

# **DETMAR DOERING**

## **Countering the Myth of "Manchesterism"**

An Essay on Richard Cobden and the Free Trade Movement

On the occasion of the 200<sup>th</sup> birth anniversary of  
Richard Cobden on 3<sup>rd</sup> June 2004



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## Manchesterism

Manchesterism: Even after 150 years, any one who may come face-to-face with this "accusation" is likely to wince with guilt. For, what this term conjures up is nothing but a purportedly perverted understanding of liberal policy that sheds all social scruples in seeking to clear the way for the rich and the powerful. In the popular perception of history that prevails in Germany, "Manchesterism" is linked with images of poverty, want and exploitation of the kind that one has been acquainted with since childhood through the works of Charles Dickens. This view of history has to a large extent been subscribed to by the academic world, particularly in Germany. Therefore, the *Ploetz Lexikon der Weltgeschichte* (2000), a standard work of reference on world history, defines "Manchesterism" as:

"A term designating the extreme form of liberalist capitalism found particularly in the first half of the 19<sup>th</sup> century, taking its name from the city of Manchester (with its then flourishing textile industry); it propagates the free economy without any state control and with a total disregard for the social question."

Had they been active today, the Manchester Liberals of the 19<sup>th</sup> century would certainly have been amazed at the reputation with which they have gone down in history – a reputation which, as conveyed by the definition carried in this lexicon is disseminated in broad, sweeping terms and is seldom rendered as precise or personalised. This verdict of posterity would presumably have struck a majority of the contemporaries of the Manchester Liberals as being strange, especially given their reputation as belonging to the more socially engaged sections of the liberals of their times. Even those who do not consider every political demand made by the Manchester Liberals at that time relevant or appropriate any more, must on a closer examination of historical reality necessarily concede that what they have at hand is a myth that serves ideological intents. It is also a myth that weighs down heavily on the hearts and conscience of liberals even today.

Nothing can serve as better proof that a politically motivated prejudice was spread with tremendous success in this case than the representation of the policies of these 19<sup>th</sup> century liberals which later collectively came to be termed "Manchesterism". This is particularly true of the political oeuvre of Richard

Cobden (1804-1865), the leader of the group who initiated a popular movement and in whose honour monuments were erected in many British towns long after his death – for the very reason that he was venerated by the people of his time as a "champion of the poor".

## Years of Great Distress

In 1836, England was hit by a wave of soaring prices. Unemployment spread, causing the outbreak of violent riots. The slowdown in the economy was followed in 1841 by the worst economic crisis in over 100 years: a veritable depression. Pauperism became rampant. In 1845, the crisis escalated into famine in Ireland, lasting several years and claiming 250,000 victims in the winter of 1847 alone. This situation was said to be the result of a series of bad harvests, but the real cause ran deeper and was political in nature. Crop failure could not be compensated for through low-priced imports. At fault were the protectionist "Corn Laws" which imposed high tariffs on imported grain and, furthermore, even subsidised the export of locally produced grain. Hence, grain that was already scarce in the country was also exported. The laws had their origin in the 17<sup>th</sup> century which was the age of mercantilism and was dominated by the belief that such measures serving as incentives for export would lead to a rise in production. As early as in 1776, Adam Smith had warned in his book *The Wealth of Nations* that export subsidies during periods of poor harvests would "further considerably aggravate" the prevailing scarcity. In 1805 economist James Mill, father of the far more celebrated liberal philosopher John Stuart Mill, wrote a treatise devoted exclusively to the devastating consequences of the "Corn Laws". That his protest was to a large extent confined to academic circles was indicated by the long and convoluted title of the treatise '*An Essay on the Impolicy of a Bounty on the Exportation of Grain*'. At any rate, political mobilisation was so low that the Tories even succeeded in having higher tariffs on grain passed in Parliament in 1815. Further, during a period of economic boom in 1828 the Tories believed they could bring off a more rigorous hike and so an automatic procedure was decided upon under which duties were to go up as soon as there was an increase in the local price of grain. Gradually the implications of such a procedure became obvious. The emerging economic downturn had a direct and most terrible impact on the social situation in the country.

The grim years of poverty and want that characterised the 1830s and 1840s – years that have been so vividly described by Dickens in his novels – were not the product of liberalism and the industrial revolution as has been generally projected in popular historical accounts. Rather, they were the result of an archaic feudal policy that could no longer cope with the challenges of the emerging modern mass society. "Manchesterism" was not the cause, but the reaction to the crisis.

However, as one knows, *necessity is the mother of invention*. Even as late as in 1841 Whig politician Lord Sydenham was to bemoan the fact that: "The Free Traders have never been orators since Mr. Pitt<sup>1</sup> in early days. We have hammered away with facts and figures and some argument, but we could not elevate the subject and excite the feelings of the people."

Yet within a few years, the free trade movement was on the verge of achieving its greatest victory. This it probably owed to a man who, though no great orator himself (as has unanimously been reported by his contemporaries), – and perhaps by virtue of this very fact – convinced the people of his time with his idealism, his credibility and his untiring commitment. The man was Richard Cobden.

