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One-to-one relationships between a political party's programme and its broader ideology are extremely rare, and British liberalism at the turn of the nineteenth century was no exception. The cumbersome and frequently conflicted machinery of political parties does not often allow for the quick assimilation of the radical or innovative ideas that are normally initiated at its periphery. Nevertheless, an unusual amount of ideological change filtered through into the Liberal Party, and even onto the statute books, following the famous Liberal landslide electoral victory of 1906. **Michael Freeden** examines the relationship between the New Liberalism and the Liberal Party.

Leaders of the New Liberalism: David Lloyd George and Winston Churchill

It is intriguing to explore what had happened to propel liberal thinking and practice along a path that would take it from a focus on entrepreneurship, free trade and a government largely concerned with law, order and the legal protection of private spaces, to constructing the rudiments of what was to become the UK's greatest domestic achievement, the welfare state. But one also needs to ask: did the new liberalism fundamentally change the Liberal Party?

Setting the scene

Before we begin to assess the changes that the Liberal Party actually underwent in that process, we need to take on board the ideational changes that took place – as is so often the case – as a preliminary to the political upheaval. In ideological terms – in the public discourses that compete over the control of political language and action – a dramatic transformation was taking place, one that had begun in the 1880s. That transformation was partly due to the extension of the franchise and the gradual introduction of new – and less privileged – sections of society into the political arena, both through the vote and through unionisation; partly due to the growing awareness among conscientious intellectuals of the unacceptable costs of the industrial revolution in terms of disease, unemployment, squalor and the sheer exploitation of the poor by the rich; and in part due to the percolation of innovative theories of social structure concerning human interdependence and

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vulnerability through academic channels into the public domain. The awareness that new social classes would now play a permanent role – and a quasi-democratic one, within the franchise constraints of the period – made it obvious that competition over their support and consent would cause changes in public policies. During the 1880s, various 'unauthorised' programmes emerged from the pens of radicals, socialists and liberals which – despite some crucial differences – displayed an extraordinary amount of common ground. From the 1890s, the increasing number of reports, surveys and newspaper articles on the abject suffering of the socially marginalised – in particular those of Charles Booth on London and Joseph Rowntree on York – had started to make an impact on the public mood. And theories of the organic interdependence of society, with its imperatives of support for others being as important as the cultivation of personal autonomy, began to replace the highly individualistic strictures of English utilitarianism and the self-help injunctions of Victorian moralists.

The debate took place, tellingly enough, in periodicals, newspapers and popular books long before it infiltrated into parliament. The pages of august monthlies such as the *Contemporary Review*, the *Fortnightly Review*, and the *Nineteenth Century*, as well as those of progressive and radical weeklies and monthlies, foremost among which was the *Speaker*, later to become the *Nation* (and later still to be amalgamated into the *New Statesman*), became major forums in which proposals for a national policy were deliberated. The liberal daily press, in particular the *Manchester Guardian*, also had a crucial role in forging new attitudes. But their readership was limited to small groups of the educated middle classes. No less importantly, they still had to contend with well-established liberal views on the sanctity of individual liberty and private property over and above other liberal values such as the development of individuality and decency towards others. Indeed, that was one of the central divides: between those who had advocated, and were satisfied with, political reforms such as a fairer and less corrupt electoral system, while fiercely guarding individual liberties, and those who believed that social reform had to begin where political reform left off. While left-leaning liberals still retained some standard political reforms on their agenda – in particular, they had their eye on the unrepresentative nature of the House of Lords – they were convinced that the political authorities had now to address urgently questions of social justice and human need.[1]

