

**2025: Work, Ethics and Values: Labouring ideals in the 21<sup>st</sup> Century, Melbourne Catholic Commission for Justice, Development and Peace, Melbourne Town Hall, Thursday, 8 September 2005.**

**Is there anything to be learned from history?**

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## **Introduction**

Is there anything to be learned from history when we contemplate work, ethics and values in the 21<sup>st</sup> century? On several occasions in the past societies have had wide-ranging and illuminating debates on the nature of the appropriate political and legislative response to fundamental economic and social changes. Three of these were the classic period of the industrial revolution in the late 18<sup>th</sup> and early 19<sup>th</sup> century, the late 19<sup>th</sup> and early 20<sup>th</sup> centuries when socialism and progressive liberalism drove the agenda, and the years following the Second World War when a combination of Keynesianism and internationalism was ascendant. Some might want to add the 1970s and 1980s when economic rationalism took hold of the policy debate. This paper addresses each of these phases trying to distil the elements which bear on the issues we should be wrestling with today with a view to creating a fair and just society. It does not claim that definitive answers are to be found in the past, or our interpretations of the past, but it does suggest that those who forget the past may be condemned to relive it. I am primarily interested in how underlying values are translated into social legislation and the consequences of the changes which follow.

## **The industrial revolution, 1750–1850**

In the last generation, the apocalyptic interpretations of the industrial revolution, particularly in the first country to experience one, Great Britain, have been downplayed by historians in favour of a more gradual view of social and economic change. The differential effects on various social groups remain, however, with clear evidence that the upper and middle classes benefited while the labouring classes had much more chequered

experiences. It took about fifty years before societal protest and legislation brought about some controls on the operation of what were new economic systems. Factory legislation, legalisation of trade unions, control of child labour were gradually introduced. Modern research has shown how complex this process was. For example, legislation nominally to protect women from exploitation driven by philanthropists and social reformers could be supported by progressive employers, on the one hand, as a means of reducing competition from sweat shops, and, on the other, by male workers and unionists, as a means of job preservation for skilled men.<sup>1</sup> Moral concerns about women and men working together underground in the mines not just opposition to exploitation had an influence on legislation.

Even the founder of modern political economy, the Scottish moral philosopher Adam Smith, tempered his presumption in favour of liberal individualism as the appropriate response to the changes occurring around him when he published the *Wealth of Nations* in 1776.<sup>2</sup> Though he is often appealed to these days by the ideologues of economic liberalism/rationalism as if he were totally sympathetic to their forms of economic fundamentalism, he was quite clear about the need to control conspiracies of merchants:

The interest of the dealers, however, in any particular branch of trade or manufactures, is always in some respects different from, and even opposite to, that of the public ... The proposal of any new law or regulation of commerce which comes from this order ought always to be listened to with great precaution, and ought never to be adopted till after having been long and carefully examined, not only with the most scrupulous, but with the most suspicious attention. It comes from an order of men, whose interest is never exactly the same with that of the public, who have generally an interest to deceive and even to oppress the public, and who accordingly have, upon many occasions, both deceived and oppressed it.<sup>3</sup>

Mind you, this caution needs to be addressed to trade unions, churches and other institutions not just the merchants, and, in my opinion, we here need to take it on board too.

Critics of the new order included Tom Paine, whose *Rights of Man* was a best seller in 1792, with 250,000 copies sold in about a year. Inter alia he argued for an equalisation of opportunities for rich and poor instead of systematic discrimination against the lower orders. The poor, he asserted, had rights to social security. In many respects he was in advance of many who write about ending poverty today.

William Cobbett led the attack on old corruption, the systems of nepotism and place holding which underpinned the government of the United Kingdom at the end of the eighteenth century.<sup>4</sup> The period which threw up the French revolution of 1789 and the well-known *Declaration of the Rights of Man* also produced the less well-known claim for the rights of women. ‘Asserting the rights which women in common with men ought to contend for, I have not attempted to extenuate their faults; but to prove them to be the natural consequence of their education and station in society. If so, it is reasonable to suppose that they will change their character, and correct their vices and follies, when they are allowed to be free in a physical, moral, and civil sense.’<sup>5</sup>

One of the most powerful lessons drawn from this period is the brilliant analysis by E P Thompson of the legacy of the notorious Black Act, which attempted to secure the rights of landowners and property holders by draconian punishment for what we would now regard as minor offences like poaching or petty theft.<sup>6</sup> This legislation was enforced through courts in which the accused had to be brought to trial. Though the punishments were exemplary (because in the absence of a police force relatively few offenders were caught), the right to a trial before one’s peers was enshrined in social processes. As Thompson argues, what was initially used as a weapon against the poor and lower orders, became the weapon of the freeborn Englishman and the right to the rule of law in the next generation. ‘The notion of the regulation and reconciliation of conflicts through the rule of law—and the elaboration of rules and procedures, which, on occasion, made some

approximate approach towards the ideal— seems to me a cultural achievement of universal significance.’<sup>7</sup>

