural law. Liberalism is born and nurtured while housing a fundamental contradiction.<sup>3</sup>

---

<sup>3</sup> Macpherson's analysis of 'liberal democracy' (1977) is rather a discourse on the internal contradictions of 'liberalism' itself; or, more accurately, on the divide between two versions of liberalism – the 'market-based' class-structured 'possessive individualism' (legacy of Hobbes and Locke) and the potentially liberating universalist liberalism (purportedly derived from J.S. Mill and others). Macpherson rightly highlights that modern democracy (where 'democracy' is a proxy for Millian liberalism) has been an appendage to the profit imperatives that underpinned the birth of (bourgeois) liberalism. Surprisingly, his 'stages' model of liberal democracy (supposedly capturing the historical evolution of liberalism in practice) is unsatisfactorily crude.

### **Universal liberty disabused**

That non-bourgeois classes might have taken the burgeoning philosophy literally as of universal import found themselves disabused of their interpretation and expectations. The account below draws, not unreasonably, predominantly upon Great Britain as, with France, the cradle of liberalism.

In this context, the disparity between the universal pretensions and contingent practical application of liberalism arises immediately during the English Civil War in the Seventeenth Century. Property-owning Puritans fought and propagandised for freedoms against Royalists. The Levellers (small property-owners) found themselves excluded and, in turn, excluded the property-less below them (Macpherson 1962: Part III; Hill 1969).

The hypocrisy of the universality abstraction is displayed during the evolution of the Eighteenth Century in Britain. Furthering the Tudor and Stuart enclosures, the eviction of tenants (engrossing) and the enclosure of the commons continued at a furious pace, continuing even to the mid-Nineteenth Century. Employers also moved to destroy workers' customary rights in by-products of their labour (woodchips, weavers' thrums, *etc.*) – important supplements to the livelihood of workers – and converting these traditional rights into claimed embezzlement (McNally 2011: 48).

Philip Corrigan and Derek Sayer (1985: 96ff.) note:

The prime force of the state was law [...] The problem was twofold: to legitimate the rights of property [...] and to police the labouring poor into the habituation of their stations [...] These [Enclosure] Acts of Parliament operate within wider fields of force which effectively naturalize and legitimise some material interests as proper (hence 'moral') whilst simultaneously making others 'unnatural', criminal, illegitimate and immoral [...]

The law was used not only to privatize as property what had been commonly enjoyed, but also – and inseparably – to render as crimes what had been customary rights, and to execute, transport [hence the origins of White Australia] or condemn to the hulks those subsequently criminalized.

(Bourgeois) liberty and brutal social repression were thus indissolubly two sides of the same coin.

David McNally notes the self-consciousness of those overseeing the process (1993: 19):

The use of common lands by labourers operates upon the mind as a sort of independence', wrote Mr Bishton in the Report on Shropshire, prepared for the Board of Agriculture in 1794. Enclosure of the commons would put an end to this state of mind. Once deprived of commons, he argued, 'the labourers will work every day in the year, their children will be put out to labour early' and 'that subordination of the lower ranks which in the present times is so much wanted, would be thereby considerably secured.

Political repression in Britain escalated after the French Revolution and during the Napoleonic Wars, with the establishment fear of domestic 'Jacobin' influence. War-time impoverishment and the post-war recession in the late 1810s led to ongoing rebellion and immediate repression. The rational pursuit by dissenters of manhood suffrage (embodied in the Chartist movement) was met with the massacre of protestors at Peterloo in August 1819.

The priority of Radical Liberals was free trade – the abolition of agricultural protection (the 'Corn Laws'). In their condescension, they presumed their priority should also be that of the working classes – heralded as means to lower the cost of living.

John Bright, quintessential economic liberal (albeit with advanced views on suffrage), shared with his Manchester colleague Cobden a distaste for any universality of individual rights. Quoting Dorothy Thompson (Roberts 2015: 32):

John Bright, alarmed by the strikes and demonstrations in his native Rochdale, wrote an open letter to local working men. In it he told them that any attempt to increase wages or to shorten hours was to go against the laws of nature.

Chartists cooperated with Free Traders but refused to be subordinated to the latter's agenda. Thompson again, referring to a joint gathering in Manchester of the Anti-Corn Law League and Chartists, in June 1842 (p. 33):

A resolution was put to the meeting calling for the repeal of the Corn Laws. [Chartist James] Leach responded with an amendment proposing the adoption of the Charter, and enquired: 'If the adoption of the Corn Laws were repealed tomorrow, what power would the people have to protect themselves from class legislation any more than they had now?'

The next day, the Leaguers wanted a meeting without the Chartists so that Leach's amendment could be omitted. Thompson cites Chartist historian R.S. Gammage (p. 34):

There was [...] something heroic in the attitude assumed by working men on the question. It was a battle of the employer and the employed. Masters were astonished at what they deemed the audacity of their workmen, who made no scruple of standing beside them on the platform and contesting them face to face their most cherished doctrines. Terrible was the persecution they suffered for taking this liberty. Loss of employment usually followed, but it was in vain that their employers endeavoured to starve them into submission.

Domenico Losurdo's *Liberalism: A Counter-History* (2011) raises the temperature of general critique. Losurdo emphasises the contemporary and complementary character of the entrenchment of slavery and the early Liberal age:

In the mid-eighteenth century, it was Great Britain that possessed the largest number of slaves (870,000) [...] Hence, there is no doubt that absolutely pre-eminent in this field was the country at the head of the liberal movement, which had wrested primacy in the trading and ownership of black slaves precisely from the Glorious Revolution onwards [...] Hence slavery in its most radical form triumphed in the golden age of liberalism and at the heart of the liberal world (p. 35, 37).

