

Honey I Shrunk the State



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1 Introduction: Big State/Small State

What size the public sphere? This question goes to the heart of politics since the Quaker John Bright (1839–1922) was a parliamentarian as well known in the middle nineteenth century as Gladstone and Disraeli. Bright is important to the Quaker tradition for representing its ‘small government’ branch of political thinking, in contrast to George Cadbury (1811–1889), founder of the chocolate business, and whose legacy in political thinking leans much more to ‘big government’. This is partly a question of how we find the balance between private goods and public goods. This chapter suggests that it is useful to consider Karl Marx and Milton Friedman as respectively representing extremes of thought on this issue and that Quakers can help discern between the legacies of Bright and Cadbury by considering how close Cadbury’s legacy might be to Marxian thinking compared to how close Bright’s legacy might be to Friedmanite thinking. The state pension is used as an example of a public good to help explore this question.

Whatever else currently divides the political left from the political right clearly the left are in favour of extensive state involvement in people’s lives, the right in favour of the minimum such involvement. This general assertion is complicated by an association at some times and in some countries between the political right and fascism, where fascism implies the dictatorial power of an all-encompassing state. In contemporary Britain and America the political right is better described as libertarian, where libertarianism demands a small state and relative indifference to those who cannot always meet their needs through their individual efforts. At times the left is also associated with an equally all-encompassing state devoid of democratic checks and balances. Hence it can be useful to describe the tenor of typical

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governments that alternate in power in the West as either libertarian conservatism or democratic socialism.

Mariana Mazuccato—an economist of interest because of her work on the entrepreneurial state—cites an old adage that the US founding fathers were torn between the principles of the activist Alexander Hamilton and the laissez-faire Thomas Jefferson (2013: p. 73). The latter believed that ‘the government that governs least, governs best’ and was greatly admired by Bright (Cash 2017: p. 246). Mazucatto then quotes this brilliant observation: ‘With time and usual American pragmatism, this rivalry has been resolved by putting the Jeffersonians in charge of the rhetoric and the Hamiltonians in charge of policy,’ (2013: p. 73). Perhaps nothing better captures the reality and paradox of the modern state than this.

The simplest measure of the size of the state is the percentage of GDP represented by government spending which remains stubbornly around the 40% mark in the UK and around the 35% mark in the USA since the 1960s.¹ Governments tending to libertarian conservatism—those in charge of ‘rhetoric’ one might say—achieve only marginal downward adjustments of this figure while the policies of governments tending to democratic socialism make only marginal upwards adjustments, ‘marginal’ here being about 10%. Of course, downward adjustments can be extremely painful for those dependent on the state.

In one sense at least it is clear that government is already ‘big’ and that efforts to reduce it, while sometimes painful, are not much more than whack-a-mole. The libertarian rhetoric seems out of kilter with the reality.

While the perennial objection to high spending lies in the wallet of the disgruntled citizen, the other objection to ‘big’ government is its regulatory reach or ‘red tape’. The cost to the taxpayer of this is hard to quantify, though when for example food standards inspectors are cut the outcome may perhaps become apparent in outbreaks of food poisoning or livestock epidemics. It is clear however that the libertarian right always aims at a downward adjustment in both total government spending and its regulatory reach, while the policies of the collectivist left inevitably entail an upward adjustment of both. The modern Western state lives in a balance then between the Hamiltonians and Jeffersonians, neither obtaining outright victories. This balance is variously described as ‘social democracy’ or ‘welfare capitalism’ or ‘mixed economy’, implying a dynamic state of upward and downward adjustment as governments of different tenor take office.

Where, we ask, do Quakers stand on this adjustment? Does their activism for social justice align itself with the upward or the downward adjustment? Does this activism agree with Jefferson that ‘the government that governs least, governs best’ or does it disagree? The thought and actions of the Quakers John Bright and George Cadbury help us pursue the question.

¹<https://data.oecd.org/gga/general-government-spending.htm> [Accessed 3rd March 2018].

2 Bright vs. Cadbury

Quakers are a fiercely independent group of people and so it is not obvious in the first instance whether they welcome or deplore big government as appropriate for furthering traditional Quaker goals. Indeed when we take two eminent Victorian Quaker businessmen, George Cadbury and John Bright, we find them at opposite ends of the political spectrum here. Although their respective campaigning power and wealth were equally at the service of the poor and disadvantaged, we can argue that Cadbury's philosophy naturally leads to big government while Bright's leads to small. It is not hard to demonstrate that Cadbury's politics belong to democratic socialism and Bright's to libertarian conservatism as defined here.