## Richard Cobden

When Cobden spoke of poverty he knew what he was talking about. Born on 3<sup>rd</sup> June, 1804 in Dunford (Sussex) Richard Cobden was the fourth of 11 children whose father, a farmer, had his basis of livelihood ruined by the "Corn Laws", as Cobden was to emphatically point out later. Unable to fend for his children any longer, senior Cobden sent them to relatives to be cared for. Richard Cobden was taken in by an uncle in Yorkshire in whose warehouse he had to work hard. Richard Cobden, however, did receive schooling, if rather basic, even by the standards of the day. Later, his political adversaries – for the most part the Conservative landed aristocracy – were to time and again amuse themselves over the misquoted Latin aphorisms in Cobden's parliamentary speeches. Throughout his life, Cobden was to remain an outsider in the country's "elite". At the age of 15 he was able to earn his livelihood by working in a London warehouse, gradually

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<sup>1</sup> William Pitt Jr., Prime Minister from 1783-1806

scaling his way up to higher positions. Finally, in 1831 a loan granted "in good faith" enabled him to set up a small cotton manufacturing company in Lancashire.

Soon after Cobden used the economic independence gained from this venture to engage himself in politics, an engagement moulded by his experiences with poverty. In 1841 he summed this up as: "When I go down to the manufacturing districts, I know that I shall be returning to a gloomy scene. I know that starvation is stalking through the land, and that men are perishing for want of the merest necessaries of life. When I witness this, and recollect that there is a law which especially provides for keeping our population in absolute want, I cannot help attributing murder to the legislation of this country: and wherever I stand, whether here or out-of-doors, I will denounce that system of legislative murder."

To accuse Cobden who had known poverty personally of 'complete disregard for the social question' is being wide off the mark. Rather, the reality is quite to the contrary: Cobden was deeply concerned with the social problems of the day.

Cobden's political horizons expanded with an extended journey he embarked on in 1833 which took him to France, the Mediterranean and to America. Democratic America in particular interested him deeply. His book '*England, Ireland and America*', published in 1835, reveals his critical stand against the undemocratic conditions that characterised Great Britain's political system and from which the young republic on the other side of the Atlantic departed so very positively.

However, the political activity into which Cobden literally plunged himself in the late 1830s proved wearing. But he pursued it selflessly to the point where he even inflicted harm on himself. When the "Corn Laws" were defeated in Parliament, he almost completely and permanently ruined his voice by tirelessly addressing masses across the length and breadth of the country. Shortly thereafter, Cobden also had to pay for neglecting his business as a result of his political preoccupations: he went into debt. Finally, money raised from his friends and supporters enabled him to acquire the house in Dunford where he was born and where he continued to live rather modestly with his wife and five daughters till his death in 1865.

## A Popular Movement

After having founded a local free trade association in Manchester in 1838, Cobden proceeded to use the prevalent general discontent a year later to bring the – until then – scattered and locally organised free trade associations together to form a national confederation: The Anti-Corn Law League. In doing so, he received support from John Bright (1811-1889) a devout Quaker, in particular. Bright, an enormously gifted orator became Cobden's most important fellow-campaigner. Later, Bright became a member of several liberal cabinets which enabled him to effectively support Cobden's cause.

Cobden's election to the Lower House in 1841 lent added weight to the Anti-Corn Law League. Bright followed Cobden to the Lower House in 1843. The movement now lacked neither orators nor mass appeal. With undying enthusiasm and a high financial investment – in 1844 alone he was able to mobilise in donations what was then the enormous sum of £ 100,000 although several industrialists were on the side of the protectionists. With Bright's support Cobden was able to build a campaign machinery of until then an unprecedented scale and with a tremendous capacity for invention. In such a context it would not be wrong to speak of a genuine people's movement. In an effort to inform the people, over nine million brochures were distributed as part of the campaign. One of the numerous agitation journals brought out for the League, the celebrated *Economist* founded by James Wilson, has survived till today. Across the entire island kingdom numerous events were staged, among which was a weekly mass rally in London's Covent Garden. In Manchester, an enormous free trade hall was erected. Trained speakers were despatched across the country and hymns were composed to be sung at political functions.

The Parliament was well and truly bombarded with petitions from every social class. In 1840 these totalled as many as 2,880 containing over 1.5 million signatures. Moreover, efforts were also made to mobilise more voters to get themselves registered on the electoral lists so that free trade candidates could be pushed through in closely contested constituencies.

It was not just the liberal Whigs and the Radicals – generally receptive to the principle of free trade – who were impressed by the sheer force of the movement.

The pressure of public opinion brought about a rethink even among the ruling Tories. Conservative Prime Minister, Sir Robert Peel who was elected in 1841 and was entirely open to reforms, started on a cautious policy of lowering duties. Thus the duty on raw cotton was removed in 1845 (in which case there were, however, hardly any interests of the British producers themselves to be safeguarded). The "Corn Laws" that had to do with the very crux of the problem had their symbolic significance enhanced as a result. It finally happened on 16<sup>th</sup> May 1846: Left in the lurch by a section of his party but supported by liberal forces, Peel pushed through the repeal of the "Corn Laws" in a parliamentary vote.