Complementary to the entrenchment of slavery was a 'master-race' land grab on an almost planetary scale (p. 229), involving decimation and destruction of indigenous populations. For Americans, it was to fill and make good an 'empty cradle'; White Australia had its comparable *terra nullius*.

Slavery and racial cleansing were legitimate for the colonies, albeit dubious for pristine British home soil. But what of the vastly numerous labouring classes? In England, 'exclusion [amongst the white community] from the enjoyment of legal equality and negative liberty was much more widespread [than in America]' (p. 109)

Losurdo notes, 'authors of the most varied political persuasion compared slaves across the Atlantic with suffering workers in England' (p. 111). Thus, Edward Gibbon Wakefield in 1834 (p.112):

[T]he privileged classes of our rural districts [...] enclose commons. They stop footpaths. They wall in their parks. They set spring-guns and man-traps [...] They build jails, and fill them. They make new crimes and punishments for the poor. They interfere with the marriages of the

poor [...] They shut up paupers in the workhouses, separating husband and wife [...] They hardness poor men to carts. They superintend alehouses, decry skittles, deprecate beer-shos, meddle with fairs, and otherwise curtail the already narrow amusements of the poor.

As for colonised Ireland, citing the Liberal Anglo-Irish historian William Lecky (p. 117):

British legislation aimed to deprive the Irish of their ‘property’ and ‘industry’; it ‘was intended to make them poor and to keep them poor, to crush in them every germ of enterprise, to degrade them into a servile caste who could never hope to rise to the level of their oppressors.’

### **Master and servant in Britain and the Empire**

That ‘liberty’ and ‘freedom’ were class-specific is also reflected in the elaborate infrastructure of Master-Servant legislation and practice in Britain and its colonies and dominions (Hay and Craven 2005).

Master-servant statutes and deliberations by an unaccountable presiding magistrature highlight that unfree or indentured labour was an integral dimension of the early Liberal age. It continued as a site of heated contestation throughout the Nineteenth Century; its appropriation for bourgeois control is reflected in the tendency for industrial employers to replace titled landowners as magistrates (Hay and Craven 2005: Ch. 12).

Wage labour must inevitably be subject to regulation in some form – one of the grand evasions of liberalist ideology. In spite of gradual rollback, through collective worker campaigns, of the persistent abuses of the magistrature in the interests of employers, the hierarchical character of the master-servant relationship became incorporated into modern employment law (Merritt 1982). The idiom of structured subordination was translated in the Twentieth Century as ‘managerial prerogatives’.<sup>4</sup>

### **Liberalism transformed as pragmatism transcends dogma**

The restricted *Reform Act* of 1832 tolerated only the ascendancy of the upper bourgeoisie to the franchise. With pressure from below, the *Reform*

---

<sup>4</sup> The farce of the latter-day legal disputation over the employment status of Uber transporters – subordination labelled as freedom and autonomy – reproduces this long-term obfuscation.

*Acts* of 1867 (implemented by an opportunistic Conservative Party, following failed efforts by the Radical Liberals) and of 1884 (legislated by the Liberal Party) extended the vote to 60 per cent of males (still requiring a property-owning qualification).

Material circumstances, pressure from below and pressure from above in the form of moralistic Conservatives led to dramatic and ongoing ‘interventions’ by the centralised state over the course of the Nineteenth Century: less brutal repression, more infrastructure and social concessions. There followed legislation and new institutions regarding public health, working hours and conditions, adulterated product regulation, housing, public education, and so on (Fraser 1973: Ch. 5).

There evolved, *after the events*, a modification of liberalist philosophy to catch up with the times – a ‘new’ or ‘social’ liberalism.<sup>5</sup> Many contemporary Liberals were strongly opposed to such developments.

The British Liberal Party was politically the embodiment of Nineteenth Century liberalism, and its trajectory to World War I reflects the contradictions of that ethos. The Party was born out of the aristocratic Whig Party but underwent a long transition between 1839 and 1868. Some Parliamentary members were acquiring ‘social liberal’ sympathies, buoyed by working class electoral support. From this novel orientation, legislation ensued but was increasingly blocked by the House of Lords, the entrenched repository of reaction.

The Party remained divided over measures of economic and social reform. George Dangerfield’s masterly *The Strange Death of Liberal England* (1980 [1935]) tracks the Party’s conflicted trajectory. Dangerfield notes (p. 15):

The Liberals still cherished at heart the teachings of Cobden and Bright [Free Trade], believed that state intervention was unforgiveable, and watched with a growing apprehension the abyss which was opening between their theory and practice. That abyss was eventually to swallow them up.

By the 1860s, Liberals of all stamps were faced with the moral dilemma of the destitution of married women. Thus, Liberal governments under William Gladstone passed the *Married Womens’ Property Acts* of 1870 and 1882. Enlightened? Ben Griffin’s penetrating analysis of the background to these *Acts* (Griffin 2003) highlights classic Liberal hypocrisy at work.

---

<sup>5</sup> The vision is readily outlined in Leonard Hobhouse’s *Liberalism* (1964 [1911]).



Liberal Parliamentarians were fearful that principled legislation would undermine the patriarchal imperative within the domestic sphere of their own classes. The resulting *Acts* transformed gender subjugation into a class-based problem, with the measures directed to protecting working class women's meagre property against appropriation by their avaricious and brutal husbands.

The Liberal Party's paternalism towards labour led to the creation of the Independent Labour Party in 1893 and the Labour Representation Committee in 1900 – renamed the 'Labour Party' in 1906, to which the ILP joined. The 1906 election brought in a majority Liberal government but also fifty-three Labour representatives. Liberalism no longer represented the parliamentary 'Left', and the Party could no longer repel working class pressure at its discretion.