In the 1880s, party-political Liberalism was still displaying the features of an older era – the importance of Nonconformity, temperance and financial retrenchment – and those features did not go away; indeed, they continued to have substantial adherents alongside the radical elements of liberalism. But they no longer characterised the party as a whole and they exposed serious problems relating to its middle-class social base. Generally speaking, identifying the Liberal Party as middle class requires some caution. Then, as now, it is too broad and undiscriminating a term. The middle class included bankers, lawyers, administrators and merchants as well as teachers, journalists and social reformers of many stripes, both religious and secular. The financial, cultural and ideological differences among those categories were glaring. The hairline splits in the Liberal Party were already a generation old before they began to widen to create a potential schism, as the Whigs among the Liberals drifted toward the conservative ranks, a movement exacerbated in 1886 when the Unionists under Joseph Chamberlain (himself a curious mixture of radical and conservative imperialist) left the Liberal Party en masse. The remodelled Liberal Party lacked funds (although it still retained the support of some rich industrialists) but not the potential for a sweeping reinvention of itself, which it proceeded to carry through over twenty years. The party, unsurprisingly, chose to be far more reluctant to speed along the path demanded by its radical wing and many of its intellectuals, because it was fearful of losing too much support among its traditional middle-class base. As the Liberal politician and reformer C. F. G. Masterman, expressed it, the Liberal dilemma was whether it would 'retain, for example, its few men of wealth, without losing those adherents who demand direct taxation of that wealth in the interests of social reform'.[2]

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Of course, there were other movements afoot towards fundamental social reform among budding socialist groups – not the least the Fabian Society who had mastered the dissemination of propaganda pamphlets among working-class sectors. But initially only the Liberal Party had the clout, range and organisation that would enable such reform to reach national platforms. That first became evident in the Newcastle Programme of 1891, itself the successor both to Joseph Chamberlain's 'unauthorised programme' of 1884–5 and to the *Star* newspaper's programmes of 1888–9. That said, the Liberal Party was initially very slow to react. During W. E. Gladstone's final term as prime minister, in 1892–3, the Grand Old Man rejected the novel political idea of publishing a party programme, insisting that one issue at a time was the right way to proceed, and immediately got bogged down in the Irish problem at the expense of other social issues. Gladstone's moral brand of crusading liberalism was profound but it was also beginning to be stranded on the shores of a

creed that in later decades would typify enlightened conservatism, free trade excepted. Thus, a year before his death he praised one liberal essayist for 'all the efforts you may make on behalf of individual freedom and independence as opposed to what is termed Collectivism.'[3] His successor, Lord Rosebery, was no closer to radical circles, and the Liberal Party seemed destined to widen its internal rift between the reformists and an increasingly ossified middle-class conventionalism. Ten years in the wilderness from 1895, however, did the trick as so often is the case. Not that middle-class conventionalism disappeared but it was mostly excluded from the Liberal corridors of power until after the First World War, when it divided its loyalties between a shrinking Liberal Party and the Conservatives.

Liberalism and Labour: intersections, overlap and difference

Many commentators and scholars believe that the rise of the Labour Party in 1900 was not only the catalyst for a platform of energetic social reform in Britain, but that it was also the architect of the Welfare State. Both contentions have to be taken with quite a few grains of salt, although that imagined narrative was sincerely believed by British socialists and their historians until well into the 1960s. This was partly a measure of the success of the Labour Party story, broadcast by Fabians from the outset and cemented through the reverse historical perspective seen from the vantage point of post-1945 Labour social legislation. But it also occurred through the later relative invisibility conferred by association on liberal ideology through the marginalisation of the Liberal Party. Indeed, at the time of the publication of the Beveridge Report in 1942, with its social vision of a resurgent post-war Britain, the liberal press astonishingly failed to recognise the report as a member of its own family of ideas, or to note that William Beveridge was himself a prominent liberal.[4]