### **Socialism and liberalism, 1890–1914**

By the late nineteenth century we enter the era of British imperial dominance of a global economy and polity, just as the challenge from a recently united Germany and a rapidly expanding United States of America began to threaten that hegemony. This period also witnessed the rise of socialist and working-class movements at home and abroad. This caused heart searching among leading politicians like the Liberal Imperialist and future Prime Minister H H Asquith ‘What is the use of talking about the Empire if here, at its very centre, there is always to be found a mass of people, stunted in education, a prey of intemperance, huddled and congested beyond the possibility of realising in any true sense either social or domestic life?’<sup>8</sup>

The response was a series of measures designed to benefit the respectable poor, to incorporate them into society and to strengthen their resistance to the blandishments of socialism. As A J Balfour put it, ‘Social legislation ... is not merely to be distinguished from socialist legislation but it is its most direct opposite and its most effective antidote’.<sup>9</sup>

The change in opinion which occurred is often referred to as the rise of collectivism. What happened between 1860 and 1900, however, was more a shift of emphasis as to what constituted legitimate collective activity rather than a revolution in thought. The Oxford philosophers, T H Green and D G Ritchie, contributed to this shift. Green’s idealism, in its political implications, was far from being a collectivist philosophy, but it accepted a more positive role for the state in a basically individualist society.<sup>10</sup> Ritchie argued, against both Mill and Herbert Spencer, that the relationship between the state and the individual was an organic one: ‘The state and the individual are not sides of an antithesis between which we must choose.’<sup>11</sup> These ideas were taken up by a younger generation of intellectuals, who were very influential in the councils of the Liberal Party in the twentieth century. J A Hobson agreed on the need to recognise the ‘organic relation

in the growth of human wants'. Consequently it was necessary to satisfy the lower material need as a precondition for the moral improvement of man. Charles Masterman called for the redistribution of income as a prime social need: 'If anything is wrong in material conditions, it is in the apparatus, not of accumulation but of distribution.'<sup>12</sup>

Out of this debate in the United Kingdom came the Liberal welfare reforms of 1906–1914, including old age pensions, unemployment and health insurance, minimum wage legislation for some industries and a raft of educational changes. Similar, though distinctive, social legislation, driven by somewhat different imperatives, was occurring at the same time in Australia and New Zealand.<sup>13</sup>

### **The Welfare State 1940–1960**

Following the great depression of the 1930s and the Second World War came the third set of social reforms often lumped together under the title of the Welfare State. Again the motivations are very mixed and the values which underlay the social legislation disputed. William Beveridge, author of the report of 1942 which remains one of the key documents in the process, was and remained a liberal, not a socialist. His vision was a safety net or a floor under the efforts of those who sought assistance, which would enable them to build on this to regain an independent existence.<sup>14</sup> J M Keynes, another liberal, was equally influential. Keynesian economics, with its message that social welfare spending could be a built-in stabiliser in a depression, helped free governments from the fetish of balanced budgets, to which they seem to have returned at the ideological level, at least, in recent years. The Labour government which implemented the reforms was a very broad church including socialists and former communists, but largely consisting of solid working class representatives and middle-class intellectuals and apparatchiks. Angus Calder captures the spirit which drove the reforms when he quotes a soldier embarking for the Normandy invasion in 1944 addressing Ernest Bevin, Minister for Labour: 'When we get you out of this, Ernie, are we going back on the dole queues?'<sup>15</sup>

So the British reforms developed in a quite distinct way from those which occurred slightly later in continental Europe and which have a resonance today in debates within the European Union. On the one hand you have the Beveridge-type safety net and targeted welfare, with its contributory system to retain a sense of right to benefits in extremis, versus continental welfare state models, where a much larger proportion of the national income is redistributed by methods which are designed to reflect and maintain the social position of the recipients. The price, free market advocates argue, is the higher levels of unemployment currently experienced in France and Germany because welfare benefits remain too generous and taxes too high.<sup>16</sup> Is there a simple trade off between income related welfare and unemployment? Why should the costs of economic change only be borne by the workers and the unemployed? If most productivity increase comes from investment in new technology should we not look at the conditions which are most likely to contribute to higher investment and sharing the social costs.