The conflict with the Lords reached its denouement when Liberal Treasurer Lloyd George introduced the budget of 1909-10, which opportunistically incorporated progressive tax measures partly to fund new welfare structures, belatedly embodied in the contributory *National Insurance Act* of 1911 (devoted to health and unemployment insurance).<sup>6</sup>

Material circumstances and a new balance of social forces underpinned pressure for such reform. These forces included the work of social reformers like Charles Booth who disclosed the depth and scale of poverty amongst plenty. The fragility of British soldiery during the Boer Wars further exposed working class impoverishment. Thus did the Liberal Party legislate for labour exchanges (drawing on expertise of the young William Beveridge), old-age pensions (1908, funded out of taxation), school meals and school medical inspections (1906-07), trade boards (minimum wages setting), and a redistributive budget precedent (Fraser 1973: Ch. 7).

Many such services could have been provided under the extant *Poor Law* administration, but at the cost of moral reproof, incarceration and disenfranchisement of its recipients – inducing many in need to avoid seeking assistance. These developments were instrumental in ushering in a system based on rights (the reputed cause removed from the individual to ills of the system itself) and signalled the beginning of the dismantling of the hated Victorian-era *Poor Law* structure.

---

<sup>6</sup> The budget was dubbed the 'People's Budget', but this label hides that a key reason for raising taxes that would hit the wealthy was to renovate military preparedness as war clouds beckoned.

The motivation owed much to political expediency. The Liberals had to head off the surging Labour Party 'at the pass'. Moreover, the country had to head off the attraction to socialist ideology. Select Liberals travelled to Germany to examine the Bismarckian welfare system that the British estimated had successfully undermined radical sentiment in Germany.

The House of Lords had its reactionary collective back to the wall, but it was in other areas that the Liberal Party's post-World War I decline into marginal status was settled.

The earliest counterweight to its ascendancy was how the mother country dealt with its acquired colonies and empire, notably India. The Liberal vision of imperialism reigned by mid-Century, represented by James Mill then J.S. Mill (Sullivan 1983) and, notably in practice, by Thomas Macaulay and Lord Dalhousie. The reputed barbarism, decadence and indolence of Hindu-dominated India was to be overcome by the imposition (itself despotic but justified) of the British Liberal canon on India, not least via the English language and English literature as an early version of 'soft power'. Behind the Liberal vision was the creed of the 'perfectibility of man' – the subject races were inferior but, with patient tutelage, they would eventually assimilate to British values and institutions (Metcalf 1995; Mantena 2010).

The Liberals' dominance of policy towards India received a brutal check with the Indian Mutiny of 1857. It received a death blow with the rebellion of ex-slaves in Jamaica in 1865 and its brutal suppression by the local administration. Thence the ascendant respectable opinion was that the inferior races are not like us – they are (at worst) intrinsically inferior or (at best) different from us. The Liberal vision and its influence were soon eclipsed, and the Tories (formally the Conservative Party after 1834) subsequently became the natural political home of British imperialism. The occupation of Egypt in 1882 under Gladstone's Liberal administration (Taylor 1969/1957: Ch. III) represented capitulation without shame to the new era of British imperialism.

Dangerfield (1980 [1935]) emphasises three further issues that ensured the Liberal Party's decline. The first, Irish Home Rule, split the Liberal Party itself in 1886, with the 'Liberal Unionists' moving into coalition with the Tories. Home Rule was merely the tipping point. The crises in India and Jamaica had deepened the divisions; evolving male suffrage and the presumed threat of socialism at home and domestic copying of Irish

uprisings had the conservative Liberals switching allegiance, accompanied by substantial sections of the respectable intelligentsia (Roach 1957).

Liberal Prime Minister Gladstone's *Home Rule Bill* failed in 1886. The Lords' rejection of the Liberal Government's 1909 Budget forced another election in January 1910, which dramatically reduced Liberal Party seats. The ensuing minority Liberal Government needed the vote of Labour and Irish MPs<sup>7</sup> to pass the resuscitated 1909 Budget. This support required the *quid pro quo* of Home Rule which the Liberal Party now considered an albatross around its neck.

Two other issues reflected the inherent limitations in Liberalism itself. The second was the fight for women's suffrage (Dangerfield 1980/1935: Ch. 3). Liberal Prime Minister, Asquith, was evidently committed to making no concessions, with the patriarchal imperative still firmly embedded in the Party. However, the endless torture via forced feeding of imprisoned suffragettes and the death of Emily Davison under the King's horse in June 1913 irrevocably killed the 'liberalism' of the Liberal Party.<sup>8</sup>

The third was the working class revolt against its partial impoverishment, endemic insecurity and universal subordination. Labour Parliamentarians and many trade union leaders were meek, but the Liberal Party was the force to be overtaken:

[The Liberal Government] was dying with extreme reluctance and considerable skill [...] that fine Liberal Hegelianism of at once believing in freedom and not believing in freedom was beyond the understanding of all but the elect. To interfere in the question of pensions, health, strikes, education, conditions of labour – ah, yes, this could be done; to destroy the absolute power of the Lords, to cripple the vast landed estates – such actions were highly desirable: but to insist that employers should pay a living wage? That was a frightful impairment of freedom (Dangerfield 1988/1935: 226)

But, slide and wriggle as it would, there was a doom which it could not evade. The millstones of Capital and Labour, the upper and the nether, grind slowly but exceedingly small, and Liberalism was caught between

---

7 Their presence in the House of Commons was courtesy of the 1801 Act of Union, an entrenchment of the English colonisation of Ireland.