## **Greater Prosperity for All**

The venue was a workers' rally in England's Rochdale. One of the speakers summed up what was on balance a truly remarkable spell of success: "Now, we will go back for a period which I remember very well, and which many in this meeting must remember. We will go back to the year 1840. At that time there was great distress in the country. The duties upon goods coming into this country were almost beyond counting. I believe there were at least 1,200 articles on which, by the law of England, taxes were levied when goods came into Liverpool, or London, or Hull, or Glasgow, or any other of the ports of the kingdom. Everything was taxed, and everything was limited and restricted. Even bread, the common food of the people, was taxed, almost more highly than anything else. Now, you may imagine – nay, you cannot imagine – but you may try to imagine, in what kind of fetters all our industry was chained at that time. And you may try to imagine, but now in this day you cannot imagine, what was the amount of pauperism, suffering, and abject misery perpetually prevailing among the great body of the working-classes in the United Kingdom." Referring to the then current situation he observed:

The workman of England now is no longer a human machine, minding a spindle or a loom, or working at the bench, or at the forge, or in the mine. He is not a man only to make goods for export, but he is a man into whom, by these changes, has been infused a new life, and to whom is given a new and a wholesome responsibility."

The speaker was Cobden's fellow-campaigner John Bright and the year was 1877. The local Rochdale Working Men's Club, a workers' organisation that was proud to exist without financial support from the state and without wealthy patrons, had invited him to speak as guest of honour at the Club's foundation day anniversary celebrations. That it was of all things a workers' organisation that honoured him in this manner would perhaps strike one or two of today's readers as being just as peculiar as Bright's assessment of his work. Is not "Manchesterism" - as depicted in history thereafter - the very symbol of working class animosity? It certainly does not bring honour to the fraternity of historians that spread this term without critically examining the negative propagandistic connotations that had been foisted on it and in utter miscomprehension of the task it was to actually accomplish. Even a celebrated writer like Friedrich C. Sell remarked in 1953 that the freeing of the economy from state control as achieved by the proponents of a liberal economy in the 19<sup>th</sup> century had not "contributed anything ...towards the welfare of the masses". The workers of Rochdale would have been surprised. Even though it was certainly dominated by a middle class majority, the Anti-Corn Law League did succeed in winning the support of larger sections of the working class - at any rate more than was the case with all liberal movements and parties that emerged in Europe later.

It is precisely when it comes to the prosperity of the working class that the term "Manchesterism" may be traced back to petty party propaganda. Even if present-day critics - the majority of whom have no knowledge of history whatsoever - for the most part consider themselves extremely "progressive" when they deride "Manchesterism", the term was originally used by a Conservative party leader and defender of the privilege-wielding state - Benjamin Disraeli, English novelist and Prime Minister. The idea of "Manchesterism" with which present-day critics are acquainted coincides exactly with what Bismarck, himself a Conservative, once sought to propagate when he spoke of the "clique of Manchester politicians, those champions of the unfeeling money-bags", in a manner that was entirely at odds with the reality of the day. Historical facts speak a language that is entirely different. Unlike what is now and again contended today and the movement that is maligned as "Manchester Liberalism" was not shaped by the narrow confines of "bourgeois capitalist" interests. Rather, it was a mass movement that had struck deep

roots among the poorest sections of the population in industrial towns. This is an aspect that is not in the least surprising because the ultimate goal of the Manchester Liberals was the eradication of abject poverty among the masses. Or, as Cobden put it in 1844: "Now, the first and greatest count in my indictment against the Corn-law is that it is an injustice to the labourers of this and every other country."

If one wants to understand the great and unique contribution made by Cobden and Bright to civilisation, one cannot afford to overlook the fact that stark poverty and mass starvation-induced deaths were very much the norm for large sections of humanity during their entire lives. Just a few generations earlier, even the most inspired minds in England – a country that was actually rather prosperous – had not believed that this problem could actually be solved. The great writer and parliamentarian from the Whig Party, Edmund Burke had remarked in 1795: "The labouring people are only poor, because they are numerous. Numbers in their nature imply poverty." And then again: "To provide us in our necessities is not in the power of government." Thomas Malthus, one of the greatest economists of his time observed in his *Essay on the Principle of Population* which appeared in 1798 that the growth in population alone brings with it tremendous impoverishment that can only be alleviated to a small extent through drastic political measures for population control. The Manchester Liberals led by Cobden rendered pessimistic forecasts ineffectual.

The period from 1846 to 1870 which was a tremendous period for free trade in Britain was also a period of general growth in prosperity. The collapse of British agriculture anticipated by Cobden's opponents did not come to pass. Although the direct impact in terms of a fall in the price of bread was not to the degree anticipated (there was only a minimal drop in prices), the indirect impact of the rise in prosperity was tremendous. The repeal of the "Corn Laws" sent out a political signal that opened up the "floodgates" for a consistent policy of free trade. From then on, one thing led to another. Owing to his perceived betrayal of the feudalist-protectionist principles of the Tory Party, Peel was soon toppled by his own party friends who now began to gather around Benjamin Disraeli. A section of his followers shifted allegiance to the Whigs with whom they soon formed the Liberal Party. Among them was Peel's Chancellor

of the Exchequer, William Gladstone, who was later elected Prime Minister four times as a liberal, and who supported Cobden's goals throughout his life.