One of the most acute historians of the British experience in the immediate post-war period, Rodney Lowe, suggests that perhaps the greatest benefit of these reforms taken together was that they reduced somewhat the awful uncertainties of life faced by the working class and the poor in Britain and elsewhere where similar measures were adopted.<sup>17</sup> 'Freedom from fear of absolute poverty and universal access to services such as the NHS and secondary education dramatically improved the quality of the lives of many. So too did the comparative job security and, above all, the sustained rise in average living standards that emanated from full employment.' He says it is impossible to quantify that psychological benefit, but it is very real. In time however such systems can be taken for granted and contribute to ossification and hence allow critics to undermine their universal character in the search for greater efficiency. As José Harris points out the underlying philosophy of the welfare state is always vulnerable to more hard-nosed and fundamentalist theories.<sup>18</sup> It was not long before these appeared.

## **Economic rationalism and its impact, 1970–2000**

In the 1960s the economic rationalists were the loony right. By the 1980s they had captured the commanding heights of United States, British and Australian politics and were on their way to world domination. A declining rate of economic growth, a significant growth in public expenditure in advanced economies, the coincidence of higher levels of unemployment and inflation (previously seen as trade-offs for one another), the oil price shock and the end of the first era of cheap energy combined to give purchase to a revived but extreme form of economic rationalist analysis. It drew strength from both economic and socio-political critiques of the welfare state. In practice it led to massive deregulation and sales of public assets painstakingly built up over generations. Some efficiency gains were realised, others were not, at which the mantra of the fundamentalists was that we had not gone far enough. It took a while before people began to point out that the emperor had no clothes.

The current phase of globalisation is a creature of this ideological shift and poses challenges on a global scale. Yet there are grounds for optimism. The very first course I taught at Deakin University was on ‘Centrifugal and centripetal forces in European history from the Roman Empire to the European Economic Community’ as it then was. The nub of the argument was that these centralising and splitting forces operated throughout that long history, as the Roman Empire, the Holy Roman Empire, Napoleon’s Continental system, Hitler’s Third Reich and then the European Union had their moments. Within each the elements of particularism were growing and eventually triumphed. None happened overnight, but they did happen. And the common thread was that the triumphant centralists were often brought down by the very weapons they had used to gain their control. So those on the left who oppose globalisation should, if they have not already done so, shift their focus to how to turn globalisation upside down in the service of the poor.

I’m with John Ralston Saul in *The Collapse of Globalism* when he quotes Nelson Mandela: ‘Massive poverty and obscene inequality are such terrible scourges of our times

that they have to rank alongside slavery and apartheid as social evils. And overcoming poverty is not a gesture of charity. It is an act of justice'.<sup>19</sup> And furthermore it is an act of economic efficiency. The health of the Australian economy in 2005 is predicated on the growth of China, India and East Asia. The people whom we recently disparaged as poor are now creating the wealth that underpins our living standards and those of the Americans.

Here in Australia we cannot focus entirely inwardly. We need to take account of claims to protection for domestic workers in the context of their impact on the poor in other countries. Am I indeed my brother's keeper or only the keeper of those who live on the same island as me? 'For only a politics combined with justice—in other words the building of a global social democratic programme—can make poverty history.'<sup>20</sup>

William Coleman of McMaster University writes: 'Saul is an excellent student of history, and his criticism of economic theory is not limited to any one economic ideology. He shows that, throughout the past two millennia, no economic theory has proved to be right for all places and all times, and the average lifespan of such theories before they are supplanted by more appropriate ones, suited to newer economic realities, is less than two decades. The ones that have died the hardest and caused the most social damage have been those which have been elevated to the status of near-religion, and were assumed to be inevitable and perpetual. Globalization has reached this status several times before, and each time it has collapsed as nation-states realized that global solutions were suboptimal for them and have reasserted national sovereignty, often militarily'.<sup>21</sup>

### **Our challenge, 2005–2025**

The wheel will turn, but it may not turn in the direction we seek and it will turn exceedingly slowly unless we put our shoulders to it. We can turn the current discontents and the very strengths of those who oppose us to our advantage and that is the most powerful lesson from history. Twenty-five years down the track is likely to be at least one or two cycles away and world will have turned by then.

Societies change. Against Thatcher and the TINA (there is no alternative) principle, history shows there are alternatives. Coalitions of groups have historically transformed societies, and though the efforts of small numbers of dedicated individuals must never be discounted, inclusive and broad-based movements are desirable. However, success in tackling the problems of one generation contributes to the given for the next and in altered circumstances what was progressive may become a burden, a challenge in a relatively short time. The scale on which we need to operate has a tendency to increase. We thought we had a reasonable solution to problems at the level of the nation state, but now our challenge is to tackle the issues at a global level.<sup>22</sup> Why should we baulk at the prospect of a social democratic vision of the world in 25 years? To do so would be a failure to live up to our responsibilities and the lessons of history.<sup>23</sup>

## References

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<sup>1</sup> Mary Freifeld, 'Technological change and the self-acting mule: A study of skill and the sexual division of labour', *Social History*, 11, no. 3, 1986, pp. 319–44.