8 The Labour Party included female suffrage in its 1912 platform. Women over 30 were granted the vote in 1918 (as well as all males over 21). Women over 21 were admitted to the suffrage in 1928.

them. It might put off the evil hour, poor slippery old faith, but they would crush it in the end (Dangerfield 1988/1935: 229).

In short, the British Liberal Party was a Party of the Victorian Nineteenth Century, making substantial concessions to social liberalism, but still rooted in the tenets of classical liberalism which time had rendered obsolete. Essentially, for all its factions, it was a party of a pre-democratic age.<sup>9</sup>

### **The towering figure of J.S. Mill**

J.S. Mill is a key figure in Nineteenth Century British liberalism. Mill is a giant of liberalism *per se*, such that subsequent exegesis has been overwhelmingly praiseworthy, indeed idolatrous. Not merely a grand philosopher and theorist, he was an indefatigable contributor to public debate and Member of Parliament during 1865-68.

However, Mill's vision was deeply contradictory, straddling two contrary liberalisms.<sup>10</sup> Mill was an integral member of the Radical Liberals, who lamented the miserly electoral gains from the 1832 *Reform Act*. Yet he remained committed to Classical Liberalism (in spite of his musings on socialism) to the end. Undoubtedly his self-submersion and attachment to the rigors of Classical Political Economy (Mill 1859) contributed mightily to his faith. He retained a purist commitment to 'free trade' and 'competition' in the abstract.<sup>11</sup>

In some of Mill's most quoted works there is minimal acknowledgement and account of the convulsions of his time. Those mentioned in his *Autobiography* are mostly external to Britain, as in 1830 and 1848 France, Ireland (with English culpability ignored) and the 1865 Jamaican Morant Bay massacre (Mill 1924 [1873]).

---

9 The Liberal Democrats (following the 1988 merger of the Liberal Party with the Labour breakaway Social Democrats) were the junior partner in the Conservative government from 2010-15, tolerating the undermining of public infrastructure and living conditions of the underprivileged. They were rightly decimated in the 2015 election. The main plank of the Liberal Democrats in the 2019 election was to keep Jeremy Corbyn's Labour out of office.

10 See footnote 3 above.

11 Competition was even an undiluted vehicle for good in the labour market, a 'source not of low but of high wages' (Mill 1859: Book IV, Ch.7, §7).

Mill's life and intellectual and political concerns were permeated by a consciousness of class. He had contempt for the aristocracy's 'Old Corruption'. He sneered at the middle class' supposed pecuniary obsessions. He was endlessly dismissive regarding the working class' supposed lack of capacity for its own self-improvement. He supported working class political aspirations but opposed male suffrage as the time was not right (Mill 1924 [1873]: 247). Education was the vehicle for improvement and, in the meantime, deference to one's betters was appropriate. He was passionate about the rights of women, but that meant suffrage for women of property.

Yet the nature and sources of contemporary class warfare, and the basis for his prejudices and omissions, is perennially ignored or obfuscated in key writings where such treatment should naturally appear. Mill rightly found slavery abhorrent, but there is no evident concern for the pervasiveness of unfree labour. Mill supports the right of trade unions to exist but, due to the supposed iron law of markets, opines that any successful achievement of wage rises can only be to the detriment of the consumer and other workers. A rare mention of wage labour in his *Autobiography* (Mill was addressing an audience as a parliamentary candidate in 1865) is condescending (p. 241):

In the pamphlet, 'Thoughts on Parliamentary Reform,' I had said, rather bluntly, that the working classes, though differing from those of some other countries, in being ashamed of lying, are yet generally liars.

Mill declines to explain this preposterous claim and congratulates himself on his openness before the mostly working class audience.

In 'The Claims of Labour' (Mill 1967 [1845]) Mill uses a pamphleteer's title to publicise his then fear. A rash of organisations were being created with the intent to improve the lot of the lower orders – a development that Mill called 'fashionable' but treated as misguided, indeed dangerous. The state could assist by dismantling its own barriers to improvement – abolishing the Corn Laws and enabling limited liability business incorporation (for workers to become self-employed). However, improvement is to be found essentially in the worker's own hands, based on self-discipline, not least by restricting their own reproduction and collectively heading off the Malthusian terror of overpopulation. In this essay, there is one mention of historical enclosures, albeit in paragraphs so opaque that it is hard to overlook Mill's indifference to that long, brutal

process by which a British working class was created and forced into servitude.

In Mill's much-quoted Chapter in his *Principles*, 'On the Probable Futurity of the Labouring Classes' (1869: Book IV, Ch. VII), he labours his obsession in a sub-section headed 'The future well-being of the labouring classes principally dependent on their own mental cultivation'. The centrality of the chapter is devoted to recommending two means of self-improvement – profit-sharing within their employed enterprise (though remaining at the discretion of the employer) and the formation of co-operative enterprises. The latter form was then in active development with no help from Mill.

The divergence between class interest and universal liberty is most significant in Mill's celebrated *On Liberty* (1972 [1859]). It is a sustained declamation regarding the rights of the individual against potential oppression by the state or societal dictates. Radical for his time, he reflects on freedom from religious intolerance, polygamy, eating pork, prostitution, gambling, and so on.

However, there is no word in *On Liberty* on the implications for universal liberty of a labouring class defined by compulsion for survival. There is no mention of the scandal of the workhouses as centrepiece of the 1834 *Poor Law*. Mill supported the *Poor Law* as centralising authority and administration, in contrast to the inefficiencies of the previous local paternalist structures of relief. The discourse floats abstractly, ignoring the harsh reality (enforced by state instrumentalities) of the power of capital over labour. Overwritten, as was Mill's wont, *On Liberty* reads partly as a naïve self-help manual (borrowed from Wilhelm von Humboldt) and extensively as pop sociology.