In 1849 the Liberal Whig Government under Lord Russell that had replaced Peel's Conservative Government abolished the Navigation Act of 1651, thereby establishing freedom of navigation for England. Other measures like the repeal of duties on sugar and machinery followed. In the 1860s and 1870s the trade-related section of the Manchester Liberal agenda in Great Britain was almost fully realised.

By pursuing such a policy, England achieved a massive increase in its volume of trade. This, together with the enormous growth in population, brought about a perceptible rise in demand which ought to have actually led to an increase in the prices of bread and grain. To this extent, what appeared to be just a negligible fall in prices induced by the repeal of the "Corn Laws" was a blessing for the masses. That apart, it must be noted that in the long term, the opening up of British agriculture had a positive impact as it brought in its wake a wave of modernisation triggered off by the use of scientific methods. From the 1860s onwards, British agriculture was the most productive in Europe.

However, it was workers in the industrial centres who particularly benefited from the new policy. What we know for sure is that the real incomes of the workers increased by at least over 10 per cent between 1850 and 1870 – a figure that is incidentally reflected in pessimistic estimates. On the other hand, the Royal Statistical Society which in 1909 had recorded the trend in real wages for 19<sup>th</sup> century England put down an increase of as much as 18 per cent for this period. This ushered in a steady upward trend. In 1880, the average real wage was already 32 per cent higher than that in 1850; in 1900 the increase was as much as 84 per cent! Further, the increase seems to have primarily occurred in those branches which for the most part offered jobs that were particularly ill-paid. The fact that this actually signified that the workers had raised themselves above the basic subsistence level, which they previously had to accept as something virtually ordained by the laws of nature, is shown by yet another indicator – the workers were suddenly in a position to set aside amounts as reserves and savings. The banking scheme for small savers run by the post office alone registered 180,000 savings accounts in 1862 with deposits

to the tune of approximately £ 1,750,000, which increased to 1,373,000 deposits amounting to £ 18,000,000 in 1874. All this is a good indication of the general rise of prosperity in Great Britain.

## **A European Movement**

As early as in January 1846, shortly before the repeal of the "Corn Laws", Cobden had observed: "If you abolish the corn-laws honestly, and adopt free trade in its simplicity, there will not be a tariff in Europe that will not be changed in less than five years." There is no doubt whatsoever that Cobden had never considered his struggle for free trade as an exclusively domestic issue.

It was therefore but logical that free traders should finally venture forth into the diplomatic arena in 1860. Manchester Liberalism received a new dimension in the course of its development when the free trade treaty with France was concluded. This was a treaty pursued by Cobden with the support of the Chancellor of the Exchequer Gladstone and therefore with good reason it went down in history as the "Cobden Treaty". This treaty abolished 371 different duties on the English side alone. However, what is remarkable is that the free trade pursued here does not reflect the often rather double-faced practice favoured by highly industrialised countries till today, whereby a free trade policy is demanded for raw commodities from poor countries while a protectionist policy is zealously guarded for one's own manufacturing industries. This was a suspicion that those antagonistic towards the free trade agenda could perhaps have raised when the "Corn Laws" were defeated. In some branches of the economy such as silk manufacture, for instance, England was actually outdone by French producers who had tariff barriers removed on their side. At any rate, Cobden's free trade policy was consistent and true to its principles.

Above all, it was to motivate other states to emulate England. Cobden believed that England as a nation was cut out to play a pioneering role in securing liberty and free trade for the whole of Europe. It was for this reason that he advocated a unilateral policy of tariff cuts for England on the one hand, while at the same time joining hands with Gladstone to ensure an essentially multilateral mechanism within the framework of the treaty with France, namely the incorporation of the "most-favoured nation clause". The idea behind this

was to curb the arbitrariness of the nation-state (which could very well be fuelled by a unilateral approach) in foreign trade policy. As per this arrangement, tariff cuts should not only be realised bilaterally between individual states but also "passed on" to other states. Thus every signatory to the treaty is obliged to also extend to third countries the same duty privileges that it grants to the "most-favoured" country within the ambit of the treaty. Till today, this principle embodied in the most-favoured nation clause is the pillar on which modern multilateral trade policy rests (GATT, WTO etc.).

It is for this reason that the "Cobden Treaty" also served as something of a signal for the spread of the free trade movement. Though the European Manchester Liberals never grew as strong or anchored themselves as firmly as their English counterparts (particularly among the working classes), they nevertheless exerted an enormous amount of influence on the trade policy of the continent (for instance, in the German Customs Union). Observers today who are used to a superficial and negative picture of "Manchesterism" will hardly be able to comprehend the measure of inspiration that Cobden and Bright generated with their idealism in the whole of Europe. Their contemporaries, on the other hand, knew the magnitude of the goals that this movement had set out to achieve.

In Germany the English-born John Prince-Smith was the spiritual head of the free trade movement inspired by 'Manchester'. As a member of the Prussian State Parliament (Landtag) and the German Reichstag following the founding of the German Reich in 1871, he lent the free trade movement political weight. Just as Cobden and Bright had done with their League in England, Prince-Smith too tried to mobilise 'extra-parliamentary' forces (though on a far smaller scale). Moreover, he also founded the Kongress Deutscher Volkswirte (Congress of German Economists), which was to determine the economic policy agenda for liberalism in Germany for decades. Prince-Smith was also active in publishing and he not only brought out the works of Bastiat and other European 'Manchester Liberals' in German, but also wrote books himself. Particularly in his work *Über Handelsfeindseligkeiten* (Trade Hostilities) published in 1843 he takes up the pacific theme underlying the movement led by Cobden and Bright.