To address the first issue – the presence of a wide spectrum of reformist thinking and initiatives that stretched way beyond the budding Labour Party – one has to appreciate that London in particular was host to a lively scene of social reformers, journalists, religious activists and others in patterns of discourse and interaction that criss-crossed the city, with the result that plans and programmes of political and social transformation were common among a wide range of progressives. When Sir William Harcourt, Liberal Chancellor of the Exchequer in the early 1890s and hardly a radical himself, declared in 1894 that 'we are all socialists now', he intended to emphasise the growing recognition that responsibility towards the less fortunate members of society and an ethos of mutual concern were part and parcel of contemporary thinking, precisely the area from which Gladstone dissociated himself. The terms socialist and even 'liberal socialist' were therefore largely bereft of party associations until the Labour Party emerged on the scene from 1900 and colonised 'socialism' as part of its rhetoric. Liberal and Labour intellectuals and propagandists, quite a few of whom would become future MPs in 1906, mixed freely in the various Ethical Societies, in humanist associations, in the editorial meetings of the *Nation* (the most important weekly at the forefront of reformist liberal thought), at numerous public lectures, and under the auspices of a small but highly influential debating society, the Rainbow Circle. Between them, a common or at least overlapping political language was forged, in which a drive towards institutional change was combined with the need for urgent measures regarding old age pensions, the feeding of schoolchildren, living below the breadline, and the cyclical bouts of heavy unemployment that beset the economy. That is not to argue that the separate consolidation of labourite, trade union and socialist groups under the aegis of the Labour Party did not act as a powerful incentive to speeding up some of the progressive metamorphoses that liberalism was undergoing. It is, however, to argue that the rationale for those changes could be extracted from within the values and beliefs internal to liberalism itself. We may also observe that some of the more radical social proposals of the Labour Party, such as the right to work, were rejected out of hand by the Liberal Party, and that it was mostly resistant to plans to nationalise industries.

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The Rainbow Circle is a marvellous example of what was happening behind and across the party scenes.[5] It was a fascinating site of ideological formation: a discussion group founded in 1894 that met monthly and included notable thinkers and activists from both liberal and moderate-Labour circles. It attests to the formation of a joint crucial mass of what we could roughly term social democrats, whose dividing lines, for example on the scope of nationalisation, were outweighed by commonalities. Ramsay MacDonald was the first secretary – the minutes being written out in his clear and nicely rounded handwriting – and he rubbed shoulders with J. A. Hobson (the liberal journalist, theorist and economist), Herbert Samuel (to become the leader of the Liberal Party in the interwar years), J. M. Robertson (the liberal polymath, writer and politician), and a host of other notable London professionals. Eight of its members (out of around twenty-five) became radical MPs in the 1906 parliament. Among the many discussion topics of the Rainbow Circle in its early years were 'The Old Manchesterism and the New Radicalism', 'The Duty of the State to the Individual in the Industrial Sphere', and 'A Practical Programme for a Progressive Party'. This latter theme, in 1898–1899, was debated against the backdrop of developing the small London Progressive Party as the powerhouse that would unite forward-looking supporters of political and social reform of both left and centre-left. That experiment did not last, however, as any suggestion of a durable arrangement of that nature foundered on the rocks of the entrenched electoral and organisational interests of the larger existing party spectrum. No wonder that twenty-five years later the famous liberal theorist and social philosopher L. T. Hobhouse was able to look back and declare that the British party system did not match what

we would now call the ideological divide across the country. There were four groupings of political opinion, not three, he argued: (a) communist and theoretical socialist; (b) ordinary Labour and good Liberal; (c) bad Liberal and ordinary Tory; and (d) die-hard.[6] Certainly, at the turn of the nineteenth century, the creators of arguments and programmes among progressives were within the second camp, drawing broadly from the same pool of ideas.

The culmination of that evolutionary process was the emergence of the new liberalism, a development of the liberal creed that integrated some fundamental value reorientations together with some more subtle changes to that august tradition. The ideological transformation built partly on the ructions that the party had already experienced, with Whigs and radicals existing uneasily under the one roof, each faction struggling against submitting, respectively, to enticement from Tories on the one hand and variants of social democracy on the other. But the new liberalism succeeded beyond conceivable measure in sustaining its position at the core of the mutating party. It preserved the party's unity through retaining a basic loyalty to the most cherished liberal principles; yet the changes it effected in the party's ideology were nonetheless remarkable. In particular, the new liberals expanded on the Oxford philosopher T. H. Green's commitment to impeding hindrances to human liberty and the promotion of a society's common purposes. Specifically, they identified a far broader range of constraints that had to be removed in order to realise John Stuart Mill's classic formulation concerning the 'free development of individuality'.[7] Not only formal and legal barriers but also economic, social and educational ones had to be lifted. Here – as a liberal, not socialist, creation – can be found the seeds of the welfare state: the determination that all members of society were entitled to the fullest development and well-being that could be collectively provided; the confidence in the state as the beneficent enabler of human flourishing; and the faith that such provision would enhance considerably the central liberal values of liberty, individual self-expression and progress within a constitutional setting. All that differed substantially from the forms of socialist collectivism that laid greater stress on an undifferentiated class emancipation in which individual development played a lesser role; and even more so from conservative forms of communitarianism – rather than collectivism – in which national and local loyalties were the traditional adhesive that required protecting.