Even as a (Radical) Liberal, he has some peccadilloes. Mill (following his father) worked for years for the British East India Company (1823-58) – that splendid vehicle for the exploitation on a grand scale of India – until its dissolution. He was fearful of democracy (his concern for the much quoted 'tyranny of the majority', borrowed from de Tocqueville). He was opposed to universal suffrage. He supported plural voting, not on the detestable basis of property but on the basis of superior knowledge. He favoured the retention of capital punishment. He was in favour of colonisation, bringing civilisation to the lesser races and an improved standard of living to emigrés from the metropolis (Mill 1869: Book V, Ch. XI, §14). He lamented the devastation wrought by the Irish famine,

recommended practical measures to offset the distress, but found no fault in brutal English overlordship and was subsequently opposed to Irish Home Rule. He constructed a new defense of 'liberal imperialism' (Sullivan, 1983). His view of the appropriate domestic role of the state was determined on *a priori* principles (Book V, Chs. X and XI) rather than on the exigencies of an evolving capitalist economy. He uncritically favoured the newly emerging joint stock corporation, seeing it as a force for greater efficiency and potential outlet for worker emancipation and improved societal well-being.

The historical economist T.E. Cliffe Leslie was prescient on the contradictions of Mill's genius (1888 [1876]: 168):

[Mill] had been brought up in the straitest sect of the abstract economists, and his method was formed before his mind was matured; so that there is no systematic investigation in his treatise [*Principles of Political Economy*], although it abounds in luminous suggestions, and corrections of the crude generalizations of the school in which he was taught.

Essentially, J.S. Mill was an egghead, with an unparalleled learning and formal capacity for analysis, courtesy of his disciplinarian father's teaching. However, this privileged asset appears to have inhibited him in understanding what ought to have been transparent. Perhaps he saw it, but didn't want to know.<sup>12</sup>

### **The joint stock limited liability corporation: its unacknowledged implications for liberalism**

Early corporations, involving an agglomeration of capitals, were dependent on a privileged charter from the crown or the state. From the late Eighteenth Century, industrialisation brought demands for greater

---

<sup>12</sup> Karl Marx, resident in London since 1849, doesn't exist for Mill. Marx's first volume of *Capital* was published in German in 1867, but English and French editions were published only after Mill's death in 1873. Yet Mill was well familiar with the activities of the International Workingmen's Association (the First International) and had personal intercourse with its English associates (Feuer 1949). There is a smattering of generally dismissive references to Mill in Volume 1 (Marx 1976 [1867]: passim.). However, Marx singled out Mill from the 'apologetic vulgar economists' in noting Mill's concern for the working class, but claimed that, with its 'shallow syncretism', Mill's oeuvre became incoherent 'in his attempt to reconcile the irreconcilable' (p. 98).

scale and concentrations of capital. Thus began the halting move to general incorporation laws during the Nineteenth Century.

The trajectory varied across countries. In the UK, general *Incorporation Acts* (1844, 1856, 1862) and a *Limited Liability Act* (1855) were passed. The bulk of incorporations were in the capital-hungry fields of railways, shipping and mining. However, only during the hard times of the Great Depression (1873-1896) was greater use made of these options.

In the US, the States inherited dominant authority over corporate chartering, with a general tendency to strict control over terms. However, State prerogatives faced pressure from growing interstate commerce. There then ensued jurisdictional competition in facilitating unrestricted general incorporation laws. The *New Jersey Act* of 1875 opened the floodgates, amended in 1888 to allow inter-corporate share ownership (and thus the Trust movement, facilitating cartelisation). These extravagant changes led to some regulatory pullback, but the marginal State of Delaware responded with the open-ended *Incorporation Act* of 1899 (Poitras 2016). Delaware remains the centre for US business incorporation.

Running parallel was a development of equally momentous significance – that of the incorporated firm as a separate legal personality. In the UK, the development appears to have happened pragmatically, driven by court decisions, in which joint stock company shares were gradually interpreted as ‘autonomous forms of personal property independent of the assets of companies’ (Ireland 1996).

In the US, several centuries of corporate-initiated litigation has produced an ongoing expansion of corporate rights, not least via inserting corporate personhood into the 1868 Fourteenth Amendment, which had been legislated to guarantee civil rights regardless of race (*ie.* to ex-slaves). A key moment for such acknowledgement is the 1886 Supreme Court judgment in *Santa Clara County v. Southern Pacific Railroad Co* (Winkler 2018: Ch. 4).<sup>13</sup>

Public and political concern in the UK with this institutional evolution appears to have been early focused on unscrupulous manipulation of the

---

<sup>13</sup> The Santa Clara judgment itself, determined on a technicality, did not hinge on the recognition of Fourteenth Amendment rights to the corporation as person. However, a series of wilful misinterpretations by Justice Stephen Field and co-conspirators resulted in Santa Clara becoming de facto taken as a landmark precedent for corporate rights.



market in shares. No-one in the Liberal tradition, including the economists to whom posterity has granted immortality, appears to have taken concern at the potentially serious implications for their faith.<sup>14</sup> In the US, by contrast, substantial resistance developed to the combination of permissive legislation, menacing business structures and court judgments, in the context of escalating levels of predation by these new vehicles against wage labour, small business and the farming hinterland.

Thus arose the corporate form as enduring monolith in an era even before universal adult suffrage had been obtained. The prospect of universal individual freedom, apart from its intrinsic subordination to class structure, had been nipped in the bud before it had the opportunity of flowering. It was transparent that these new creatures exerted preponderant influence on governments, public policy and the courts. Subsequent developments in antitrust/restrictive practices law and regulation have ultimately proved insignificant in countervailing impact.