In France, the young economist Frédéric Bastiat was so impressed by the functioning of the Anti-Corn Law League that he brought out a book entitled *Cobden et la Ligue* shortly after the repeal of the duties on corn. The book carried a detailed description of the progression of the campaign against the "Corn Laws" in England as a model worthy of emulation along with translations of Cobden's most important speeches. Bastiat was to soon share a close personal relationship with Cobden. Shortly thereafter, he became the political leader of the free trade movement in France and also its leading publisher. During the Revolution of 1848 he even became a member of the Constitutional Assembly in Paris, though for the most part his activities extended to the extra-parliamentary sphere. All the same it was one of his political protégés, Michael Chevalier, who years after Bastiat's premature death in 1850, conducted negotiations with Cobden for the Anglo-French Free Trade Treaty.

Undoubtedly, Bastiat's chief merit lay in his tireless contribution as a writer. Manchester Liberalism lived on through his literary contributions. At times satirical and ironic, at times almost rapturous and deeply reverential, but always with a clarity and rationality of style reminiscent of Voltaire, that is how Bastiat time and again defended free trade in its social, economic, philosophical and moral aspects in his works. Later, Austrian economist Ludwig von Mises was to refer to these works as a "source of enjoyment to the reader". At the same time, the unquestionable literary quality of Mises' works of which *Harmonies économiques* (Economic Harmonies, 1850) is the best known earned him the reputation of being "superficial" (from the standpoint of a scholar). It is with good reason that scholars of economic history in more recent years have resolutely challenged this accusation. The fraternity of economists particularly owes it to him that the hitherto unchallenged thesis of English economists Malthus and Ricardo – namely, that the lot of the lower classes cannot be substantially improved – was theoretically refuted. In hindsight, he provided a scientific explanation for the steep rise in the living standards of England's population following the success of the "Manchester movement".

Bastiat and his successor Chevalier were particularly responsible for France becoming the driving force behind Europe's free trade policy alongside England in the 1860s. A few years later, another protégé of Bastiat, Franco-Belgian

economist Gustave de Molinari put forth the extremely progressive and forward-looking suggestion of setting up a European customs union. However, this suggestion went largely unheeded by his contemporaries.

The new European free trade policy had a positive economic and political impact. In 1865, economist Karl Braun, Chairman of the Congress of German Economists, described the world situation in words that were optimistic, even euphoric: "We are striving and must strive to achieve a state of general economic harmony in the individual countries, where every individual, while believing he is only serving himself, proves useful to the community at large. More than workhouses and gaols, barracks and monasteries, gallows and the wheel, such a state of harmony will help proclaim a new economic gospel – that of the international division of labour – which will suffice to protect us from regressing to barbarity."

With regard to the trade treaties which had just then concluded between the German Customs Union, France and Italy, Braun further observed: "...even what was until now referred to as the West European system will soon turn into a European system, resulting in a universally valid international law on trade policy. Russia has set its slaves free, and this must in due course necessarily also be followed by an improvement in the quality of its intellectual life; France has put an end to protectionism; America's North has forced the South to abolish slavery, and the South will now force the North to abjure the economic folly that was its protectionist policy, so long held on to – when we see progress making itself felt everywhere in a manner so altogether robust and heartening, we can only draw there from a double measure of confidence ...that we will bring to a successful conclusion the task we have embarked upon."

It is only against this background that the real contribution made by "Manchesterism" – nothing less than the eradication of hunger in Europe – becomes obvious. It was for the very first time that such a miracle was achieved on any continent; it was an achievement of such magnitude that it went down in world history. Since 1847 the European continent has not known any famine during times of peace. Just for this reason alone, the Manchester Liberals deserve a posthumous reputation that is better than what has actually been given to them.

## More than just Market and Free Trade

In a letter to Cobden written way back during the time when the Anti-Corn Law League was founded, Frédéric Bastiat remarked that the name of the League only conveyed a narrow and incomplete idea of its goals and vision. Cobden, Bright and the free trade movement expressed their views on all important policy issues. It may be assumed that the success of the Manchester Liberals ultimately also rested on the fact that they did not have a narrow agenda, and were able to put together a well-coordinated programme around the principle of free trade.

Much on their agenda was directly related to the goal of alleviating the misery of the poor. Involvement in cooperatives, for instance, was a part of this scheme. Cooperatives were considered to be instruments that could be used without the coercive hand of the state to enhance the purchasing power and independence of the workers. In this regard, Cobden entirely sympathised with the early socialist ideas of Robert Owen, who was the first to establish cooperatives in England.

There were other issues on the agenda as well. Initially, Cobden hesitated over the issue of child labour in factories because a hasty abolition of child labour during the years of depression in the "hungry forties" would have plunged whole families into poverty. But with the defeat of the "Corn Laws" he grew more determined and called for statutory controls: "In my opinion, I hope to see the day when such feeling is universal. No child ought to be put to work in a cotton mill at all let alone at so early an age as thirteen years, and after that the hours should be moderate and the labour light."