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Radicalising the party

All these currents were swirling just beneath the surface of the Liberal Party. In fact, the landslide victory of 1906 was achieved mainly on a rather conventional platform of free trade (versus Conservative intentions to use protectionism and tariff reform to tackle the 'condition of England' question) and the physical malaise of the nation was conveyed, among others, through the shock of discovering how many potential recruits to the British army fighting in the Boer War had to be rejected due to rickets – liberal imperialism was still a force to be reckoned with. All that gave little hint of the eruption of the new liberalism into the party mainstream a couple of years later. That transformation was partly due to a change in leadership, once the insipid Henry Campbell-Bannerman had been replaced as prime minister. Tellingly, his successor Herbert Asquith was no new liberal either, but many in his team were either consciously or incidentally recruited to the ranks of the new liberalism, not least the dynamic and mercurial Chancellor of the Exchequer, David Lloyd George. Lloyd George's political teeth had been cut in an atmosphere of Welsh radical Nonconformity, honed on resistance to Britain's imperial adventures in South Africa (little Englanders was the belittling name he and his allies had earned as one century passed into the next), and further whetted through the experiences of mass urban unemployment, increasing concern about the state of the physical health of the nation, and outrage about the maldistribution of wealth across society. Even what passed for radicalism in the late 1880s and 1890s – progressive taxation, old age pensions, housing, and land reform – was rapidly overtaken (though not abandoned) by an unprecedented and dramatic surge in welfare legislation.

The Liberal reforming zeal, combined with its actual implementation, has had only one rival in the UK over the past century: the post World War II Labour welfare legislation (the other twentieth-century instance of legislative activism, under Margaret Thatcher, was mainly one of reversing the social achievements of her predecessors). It was Hobson who later commented that the vision of the Liberal Party had almost matched the rosiest expectations of the new liberal social reformers.[8] A Feeding of Schoolchildren Act, aimed at addressing the chronic undernourishment of children from poor families in their schools, was passed in 1906. An Old Age Pensions Act followed in 1908, with the breakthrough provision that they were non-contributory. Typically, this was both a move to reduce the poverty of retired and elderly people and an ideological statement that those who had worked for society would not be forgotten by the state. Then came the heart of the innovations, the 1909 Budget and the National Insurance Act of 1911. Not only the conventions of the time, but also consequent British historiography, tend to differentiate between political reform and social reform, as if the latter were not political, reflecting the common but misleading distinction (in terms of its political nature) between changes to the machinery of government – extending the franchise, fairer democratic representation, or local government reform – and the redistribution of scarce essential goods in order to improve the lot of the disadvantaged. That is patently not the case – politics always having been concerned with managing the distribution of scarce resources among contending claimants – and the struggle over the 1909 Budget clearly illustrates that social reform is a core political activity.