It is staggering to consider that this revolutionary transformation of the socio-economic system has henceforth been obfuscated, marginalised or ignored in relevant analyses. The Economics profession contemporaneously moved to separate and distinguish itself with the construction and entrenchment of neoclassical economics, which obliterates the corporate form. The tradition of American Institutional Economics that has sought to emphasise structural corporate power (*cf.* Blair 1972) has long been marginalised. Academic political science complemented this marginalisation by redefining liberalism as 'pluralism', whereby acknowledged repositories of power are offset by other repositories of countervailing power. US mainstream economics later responded to ongoing post-World War II niggling by antitrust authorities with the concept of 'contestability', obliterating anew corporate power (Shepherd 1995). Libertarianism, neoliberalism and the economic theory of politics, see only a single dangerous power inhibiting liberty – that of the state – and, ignore the corporate form completely.

---

<sup>14</sup> Liberal MP, Robert Lowe – tagged by supporters as 'the father of modern company law' – supported business incorporation simply as an application of the Classical Liberal tenet of freedom of contract.

## Wage labour revisited

The battle of the American Federation of Labor during the late Nineteenth Century to offset corporate employer oppression, ratified by the courts, is instructive regarding liberalism's essential hypocrisy with respect to wage labour (Forbath 1991). AFL President Samuel Gompers claimed in 1901 (p. 131):

[The whole gospel of the labour movement is summed up in] freedom of contract – organized labor not only accepts, but, insists upon, *equality of rights and of freedom*.

Why does wage labour not have it? Forbath offers a familiar refrain (p.133):

Thus, trade unions uncovered the common law's contradictory commitments to competitive freedom on the one hand and security of property interests and contractual expectations on the other.

The AFL also argued that labour's structured subordination was akin to a form of slavery, formally now banished. The AFL even succeeded in having a section included in the Democrats' 1914 *Clayton Act* declaring that 'the labor of a human being is not a commodity'.

The AFL did win over some judges who saw the claimed contradictions and it achieved for a period some industrial rights against the tyranny of court injunctions. Ultimately, however, the AFL reinforced its incorporation into capitalist imperatives by fighting within the liberalist creed. As in Britain and its Empire, the entrenchment of 'managerial prerogatives' subjugated wage labour's liberty (*cf.* Atleson 1983).

Another dimension that confronted the contradiction and hypocrisy of liberalism played out in the cultural sphere in industrialised countries. By the late-Nineteenth Century, and especially following World War I, the craft labour aristocracy wanted to work less and enjoy a more balanced life. The 8-hour day movement was the public reflection of this movement. Such labour also wanted to acquire some of the culture of their 'betters'. They were pursuing what J.S. Mill opined was an essential trajectory for them to acquire respect from their betters and be worthy of the vote in the bargain.

Yet such aspirations ran into a headwind (Cross 1993). Much of the employing class and elites did not savour a 'levelling up'. The US National Association of Manufacturers' President claimed in 1926 (p. 16):

it is time for America to awake from its dream that an eternal holiday is a natural fruit of material prosperity [...] I am for everything that will make work happier but against everything that will further subordinate its importance [...] the emphasis should be put on work – more work and better work, instead of upon leisure.

According to Cross (p. 38):

French employers continued to argue that ... leisure would dissipate the majority who lacked the training and intelligence to make proper use of unregulated time. In 1922, [industry economist] André François-Poncet declared that the only beneficiary of the eight-hour day was the cabaret; and conservative Deputy [Prosper] Josse claimed that the eight-hour law had created a 'moral crisis', and was a 'symbol of laziness'.

Essentially the labour proponents aimed to construct a pre-industrial culture in an industrial age with higher living standards, not dissimilar to later 'anti-growth' movements. For employers, this push represented a dangerous intrusion on work discipline *per se* – at stake was the entire mentality of workers and their families that reinforced workplace culture. The employing class interpreted this seemingly innocuous claim, consistent with their own creed, as a significant threat.

The far-sighted auto manufacturer, Henry Ford, envisaged a solution – tie workers to the job by paying them higher wages and let them escape into consumption. Thus was born the culture of 'work and spend'. The automobile and household items provided the first salve. In ensuing decades, a strategy structured around 'Fordism' has survived a more hydra-headed workplace structure prevailing in the West. The later development of the electronic age and 'must-have' gadgetry, beyond the wildest imagination of previous generations, has deeply entrenched the primacy of the workplace and its key principle of subordination.

The liberty of the individual as worker is thus channeled by the historically strategically-crafted mores in which s/he lives.

### **The triumph of 'liberal democracy'**

During the Twentieth Century, 'liberalism' morphed into 'liberal democracy'. The term's emotive power lies precisely in its lack of definition. The strictures of critics like Macpherson have been obliterated, and the label is used crudely as being synonymous with 'the free world'.

In polemical Cold War exchanges attacking the-then ‘totalitarianism’ of the Soviet Union, transparent relative freedoms of many Western citizens substituted for the necessity to look behind the label. The implosion of the Soviet Union in 1991 was liberal democracy’s finest hour.

However, behind the West’s triumphalist label are myriad anomalies. They are inconsistent with the conditions for personal liberty. They are observable to anyone with the mildest curiosity but are all compartmentalised into a parallel world that only heretics dare to enter.