Popular education was another issue that Cobden and his fellow-campaigners felt strongly about. "I do not boast of the country we live in, so long as the mass of the people are uneducated and ignorant", he said in an address to the National Public School Association in Manchester in 1851. On this issue he was quite willing to even accept limited state intervention. The English Manchester Liberals, as is often assumed, were by no means rigidly dogmatic in their rejection of any form of state intervention. Cobden favoured compulsory schooling and state-supported public schools for social considerations so that working class

children could have access to schools, but also because the Church played an extremely dominant role in the then existing private school system. However, public schools were to be run by the local administration and controlled by the parents. This, Cobden believed, would effectively prevent centralisation and egalitarianism. Cobden further felt that it was only through universal education that the social and economic progress already achieved in England could be maintained and further expanded.

## **A Policy for Peace**

There is yet another aspect of "Manchesterism" which the treaty with France points to but which is easily forgotten over the campaign against the "Corn Laws" and in favour of free trade. The Manchester Liberals were pacifists and critical of any form of imperialism. Just the fact that Manchester Liberalism had the support of sections of the working class and ushered in a period of unprecedented prosperity for all sections of the population (apart from putting an end to famines in Western Europe), ought to have earned it a more positive reputation than what is generally granted today. The pacifist character of the movement ought to have once and for all rid it of any moral taint.

Cobden, Bright and their fellow-campaigners saw their engagement for free trade embedded in a broader context. In a letter written in April 1842, Cobden observed: "...the Colonial policy of Europe has been the chief source of wars for the last hundred and fifty years. Again, Free Trade, by perfecting the intercourse, and securing the dependence of countries one upon another, must inevitably snatch the power from the governments to plunge their people into wars." Thus the English Manchester Liberals campaigned for better administration in India to counter the misuse of power by trade monopolies privileged by the state and to introduce free trade with the colonies. Cobden believed that in the long run free trade with the colonies must necessarily put an end to colonialism. The Manchester Liberals vehemently opposed British involvement in the Crimean War, though the majority of the liberals – like the majority of the people – were swept away by the wave of enthusiasm for the war. Due to their opposition to the war, both Cobden and Bright lost their parliamentary seats in the elections in 1857, though they both succeeded in recapturing them in the elections in 1859.

Then in 1861 they took a stand opposing England's political class, which had extended majority support to the South in the American Civil War. This was especially remarkable since it becomes clear in this case that the Manchester Liberals by no means accorded the free trade principle, or for that matter even economic interests, an absolute status by making them issues of topmost priority. Their outright rejection of slavery even made them blind to the fact that it was the South which had fought for free trade and against centralised state structures. The irony of the situation was that the Confederate States of the South, had in a move that was unique in history enshrined free trade in their Constitution as early as in 1861 while, in the North, Abraham Lincoln had won the presidential elections among other things with the slogan "Protect our Industries!" Even immediate economic considerations of a "self-serving" nature had no role to play in this instance, given the fact that cheap cotton imports from the Southern states could certainly have been in England's interest (and all the more so in Cobden's personal interest as owner of a cotton-manufacturing business). But there could be no compromises with slavery. Cobden's commitment to this issue, which was backed by the radical wing of the Liberals (for instance by John Stuart Mill) meant that Great Britain remained strictly neutral and adopted a non-interventionist stand in the conflict.

Along with economic integration through free trade, the international peace policy had as its core a foreign policy based on the principle of non-intervention and a policy of disarmament. Savings from arms reduction were in turn to benefit the education system, just as more education was to help safeguard peace.

## **The Decline: "Manchesterism" as a Defamatory Term**

Were one to look for reasons as to why, of all the schools of liberalism, it had to be Manchester Liberalism that fell so hopelessly into disrepute (and so unfairly too), the answer that comes to mind strikes one as being ludicrous. Manchester Liberalism actually fell victim to its own weapons. The Anti-Corn Law movement coincided with a period when the Liberals had just successfully started out extending democratic rights to larger sections of the population. In this connection, particular mention must be made of the English Reform Bill of 1832 (which was however still rather hesitant in this regard). There emerged

a general and widespread awareness for democracy which explains why the League achieved the measure of success that it did by mobilising masses outside Parliament becoming politically effective. It also explains why their opponents, until then still completely in the grip of a political style dominated by the aristocracy – a style based on the interests of a numerically very restricted clientele – did not at first get a chance to make their move. Cobden was in favour of the expansion of the right to vote, even though he did not have all of his supporters backing him on this issue. Towards the end of his life he was to become a proponent of women's right to vote.

But his opponents were quick to learn. Soon there emerged the politician of the Conservative mould who was able to reshape the classical, feudal, privilege-wielding state in such a manner as to make it attractive to the masses. Thus England saw the emergence of a Benjamin Disraeli who, with his theory of the "two nations" (that of the poor and the rich) which needed to be reconciled, turned the Tories into a party capable of securing a majority again after he toppled Prime Minister Peel on the issue of his support for free trade. Disraeli made the dubious discovery that the apparatus of the privilege-wielding state could also be used to buy votes in a modern, democratic polity. The Conservatives were even able to secure election victories under him following the adoption of the second Reform Bill in 1867, when the right to vote was first extended to the working class. Among the instruments used by Disraeli was also an exploitative imperialism which appealed to the lowest instincts. In this connection, the agitation against the Manchester School played an altogether significant role. However, in England, this strategy never worked as it did in Germany for obvious reasons. Even today, the idealistic character of Cobden's strategy continues to be recognised, even in the Liberal Democratic Party of today which in its policy objectives has considerably distanced itself from Manchesterism's free trade objectives. In England, even if certain premises of his free trade policy and its topicality had been held in doubt, Cobden continued to retain his reputation even in left circles. Even today, "Manchesterism" invites critical historical debate in England but not all-out defamation.