Lloyd George knew what he was doing when he introduced

radical measures of progressive taxation into the Budget, as well as setting up a national development agency. He was concurrently offering long-needed measures of social justice and taking on the Lords who, with their built-in conservative majority and their power of veto over a stunning liberal majority in the House of Commons, were beginning to frustrate the Liberal administration by throwing out or delaying vital policies. 'Mr. Balfour's poodle', as the House of Lords had become, had to be put on a leash. At a stroke, Lloyd George managed to goad the Lords, through their predictable rejection of the Budget, into painting themselves into a corner. The Lords argued that the Budget was unconstitutional in offering a free ride to measures that had never been a part of British budgets, incorporating the centralised and long-term planning of social policy, while Liberals retorted that the Lords were neither constitutionally nor historically authorised to throw out a financial bill. Behind all that, one of the major impacts of the penetration of the new liberalism into the central corridors of political power was visible. The state was now entrusted with enabling and often directly promoting the well-being of its citizens and not simply with ensuring the maximisation of individual liberty and free enterprise, with preserving order in the face of criminality, or with patrolling the boundaries between external vulnerability and defence. That was famously put by Hobhouse when he wrote: 'mutual aid is no less important than mutual forbearance.'[9]

The extraordinary spate of legislation in 1911, encompassing limited health and unemployment insurance as well as the removal of the veto power from the House of Lords, suggests a vibrant and fundamental statement about a Liberal Party well to the left of the political spectrum and among the most reform-minded democratic parties throughout Europe. Unfortunately for the Liberal Party, that transformation was not a completely durable one, and its role as the major bearer of a welfarist ideology failed to become consolidated. What we may term 'welfarism'[10] signalled a move towards a society in which the central purpose of domestic politics had become to protect the citizenry at large from those vicissitudes and fragilities of human life that were both unavoidable and remediable. It was also one in which the state put at the disposal of its members the wherewithal to develop individual capacities in the best sense of liberal progress.

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Curbing liberal enthusiasms

Both contemporary and future problems for the Liberal Party, however, rendered its transformative path far from smooth. To begin with, the relatively heavy tax obligations incurred by the proposed reforms upon the less altruistic members of the middle class did not go down well. The party was confronted with frequent rearguard protests in the name of the middle classes – once themselves the radical engine of political reform, but now battening down their hatches against redistributive radicalism intended to assist the worst off. Already in 1906, a strikingly titled pre-emptive pamphlet, 'The Bitter Cry of the Middle Classes', reflected the particular fear of those who had recently found financial stability but were now facing the prospect of groaning under the tax yoke for the sake of what many still regarded as the less deserving. Those particularly affected were from the lower middle classes, who still harboured traditional liberal ideas of the primacy of contractual relationships and personal merit. Consequently, many Liberal Party reforms, especially in the sphere of taxation, had to be designed to help them, more than the working class.[11]

Second, the establishment of the Labour Party created a new set of difficulties for the Liberal Party. Some of those had, of course, to do with competition over the anti-Tory vote. Electoral pacts between the two parties did no favours to the Liberals by enabling the victory of Labour candidates. The rarefied political language spoken by liberals, even those seeking social justice for the dispossessed, was foreign to the ears of many members of the working class, who were reared on 'bread and butter' socialism and had become the target of more efficient agitation from groups such as the Fabians. It has always been something of a problem for liberalism to translate its relatively complex ideas and arguments into the kind of populist mode that both conservatives and socialists – in very different ways – have successfully exploited. Unpopular leadership decisions about the rights of workers, including their right to strike, caused further alienation and also distanced the Liberal Party from its own progressives. But the problem ran deeper than that. Ideologically speaking, the Liberal Party now had the additional complication of differentiating itself in the public mind from Labour while maintaining a dynamism that would still put it at the forefront of British radicalism. That proved impossible, and the consequence was not so much that the party abandoned its journey to the left as that many of its key reformers eventually left the Liberal Party after the First World War and joined Labour – not because Labour policy was notably different from that of the new liberals, but because Labour was slowly becoming in their view a more efficient fighting machine. As a consequence, one wing of the Labour Party in effect hosted the new liberalism in a fresh guise, and the party lost many of its radical campaigners.

Third, the leadership problems of the Liberal Party were considerable. The rivalry between a modernising Lloyd George and a far more sedate Asquith eventually came to undermine the party's stability and attractiveness. Failure to act quickly on the enfranchisement of women did not strengthen the party's reputation as being in the vanguard of progress. And the party seemed to peter out of ideas after 1911 over problems with Ireland and with the miners – the latter reflecting the increasing combativeness of some of the trade unions, resulting, among other things, in Lloyd George's Land Campaign, a programme that seemed remote from the interests of the preponderantly urban working class. No less seriously, the central London organisation of the party – the

National Liberal Federation – was frequently out of touch with feelings in the constituencies and with local desire to have Liberal representatives that were closer to working-class concerns. As a result, the Liberal Party's potential to resist the rise of the Labour Party was impeded.