George Cadbury grew up in industrial Birmingham UK and saw first hand what the factory system meant in terms of the degradation of the working classes. The chocolate factory founded by him and his brother became the vehicle for an experiment in paternalistic socialism that became a model for the world, and the world would visit it to learn how workers could be lifted out of poverty and its ills. The experiment was called Bournville,² and its many detractors in its early stage ensured that Cadbury was an object of suspicion to the Birmingham mainstream. Indeed he himself regarded his political views as so radical that he turned down an honorary degree from Birmingham University on the grounds that 'it would not help the University to have his name associated with it in that connexion,' as he wrote in his letter of refusal (Gardiner 1923: p. 88). However, the paternalistic socialism of Cadbury epitomised that of countless other Quaker business people and indeed of a stratum of industrial philanthropists of the period. On the other hand this paternalistic socialism had little in common with Marxist socialism. Quakers as pacifists reject the idea of violent revolution; as entrepreneurs are usually against the nationalisation of the means of production; and as a (self-) educated elite are not traditionally idealistic about the proletariat. Neither do they believe that religion is the opiate of the masses.

John Bright, born 28 years before George Cadbury, was in his day a far greater public figure, mentioned in the same breath as Disraeli and Gladstone, though we should note that things might have been otherwise had Cadbury accepted Gladstone's invitation to stand for Parliament (Gardiner 1923: p. 75). Bright remains the most eminent Quaker Member of Parliament to date and his most famous victory was the abolition of the Corn Laws in 1846. He also coined the phrase 'mother of parliaments', now thought to refer to the UK Parliament, though his actual words were 'England is the mother of parliaments' (Cash 2017: p. 96). As a Quaker he was profoundly aligned with Cadbury against armed conflict, and lost his Manchester seat in 1857 for opposing the Crimean war. Apart from this his political-economic instincts were very different to Cadbury, though still eminently Quakerly as we shall see. Although Disraeli accurately commented that the end of the Corn Laws would pass power in the UK from the hands of the landed aristocracy to the rising

²See for example Cadbury, Deborah, *Chocolate Wars*, Harper Press, 2010.

industrialist class, Bright was not an intuitive industrialist. He ran the cotton mill that was his family business and was as acute a businessman as Cadbury, but his interests and instincts appear distinctly agrarian. As Bill Cash,³ biographer of Bright, puts it; ‘Bright displayed a strong sense of Jeffersonian ownership, a philosophy of a stake in the land.’ (Cash 2017: p. 246) The demographic of the Quakers is relevant here: they mostly came from rural backgrounds where they operated as fiercely independent husbandmen and women, as freemen, as yeomanry, or as smallholders. It is the instinctive self-reliance of these people—mostly driven into the new industrial city hubs by refusal to pay Anglican tithes—that informs Bright’s politics. To the extent that he understood the grave conditions of working people his solution to their problems diverged radically from Cadbury’s. Bright’s answer is classical libertarian conservatism: give ordinary people the vote, give ordinary people freedom, and they will create their own economic means. It is a vision deeply informed by the yeoman archetype and which made Bright ultimately the champion of the middle-classes not the working poor. However, Bright’s dictum on the mother of Parliaments and his opposition to Irish home rule means that he is far from the free-market anarcho-capitalists of the contemporary far right such as David Friedman, son of the economists Rose and Milton Friedman.⁴ Bright believed in universal franchise and a Parliament answerable to all the people, but he also believed in Parliament as absolute sovereign. More, he thought the British Parliament was the leading democratic institution in the world and utterly opposed Irish home rule (Cash 2017: p. 248).

At first glance one can suggest that Cadbury’s politics are centre-left because they eschew Marxism while Bright’s politics are centre-right because they eschew anarchy. Bright is a classical statist, but a small-statist because he opposed government regulation of industry, and was ‘apoplectic’ about the reintroduction of income tax as Cash tells us (2017: p. 22): “‘No government,” he thundered to Cobden, “can have a right to make me state the amount of my profits & it is a vile system of slavery to which Englishmen are about to be subjected.””

As President of the Board of Trade Bright resisted legislation against the adulteration of food, saying that it arose from the inevitable competition between businesses and is ‘largely promoted by the ignorance of customers’, and simply hoped that as customer ignorance diminished so too would adulteration (Peter 2015: p. 76). Cadbury in contrast insisted on purity in his chocolate production at a time when an investigation showed that 39 of 70 chocolate samples had been coloured with red brick dust, and fought for Parliament to introduce labelling laws (Cadbury 2010: p. 88). More than that, it was the experience of Cadbury and other Quaker industrialists that the standards they set on pay, work safety, medical care, education and pensions would slowly be adopted and paid for by government. Bright opposed all government intervention in industry and believed that the free market would be

³Sir Bill Cash is a British Conservative politician and Member of Parliament.