The most pronounced ‘disconnect’ is in the entire history of the USA. It is built on indigenous genocide and black slavery. After the Civil War, the Republican Party was taken over by corporate business which (with the courts onside) proceeded to engage in a brutal oppression of wage labour and exploitation of small business and farmers. The South readily obliterated the formal liberation of the ex-slave population. Inbuilt expansionism extended West across the Continent, appropriating Mexican territory. Under the rhetorical auspices of ‘Manifest Destiny’ (Weinberg 1963 [1935]) and the Monroe Doctrine, it then established suzerainty over the entirety of Latin America and the Spanish Philippines. In the long-term, domestic dissident opinion and activism has been perennially treated savagely (Goldstein 1982).

Subsequently, by leveraging its escalating power during and after World War II, the US sought no less than institutionalised global control. It proceeded to act accordingly: toppling governments at will (Blum 2014) – the Soviet Union being a temporary inhibition – and expanding its range globally since 1991. Simultaneously, Cold War institutions and ideology were a conscious vehicle to control and repress the domestic population (Chomsky 1981). On race, only as recently as 1964 in the *Civil Rights Act*, did the black community receive citizenship rights.<sup>15</sup> Yet, disproportionate incarceration rates amongst African-Americans, a community vulnerability to police violence and ongoing voter disenfranchisement, all highlight that the tangible outcomes continue to run contrary to the formal symbolism of 1964.

---

<sup>15</sup> The tangible liberation of the American black community from its dis-emancipated status was partially an indirect product of the Cold War. Given Soviet counter-propaganda, the US confronted that is propaganda centred on the ‘freedom of the West’ was obscenely hollow in the face of ongoing black community oppression.

Great Britain formally lost its Empire following World War II, but has retained its imperial arrogance – perennially intervening (generally surreptitiously) in overseas sovereign countries (Curtis 2003). France – birthplace of *liberté, égalité, fraternité* – escaped from the tyranny of German Occupation in August 1944. Yet it immediately engaged in the brutal repression of its colonial populations in the Maghreb and Indochina (with an hypocrisy matching Napoleon’s suppression of the 1791 revolt in Saint-Domingue), continuing for another 18 years.<sup>16</sup> Lesser white settler colonies (including Australia) pursued with alacrity the extermination or marginalisation of indigenous populations.

A telling instance of Western liberalist hypocrisy was in the annexation and despoliation of East Germany (GDR) by West Germany after 1990. A December 1989 poll had 71 percent of the population hoping for a separate democratic GDR. According to Knaebel and Rimbart (2019: n.p.):

With US backing, and no opposition from a weakened Soviet Union, West Germany under conservative chancellor Helmut Kohl took over within a few months, annexing a sovereign state, liquidating its economy and institutions, and transplanting a neoliberal capitalist regime.

The GDR population was seduced by the offer of currency equality, though the Deutschmark was then worth 4.40 Ostmarks. Subsequently, the West German Christian Democratic Union Party won a dirty election in March 1990, but many regretted their choice. The *Truehand*, created to oversee the GDR’s significant industrial and commercial assets, engaged in plunder and liquidation on a vast scale, to the profit of West German business and consultant parasites. Mass unemployment and large-scale migration of the GDR professional classes resulted. In particular, women lost gender equity in the face of conservative West German patriarchy.

## Conclusion

Liberalism, purportedly denoting freedom of the individual, was always and everywhere intended selectively. Ideology and practice always diverged. Four key domains matter. First, the imperialist imperative of its

---

<sup>16</sup> France still seeks indirect control of its former sub-Saharan African colonies via the CFA franc (recently replaced by the equally onerous ECO) and intermittent military interventions.

proponents.<sup>17</sup> Second, the imperative of subjugation or subordination of peoples distinguished by race and/or gender.<sup>18</sup> Third, the imperative of subjugation and subordination of wage labour. Fourth, the subjugation – both corporeal and civic – from the late-Nineteenth Century onwards, of the individual person by the convenient fiction-turned-monstrous-powerhouse that is corporate personhood.

‘Capitalism’ doesn’t exist in the pantheon of Liberalism. In the Classical Liberal era, defence of property was the watchword. Capitalism was acknowledged in the early days of ‘social liberalism’ but has since disappeared from the language of liberalism. Capitalism inherited racial prejudice and patriarchal dominance and has accommodated both to its own ends. With the necessary denial of full rights of individual freedom to wage labour, capitalism has vitiated any claims that liberalism/liberal democracy has to being a coherent creed. Finally, with the rise to overwhelming power of the corporation, with general political and legal immunity for criminality, liberalism/liberal democracy loses any claim to credibility.

Liberalism and its latter day variant, liberal democracy, are, in the hands of representative proponents, pure ideology – *de facto* vehicles for anti-egalitarian propaganda and practices. Academia is a haven for such processes – generally reflecting naïve ivory tower mentalities. Steepening oneself in history is a key means of escaping capture by this large-scale process of misrepresentation and deception.

*Evan Jones is a Research Associate in the Department of Political Economy at the University of Sydney.*

*evan.jones@sydney.edu.au*

## References

Atleson, J.B. (1983), *Values and Assumptions in American Labor Law*, University of Massachusetts Press, Amherst.

---

<sup>17</sup> Recent select imperial interventions have come under the rubric of ‘responsibility to protect’ – that is, explicitly under cover of liberalist ideology.

<sup>18</sup> Notably, female suffrage was not granted in France until 1945, and not fully until 1965!