Fourth, there were some serious flaws in the ideology of the new liberals themselves. One of the most significant underpinnings of their arguments was the organic nature of their approach to society as an interconnected body that possessed its own vital social interests running alongside the requirement for individual well-being, but whose flourishing depended on the health of the individual parts. Yet society, too, was seen to have the right to claim the goods it required to discharge its functions, including its own well-being and future development. The main welfare measures advocated at the time by the new liberals were anchored in the imagery that such an organic approach provided. Although the organic view of society was much in vogue among theorists and commentators at the time, it was less amenable to inspiring an electorate whose social mythology still rested on strong individualistic conceptions of separateness and independence. The party elite rarely adopted that terminology and it was far from universally appreciated among liberals. Nor did its effective notion of welfare dovetail with the new liberal one. For various reasons – many of them financial but some also principled – the actual welfare measures, while perceived to be in the right direction, fell far short of new liberal intentions. In very broad terms, the prevailing understandings of welfare policy were (and still are) split between helping the weak and marginalised on the one hand, and envisaging a society where central assistance is available to all and in which flourishing means not inching over a minimum but assuredly obtaining an optimum. That latter project was not at the heart of effective Liberal Party policy, although it might have been faintly visible in its Elysian fields.

No less indicative of the limits of the new liberalism were some of its biases. Authoritarianism, illiberalism and paternalism had to be navigated constantly even in the most liberal and generous versions of welfarism. Evidently, new liberal ideas on welfare were produced by intellectual elites who still believed in nineteenth-century fashion that they had a duty to civilise the nation and that their ethical conceptions of a good society were impeccable. Given the still-limited range of the franchise and the relative paucity of state education, extensive democratic approval and an informed electorate were not yet available. The noted voluntary tradition of either self-help or of mutual assistance outside the sphere of the state still had high visibility and determined support. But the role of the expert – so much at the centre of Fabian activism – was not dismissed by liberals either. The tensions between reformers of the Right, who wished to improve the moral character of individuals, socialists who wished to identify and cater to known categories of need while ignoring the individual as the unit of attention, and the new liberals who wished to employ the state in the service of the individual, were evident in the policies of, and debates within and around, the Liberal Party. A form of soft paternalism emerged, in which the view prevailed that enlightened liberals needed to work on behalf of the workers, whose social visions were either distorted by socialist propagandists, or undeveloped as a result of the heavy toll that economic hardships imposed on them. But there was also a fundamental faith in the homogeneity of a social vision in which one size would fit all. Finally, there was a considerable amount of condescension towards the working classes. The noted historian G. M. Trevelyan, close to liberal circles, wrote at the beginning of the twentieth century: 'Whenever a good thing is accomplished it is not in the first instance because the people wish it to be done, but because a few men will do it … The success of a nation, the greatness of an age, the work done by a body or group of persons, is always in ratio to the percentage of men of this quality.'[12]

One such form of paternalism appeared in the interest progressive liberals had in eugenics, not as a means to enable a particular race to achieve social domination, as was the case in many other right-wing instances, but as a technique to include the physical improvement of the body as part of the wider conception of social reform. Another, more at the centre of Liberal Party policy, was the continuous resistance to women's suffrage. In part that reflected a deep cultural conservatism at the heart of the party, not always shared by its more radical members; but there was also a calculated electoral fear – painfully realised in the early years of women obtaining the vote – that the Liberal Party might not attract a sufficient number of votes from those newly emancipated citizens. Unlike the previous reliance for charitable activities on the voluntary sector, the Liberal government centralised its welfare legislation heavily and introduced a uniform system – for example in relation to Labour exchanges. Its insistence on compulsion with regard to national insurance was anathema to the British social reform tradition and not a few liberals bemoaned 'the newer Liberalism of Social Responsibility and … Paternal Government'.[13] It required a considerable degree of ideological repackaging to present compulsory health and unemployment insurance as a measure designed to counter the compulsion embedded in the economic circumstances from which so many people suffered and thus increase their liberty.