⁴See for example <https://en.wikipedia.org/wiki/Anarcho-capitalism> [Accessed 3rd March 2018] and Friedman, D. (1973) *The Machinery of Freedom*, Open Court Publishing.

the ultimate benefit for the working poor. Cadbury saw that paternalistic capitalism worked very well when the industrialist chose that path—and even that it could be highly profitable. But what of the industrialist who chose the meaner path? What of those capitalists that set the lowest wages, saw workers as expendable and replaceable from an unlimited pool, adulterated their foodstuffs, cut corners on safety, and devoted their profits solely to their own luxury? Cadbury's legacy points to the state as sole possible guarantor that the capitalist would not sink to this level.

Who is right though? How should Quakers today choose between the political wisdom of Bright and Cadbury? Neither appear to belong to the type of extreme naturally shunned by Quakers. Both are convincing in their words and actions. Is there some logic that would help Quakers discern the better path?

Perhaps there is a logic, and perhaps it lies in a phrase extensively used by Marx, even if it lies entirely outside Marx's own logic. It is when we contemplate 'the means of production'. The Jeffersonian yeoman vision is of each household as an independent economic unit producing the base of the economic pyramid: food or whatever else the land or water can yield or support, such as minerals, timber, livestock, fish and plant fibres. Basic manufacturing as pursued in family forges were also traditional Quaker pursuits (and led them to dominate the revolution in iron production in Britain) (King 2014: p. 108). Let people be free again to pursue those noble activities of the land and simple manufacture and the state will wither away, believes the Jeffersonian. Yet here is the irony or flaw in this logic for Quakers: it was their religious beliefs that led them to refuse tithes, be driven into urban environments, and abandon the land and its direct means of production. Instead they mastered the new means of production, the factory. Bright's background here is no different to Cadbury's. Whatever the traditional ranking in earlier times from peasant to husbandman to yeoman in terms of mastery and ownership of the land, even the lowest peasant could survive on a small plot and some limited livestock. Engels comments on how Irish peasants driven into Liverpool would retain old habits of pig-rearing and if not allowed to keep the animal in a shed would share their bedroom with it (2009: p. 103). The pig, then, is a specialised means of production; land is a whole universe of production. But when the basic family unit has no land and is not even allowed to keep a pig or have space on which it can forage, where have the means of production gone? Where in the Victorian Manchester or Birmingham slums—crammed together by developers to house factory workers—were any means of production to be found by the working poor on their doorsteps? And today, in the council estates⁵ of Glasgow, Hackney, or Tower Hamlets, or in the Skid Rows⁶ of American cities where are those means of production to be found?

The far-right libertarian assumes that the means of production can be conjured into existence by anyone if given sufficient freedom. The far-left socialist—the Marxist—believes that one class, the workers, should appropriate the means of

⁵'Council estate' is the traditional British term for areas of cities with predominantly social, i.e. state-provided, housing.

⁶'Skid Row' is a term used in America to denote poverty and is also an area of Los Angeles containing one of the largest populations of homeless people in the United States.

production from another class, the capitalists (the ‘appropriators’). The logic of these extreme positions is easy to expose as potentially flawed. But the logic of the centre-right embodied in Bright and the centre-left embodied in Cadbury require more thought. While land is now simply unavailable to the working poor, there are new means of production. A van can be used for delivery. Carpenter’s tools can be used for cabinet-making. A computer can be used for myriad services. Even a motorised lawnmower can provide a livelihood. Is Bright not right to promote deregulated markets that allow anyone to start a small business, to become the yeoman-equivalent for the industrial age? Why should anyone depend on the state? Why should anyone depend on a paternalistic industrialist? If the nanny-state and the nanny-employer withdraw, will not the simple self-reliance of the citizen initiate a million small-scale enterprises? The Quaker is not by instinct a Marxist type of socialist at all. So why should the Quaker not be more inclined to Bright than Cadbury? Even though Cadbury’s paternalistic socialism might be more palatable than Marx’s revolutionary socialism?

The internal logic of ‘the means of production’ need only to be pursued a little deeper to indicate caution however. What distinguishes industrial production from such things as the family forge, loom, spinning jenny, or printing press is not only the centralisation and scale of production, but the *powering* of that production. Historically Quakers were often the first to introduce steam engines into their business, whether to drive bellows for blast furnaces, to grind cocoa for chocolate, or power the brewing of beer (Quakers at different times ran the biggest iron works, the biggest chocolate factories and the biggest breweries in the world) (King 2014: p. 108). Whether it is a steam engine or electrical power or a diesel engine makes no difference, it has huge implications for production. The first of these is an enormous reduction in unit costs for goods and the second is the enormous capital required to purchase the machinery in the first place. And both of these have devastating implications for the means of production on a family scale. If industrial production harnessing fossil-fuel or other energy sources drives down unit costs, how can a family-sized producer compete in Bright’s ‘fair’ marketplace? Conversely, if a brewery can truck its ingredients and outputs around an industrial-scale operation using steam power, how can a family afford the capital for such equipment? Indeed, the death-knell for Quaker dominance in British industry was sounded by Victorian legislation that permitted limited-liability joint-stock companies, which could raise far more capital than even the Quakers could manage in their network of family-owned businesses and banks (Walvin 1997: p. 61). Capitalism, then, removed ‘the means of production’ from the realm of the family, through powered large-scale centralised operations which could also pursue management and marketing with the same economies. Put another way, the economies of scale are all stacked against the individual producer.