<sup>2</sup> In addition to his insistence that defence should take precedence over opulence, he maintained that systems of law and order were essential to the development of liberal capitalist societies and that there was a third duty for the sovereign to undertake works of public utility in cases of market failure.

<sup>3</sup> Adam Smith, *An Inquiry in the Nature and Causes of the Wealth of Nations*, edited by Edwin Cannan, Methuen, London, 1961 (originally published 1776, Cannan edition originally published 1904).

<sup>4</sup> For an interesting analysis see Jennifer Kloester, 'Finding William Cobbett; Is biography history?', BA Honours thesis, Deakin University, 2000; See also Richard Ingrams, *The Life and Adventures of William Cobbett*, Harper Collins, London, 2005.

<sup>5</sup> Mary Wollstonecraft, *A Vindication of the Rights of Woman: With Strictures on Political and Moral Subjects*, Peter Edes, Boston, 1792, p. 75.

<sup>6</sup> E P Thompson, *Whigs and Hunters: The Origin of the Black Act*, Allen Lane, London, 1975, p. 265.

<sup>7</sup> See also Alan Fox, *History and Heritage: The Social Origins of the British Industrial Relations System*, Allen & Unwin, London, 1985, Chapter 2, The eighteenth century, pp. 30–67.

<sup>8</sup> Quoted in Bentley B Gilbert, *The Evolution of National Insurance*, Michael Joseph, London, 1966, p. 77.

<sup>9</sup> Quoted in Derek Fraser, *The Evolution of the British Welfare State*, Macmillan, London, 1973, p. 129.

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- <sup>10</sup> H V Emy, *Liberals, Radicals and Social Politics, 1892–1914*, Cambridge University Press, Cambridge, 1973, p. 6.
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- <sup>12</sup> C F G Masterman, *The Condition of England*, Methuen, London, 1909, 1967 edition, p. 162. This section is based largely on J R Hay, *The Origins of the Liberal Welfare Reforms, 1906–1914*, Macmillan for the Economic History Society, London, 1975. Second revised edition, 1983, pp. 34–8.
- <sup>13</sup> Jill Roe (ed.), *Social Policy in Australia: Some Perspectives, 1901–1975*, Cassell Australia, Stanmore, NSW, 1976.
- <sup>14</sup> José Harris, *William Beveridge: A Biography*, Oxford University Press, Oxford, 1977.
- <sup>15</sup> Angus Calder, *The People's War: Britain 1939–1945*, Panther, London, 1971.
- <sup>16</sup> Theodore Pelagidis, Louka T. Katseli & John Milios (eds), *Welfare State and Democracy in Crisis: Reforming the European Model*, Ashgate, Aldershot, 2000.
- <sup>17</sup> Rodney Lowe, 'The road from 1945', in Helen Fawcett & Rodney Lowe (eds), *Welfare Policy in Britain*, Macmillan, London, 1999; see also Rodney Lowe, *The Welfare State in Britain since 1945*, Macmillan, London, third edition, December 2004.
- <sup>18</sup> José Harris, 'Political thought and the Welfare State, 1870–1940', *Past and Present*, 135, 1992; see also José Harris, 'Nationality, rights, and virtue: Some approaches to citizenship in Great Britain', in Richard Bellamy & Dario Castiglione (eds), *Lineages of European Citizenship: Rights, Belonging and Participation in Eleven Nation-states*, Palgrave, London, 2004.
- <sup>19</sup> John Ralston Saul, *The Collapse of Globalism: And the Reinvention of the World*, Viking Canada, Toronto, 2005.
- <sup>20</sup> Gareth Stedman Jones, 'History of ending poverty,' *Guardian Weekly*, 8–14 July 2005, p. 13.
- <sup>21</sup> William Coleman, review of *The Collapse of Globalism*, <http://socserv.mcmaster.ca/polisci/faculty/coleman/.htm>.
- <sup>22</sup> Noel Whiteside & Robert Salais (eds), *Governance, Industry and Labour Markets in Britain and France: The Modernising State in the Mid-twentieth Century*, Routledge, London, 1998.
- <sup>23</sup> Thomas Friedman, *The World is Flat: A Brief History of the Globalised World in the 21<sup>st</sup> Century*, Allen Lane, London, 2005 only came to my attention after this contribution was completed. The same issue of the *Age* in which it is reviewed has a brilliant article by Matthew Lamb on Camus in which he mentions the issue of *Combat* in November 1946 which called inter alia for an international democracy. *Age*, Saturday, 3 September, 2005, Review, p. 1–2.