Using "Manchesterism" as a defamatory term is for the most part, a German phenomenon. It forms the very core of the German anti-liberal legacy harking

back to the Bismarckian era. In Germany it was mainly Bismarck who, after declaring his support for the policy of protective tariffs of 1878, succeeded once and for all in cutting off mass support for the free trade movement. With the expansion of state-run social insurance schemes – an expansion that he actively pursued – Bismarck not only succeeded in making increasingly larger clienteles dependent on the state but also struck liberal policy initiatives in this sector once and for all off the agenda. As indicated earlier, the social question had from the very beginning been one of the key concerns of the Manchester Liberals who also endeavoured to find the means of implementation commensurate with liberal values. Initially, the workers' skepticism towards the state was so considerable that Cobden's ideas of self-organisation, cooperatives and education associations met with enthusiastic support. Some workers' associations in England even went so far as to attempt to undermine the state's monopoly on monetary matters by bringing out their own currency.

But what cut through these tendencies was the transformation of the feudal-aristocratic, privilege-wielding state into a democratic, privilege-wielding one – a transformation pursued most notably by Bismarck. Even until the beginning of the 20<sup>th</sup> century, there were individuals fighting for a non-state-run welfare system based on voluntary, rather than mandatory, participation. In doing so, they could draw upon the work of great liberal personalities who served as models, like Hermann Schulze-Delitzsch (it was against him that Social Democrat Lassalle used the term "Manchester man" with success for the first time in 1864 – a term used defamatorily and with propagandistic intent). Among these model personalities were Bismarck's great opponent in the Reichstag, the progressive liberal Eugen Richter and Auberon Herbert of England. But they fought with their backs to the wall. Once the privilege-wielding state is in place, no political force can completely stay clear of the compulsion to buy votes and favour clienteles. Representing as it did a particularly large segment of the population; the labour movement was quick to grasp this fact. It immediately parted ways with Manchester Liberalism which could not, and did not want to, get involved in this process out of a sense of moral conviction. The loss of this wider support base hit the liberals hard – a loss from which it has perhaps not recovered till today. The period before the First World War was a period of agonising decline for the Manchester Liberals, a period characterised

by just as agonising a search for political answers to this challenge.

Although what had emerged vis-à-vis "Manchesterism" was an anachronistic regression, the redistributive state was now able to present itself in a 'progressive' garb. The Conservatives had thus miscalculated for the votes that they had hoped to "buy off" soon found a more credible receptacle in the social democratic and socialist parties. Finally, there was yet another group of "liberals" who tried to adjust to the new reality. This group sacrificed its principles in pursuit of vote banks, though with hardly any convincing measure of success. The National Liberals who supported Bismarck's policy of protective tariffs formed part of this group, as did sections of left liberalism later, which emerged increasingly as an appendage of the Social Democrats (Eugen Richter's 'Freisinnige Volkspartei' stayed true to the "Manchester ideals" and had the least to do with this group).

What is particularly reprehensible is that the term "Manchesterism" achieved the success it did in Germany because it appealed to lower, nationalist instincts. It also provided scope for free trade liberals to be branded "non-German" in the interests they represented. Thus, Eugen Richter was to observe rather resignedly in 1898: "The protectionists like to give the German free traders this foreign name tag although the German free traders do not support the cause of free trade for the sake of English interests but rather for German interests."

The anti-British agitation was soon seamlessly followed by an anti-Semitic movement. Richter soon found, and he was not alone in doing so, that it was not only the Jews who were discredited with anti-liberal labels like "speculator" but that anti-Semitism was also used (particularly by the Conservatives) to discredit liberal economic policies. "There was no concealing the fact that the items until then on the Conservative agenda, such as guild-system, the Corn Laws and the like lost their appeal in course of time. It was believed that the easiest way to stir up popular passions against liberalism was through the anti-Semitic agitation, and that with the anti-Semitic fire unleashed, new Conservative axes could be ground," wrote Richter.

Only in such a context could the term "Manchesterism" develop its impact as a defamatory term in Germany – an impact it has retained till today. Do those

who use this word as a "killer phrase" against every liberal and market economy reform approach today know which tradition they have stepped into? Only the combined action of what is purported to be socio-economic criticism and a latently xenophobic attitude could load the term with the intended antipathy for so long. The same is true of many German intellectuals today when they use the term "American conditions" as an argument.

Today, what remains is the ghastly legacy which those who triumphed over "Manchesterism" have left behind. This is not only the 20<sup>th</sup> century totalitarian state which – not least even in Germany – stands partly rooted in the chauvinistic and anti-Semitic variant of the criticism directed against "Manchesterism". It is also – and more notably so – the welfare and the interest-group state that we are acquainted with today. Both then and now, its inner dynamics cannot be controlled.