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Conclusion

So did the Liberal Party become a new liberal one? One can answer this on three levels – its practices while the new liberalism was at its zenith, its support groups, and its longer-term development. In terms of its top leadership before 1914, new liberals were hardly prominent. Lloyd George was a radical but not necessarily an organicist new liberal with a general vision of a good society or a sense of how to change the complex nexus of relationships between individual and state. He was a political strategist equipped with a fighting spirit and a populist eloquence that served him well. Winston Churchill, the only other leading

cabinet minister to adopt the new liberalism, published a series of his speeches in 1909 called *Liberalism and the Social Problem*, that contained some of the new liberal (and Fabian) ideas about a national minimum; and he was instrumental in establishing the labour exchanges. But he was a politician on the make, restless, ideologically fickle, and easily bored, and incapable of deep and sustained social thinking. Being Home Secretary before the First World War appealed far more to his sense of adventure when he delighted in personally leading a siege of a group of anarchists in London. Asquith was parodied by his remark 'wait and see', hardly a clarion call of advanced liberalism. This leaves some of the second-ranking politicians, but they were unable to sustain the extraordinary momentum the new liberalism had accrued in the three years from 1908 (old age pensions) to 1911 (national insurance).

One of the main difficulties facing the Liberal Party was that it was caught between being seen to act against the interests of its individualist supporters on the one hand and being seen to be too slow to convert to a social liberalism on the other. Free trade was the only 'older' platform on which all liberals could unite. That ideological split unfortunately caused a double haemorrhage that left the Liberal Party after the First World War a far more centrist party than it had seemed to be in the pre-war decade. The new liberal infatuation with the state as the beneficial agent of a fair society was eroded by the conduct of the government during the war, when emergency measures, and even conscription itself, were attacked for restricting individual freedoms, and the Liberals rediscovered the importance of liberty. Libertarian ideas, which had been rather quirky in the aftermath of the Liberal landslide, came out of the cold. State intervention was now accused of being a form of 'Prussianism' under German, specifically Hegelian, influence. But entrepreneurship and business efficiency also made a comeback in the policies of the Liberal Party, against the backdrop of the post-war economic crisis from 1920 onwards, the alliance of Lloyd George with the Conservatives, and the disappearance of most of the social reform wing into the ranks of Labour. The weakness of the party as a coalition of internal ideological positions, which had been mitigated by its enormous pre-war electoral success, could no longer be disguised.

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In 1926, Keynes wryly remarked: 'Possibly the Liberal Party cannot serve the State in any better way than by supplying Conservative Governments with Cabinets, and Labour Governments with ideas'.[14] There is more than a grain of truth in that. Perhaps the ultimate mission of liberalism was an unintentionally altruistic one: that of infusing British political culture with liberal principles that became integrated into a far broader political spectrum. As a political machine, and financed as it was by its more traditional backers, the Liberal Party could not move quickly enough towards fundamental social reform after the brief – though highly significant and influential – pre-war spurt. Its leadership became embroiled in petty squabbles that occasioned a split between Asquithian and Lloyd George Liberals, and was not capable of sustaining a social vision. After the war, its creativity was retained only at its margins – in the annual Liberal Summer Schools, for example – and it could no longer make the running. True, Keynes contributed to the party's unemployment policies and its more technical economic thinking, but those were insufficient to create a popular stir, and the party began to suffer from outdated and adverse descriptions by its rivals – something that before the war was impossible. Nonetheless, the combination of party, ideology, and opportunity at the outset of the twentieth century created something special. The emergence of an outspoken social liberalism in the UK singled out British liberalism from among its European counterparts as a singularly rich and progressive creed. For a society once disparagingly called 'a nation of shopkeepers' that was an extraordinary achievement.

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