- Blair, J.M. (1972), *Economic Concentration: Structure, Behavior & Public Policy*, Harcourt Brace Jovanovich, New York.
- Blum, W. (2014), *Killing Hope: US Military and CIA Interventions since World War II*, Zed Books, London.
- Chomsky, N. (1981), 'The cold war is a device by which superpowers control their own domains. That is why it will continue', *The Guardian* [UK], 15 June.
- Cliffe Leslie, T.E. (1888 [1876]), 'On the Philosophical Method of Political Economy', in *Essays in Political Economy*, Longmans, Green & Co., London.
- Corrigan, P. and Sayer, D. (1985), *The Great Arch: English State Formation as Cultural Revolution*, Blackwell, Oxford.
- Cross, G. (1993), *Time and Money: The Making of Consumer Culture*, Routledge, London.
- Curtis, M. (2003), *Web of Deceit: Britain's Real Role in the World*, Vintage, London.
- Dangerfield, G. (1980 [1935]), *The Strange Death of Liberal England 1910-1914*, Perigee Books, New York.
- Feuer, L.S. (1949), 'John Stuart Mill and Marxian Socialism', *Journal of the History of Ideas*, 10(2), April, pp. 297-303.
- Forbath, W.E. (1991), *Law and the Shaping of the American Labor Movement*, Harvard University Press, Cambridge.
- Fraser, D. (1973), *The Evolution of the British Welfare State*, Macmillan, London.
- Goldstein, R.J. (1982), *Political Repression in Modern America: 1870 to the Present*, Schenkman Publishing Co., Cambridge.
- Griffin, B. (2003), 'Class, Gender and Liberalism in Parliament, 1868-1882: The Case of the Married Women's Property Acts', *The Historical Journal*, 46(1), pp. 59-87.
- Hay, D. and Craven, P. (2005), *Masters, Servants, and Magistrates in Britain and the Empire, 1562-1955*, University of North Carolina Press e-book.
- Hill, C. (1969), *Reformation to Industrial Revolution*, Pelican, Harmondsworth.
- Hobhouse, L.T. (1964 [1911]), *Liberalism*, Oxford University Press, London.
- Knaebel, R. and Rimbart, P. (2019), 'The Economic Anschluss of the GDR', *Le Monde Diplomatique*, November.
- Ireland, P. (1996), 'Capitalism without the capitalist: The joint stock company share and the emergence of the modern doctrine of separate corporate personality', *The Journal of Legal History*, 17(1), pp. 41-73.
- Jones, E. (1994), 'Liberalist Hegemony and the Reconstruction of the Social Order', *Economic Society of Australia Conference paper*, September, unpublished.
- Laski, H.J. (1936), *The Rise of European Liberalism*, George Allen & Unwin, London.
- Losurdo, D. (2011 [2006]), *Liberalism: A Counter-History*, Verso, London.
- Lott, T.L. (ed.) (1998), *Subjugation & Bondage: Critical Essays on Slavery and Social Philosophy*, Rowman & Littlefield, Lanham.
- Macpherson, C.B. (1977), *The Life and Times of Liberal Democracy*, Oxford University Press, Oxford.

- Mantena, K. (2010), 'The Crisis of Liberal Imperialism', *Histoire@Politique*, No.11, May-August.
- Martin, K. (1954 [1929]), *French Liberal Thought in the Eighteenth Century*, Phoenix House, London.
- Marx, K. (1976 [1867]), *Capital, Volume 1*, Penguin Books, Harmondsworth.
- McNally, D. (1993), *Against the Market*, Verso, London.
- McNally, D. (2011), *Monsters of the Market: Zombies, Vampires and Global Capitalism*, Leiden, Boston.
- Merritt, A. (1982), 'The Historical Role of Law in the Regulation of Employment – Abstentionist or Interventionist?', *Australian Journal of Law & Society*, 1(1), pp. 56-86.
- Metcalfe, T. (1995), *Ideologies of the Raj*, Cambridge University Press, Cambridge.
- Mill, J.S. (1869), *Principles of Political Economy*, Longmans, Green, Reader & Dyer, London.
- Mill, J.S. (1924 [1873]), *Autobiography*, Oxford University Press, London.
- Mill, J.S. (1967 [1845]), 'The Claims of Labour', in J.M. Hobson (ed.), *The Collected Works of John Stuart Mill, Vol. IV*, Routledge, London.
- Mill, J.S. (1972 [1859]), 'On Liberty', in *Utilitarianism*, J. M. Dent & Sons, London.
- Poitras, G. (2016), *Equity Capital: From Ancient Partnerships to Modern Exchange Traded Funds*, Routledge, New York.
- Quiggin, J. (2015), 'John Locke Against Freedom', *Jacobin*, 28 June.
- Roach, J. (1957), 'Liberalism and the Intelligentsia', *Cambridge Historical Journal*, XII, pp. 57-81.
- Roberts, S. (ed.) (2015), *The Dignity of Chartism: Essays by Dorothy Thompson*, Verso, London.
- Ruggiero, G. de (1959 [1927]), *The History of European Liberalism*, Beacon, Boston.
- Shepherd, W.G. (1995), 'Contestability vs. Competition – Once More', *Land Economics*, 71(3), pp. 299-309.
- Sullivan, E.P. (1983), 'Liberalism and Imperialism: J. S. Mill's Defense of the British Empire', *Journal of the History of Ideas*, 44(4), pp. 599-617.
- Taylor, A.J.P. (1969/1959), *The Trouble Makers: Dissent over Foreign Policy 1792-1939*, Panther, London.
- Tocqueville, A. de (1983 [1858]), *The Old Régime and the French Revolution*, Doubleday, New York.
- Townshend, J. (2000), *C. B. Macpherson and the Problem of Liberal Democracy*, Edinburgh University Press, Edinburgh.
- Weinberg, A.K. (1963 [1935]), *Manifest Destiny: A Study of Nationalist Expansionism in American History*, Quadrangle, Chicago.
- Winkler, A. (2018), *We the Corporations: How American Businesses Won Their Civil Rights*, Liveright, New York.