By the end of the 19<sup>th</sup> century itself, this state had come to be what Frédéric Bastiat had prophesied it would be way back in 1850: "The state is the greatest piece of fiction in which everyone tries to live off everyone else." Initially, this state tried to push through the above practice through a nationalist "safeguarding of interests". Imperialism and protectionism (which as proved by Cobden, Bright, Prince-Smith and Bastiat, actually always harm the concerned country itself) led Europe down a precipitous path that terminated in the First World War. Nevertheless, all this met with such approval among the conservative, socialist, social-liberal and national intellectuals that soon there arose the impression that it was Manchester Liberalism that was responsible for the evils of the world (imperialism, poverty and just about anything else that comes to mind).

History is always written by the victorious. And this has seldom been more obvious than in this case. Even today, popular conceptions of "Manchesterism" are shaped by the view projected by this unholy alliance. It bears down like a burden on liberalism. It has undermined the self-confidence of almost all liberals committed to less state and more market. It has managed to convince people that nationalism and an authoritarian state are more human than cosmopolitanism and liberty (which the Manchester Liberals believed in). In the long run, it undermines that very basis for the prosperity of the masses and

that triumph over poverty and need which we owe not to the redistributive efforts of a state bureaucracy but exclusively to the forces of individual creativity and responsibility being released. It is time that we cast off the burden of this lie that history has projected so successfully and, instead, learn to be proud of being part of a tradition like that of "Manchesterism".

## Conclusions

Historical myths often have a greater bearing on our political convictions than we imagine; their impact is often greater than many a well-substantiated economic theory or figure. One example of this is the notion of "Manchesterism" being popular in Germany till today. Its impact on present-day politics can hardly be underestimated. It can only be effectively countered when the undifferentiated, clichéd term is challenged with objective material. At any rate, a debate on "Manchesterism" is meaningful even in the context of present-day politics. For, ultimately, there are several valuable lessons to be learnt from it:

1. The belief that the lifting of market barriers only benefits a small "bourgeois-capitalist" class has been clearly exposed as a myth by the success recorded by the English economy in the two decades after 1846. Further corroborating this thesis is the following that Cobden and Bright enjoyed among the working classes.
2. The lessons of Manchester are invaluable, particularly for the aspiring countries of the developing world. The thesis developed by Friedrich List in 1840 in his book *Das nationale System der Politischen Ökonomie*, namely that poorer countries need protectionism for a while in order to become competitive in the first place, still has many proponents worldwide. We are witness every day to the catastrophic implications arising from this. On the other hand, the lesson that "Manchesterism" has taught us is quite different. It was only with the lifting of economic barriers that the triumph over hunger became possible. This is a tremendous civilisatory achievement, and all the more so because it occurred in the 19<sup>th</sup> century in the middle of a period of a tremendous population explosion on a scale until then unknown. The poverty that prevails in the Third World today is indicative of what happens if there is population explosion without the simultaneous

release of market forces. Even today, "Manchesterism" may be understood as one big charge against the protectionism practiced by the First World against the Third. On the other hand, the success of countries like Chile, Estonia and Malaysia, which opened up their markets early, fully confirms the lessons of "Manchesterism". To date, there has been no country that has actually been able to develop without opening up and freeing its market, if not fully, then at least to a considerable extent.

3. The two decades after 1846 when Manchester Liberalism flourished saw Europe on the path to peace. There was a decline in the number of wars. Free trade proved to be an important prerequisite for peace, even though no one ever saw free trade as the sole, unfailing guarantor of peace. When "Manchesterism" was at its peak, wars either occurred in the periphery, as in the case of the Crimean War, or remained largely confined. With customs duties being low and all controls on foreign exchange removed, the fundamental economic causes for a nationalist hegemonial policy were duly eliminated. What one should remember is that the Manchester Liberals created a far freer internal market in Europe than what the Eurocrats in Brussels have achieved today. Thus the timeless message of peace emanating from Manchester reads as follows: It is free trade that guarantees peace, and not the visions of a controlled global state that many UN functionaries carry in their heads even today.
4. Liberal politics is never successful if it confines itself exclusively to demanding that which is "economically right" in a manner that is technocratic. What it needs is a credible, far-reaching and idealistic agenda that actually addresses the problems of man. However, this may not be just any agenda, but one that actually corresponds with what is "economically right". The Manchester Liberals around Cobden actually showed how this could be applied in practice. They showed that it was not despondency but optimism and the awareness of carrying out a moral mission while implementing market economy and free trade policies that constituted the requirement of the day. How many victories (even in the short period following the collapse of Soviet communism) has Liberalism already frittered away because it had needlessly given in to unreasonable feelings of guilt?

The defensive reaction, which the accusation that is "Manchesterism" evokes in many liberals today, itself best exemplifies this. At a time when there is the danger of free trade in particular and liberalism in general once again getting caught in the cross fire of an increasingly fashionable tendency to criticise globalisation, this historical myth should be countered with added resoluteness. The movement led by Cobden, on the other hand, succeeded in persuading the masses through its idealism and self-confidence; it is a movement we can learn from.

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