This logic does not seem to be addressed by the libertarian conservatives. Low wages for millions at the bottom ensures that they have no possibility of saving even for the simplest of capital items, let alone enough to compete in the market place with joint-stock corporations that can raise millions in a single flotation. Where are the working poor ever to obtain their ‘means of production’ from? It has been suggested that trades unions do so (Nozick 1980: p. 253), but given that membership fees only just cover union activities how can the surplus of this class possibly compete on a

capital basis with the surplus of the class of investors and millionaires? The temperament of the trades unionist is at the same time not the temperament of the entrepreneur. The tiny numbers that do rise out of the working poor, subjects of popular ‘rags-to-riches’ success stories, appear to form the sole logic of the libertarian conservatives, and possibly also persuade millions to vote against their class interests by supporting the ‘small state’ philosophy so useful to the 1% of self-made millionaires.

Quakers by instinct weigh up the truth on both sides of an argument, do not rush in their deliberations, and arrive at a ‘discernment’ in the fullness of time. Both Bright and Cadbury represent positions that appear far from extreme, are tinged with all the Quaker hallmarks of profound compassion for the disadvantaged, and need extensive investigation before arriving at a conclusion.

3 Marx and Friedman

Let us further consider the extremes which Bright’s and Cadbury’s politics might be the moderate Quakerly expressions thereof. Karl Marx (1818–1883) was an approximate contemporary to Bright and Cadbury and could be said to express an extreme socialism eschewed by Cadbury yet aiming to ameliorate the same evils of industrial capitalism as the chocolatier. Marx’s legacy forms a continuum of political thought to this day. Free-market liberalism does not appear to begin with such an extreme; Adam Smith as its founder appears moderate for his period,⁷ largely perhaps because the factory system had not yet got into full swing. It is in the twentieth century that free market ideology grows more radical, perhaps as a response to the growing size of the state in the free world, itself a direct response to industrialisation. Friedrich Hayek⁸ and Ludwig von Mises⁹ were highly influential free-market thinkers and their legacy comes perhaps to a peak in the work of Milton Friedman (1912–2006), an economist who has not only great influence on government policy in the Americas and Europe but who also popularised free-market ideas through television and popular books. Although Friedman and Marx are a century apart it is useful to juxtapose their particular extremes of thought in relation to Cadbury and Bright.

It is clear that Friedman proposed the absolute minimum of state ownership and control of ‘the means of production’ while Marx demanded total state ownership and control. For Friedman any revenue from business claimed by the state in taxation was a burden while for Marx all revenue from business belonged to the state. But is it

⁷Smith, Adam, *An Inquiry into the Nature and Causes of the Wealth of Nations: A Selected Edition*, Oxford: Oxford University Press, 2008.

⁸For example, Hayek, F. A., *The Road to Serfdom*, London and New York: Routledge, 2008.

⁹For example, Von Mises, Ludwig, *Socialism: An Economic and Sociological Analysis*, Indianapolis: Liberty Fund, 1981.

right to say that for Quakers that Marx and Friedman are extreme? And is it useful to suggest that the one is properly the antithesis of the other?

3.1 *Is Marx Extreme?*

We have already suggested that Marx's system is extreme for Quakers because it argues for violent revolution and the state ownership of all means of production. At the same time Marx's writings on the sufferings of the working poor in Victorian England suggest a compassion not at all foreign to Quakers. The Rowntree report of 1901 *Poverty: A Study of Town Life* (Rowntree 1901) demonstrated the truth of many of Marx's insights into capitalist production, the key factor in worker degradation being low wages. It is also true that since the 2008 recession Marx's ideas have been looked at again, supported by the influential work of Thomas Piketty (2014). Piketty and others have demonstrated that inequality today is returning to Victorian levels (for example Wilkinson and Pickett 2009). Quakers will not therefore close the door completely on Marxist thought, but one point of departure is unlikely to change, given Quaker history: the key role Quakers must apportion to the entrepreneur, entirely denied by Marx.

3.2 *Is Friedman Extreme?*

The ideas of Milton Friedman belong to a tradition that is strong in America, including the Austrian school economists Hayek and Von Mises and the influential novelist and playwright Ayn Rand.¹⁰ They are not just a phenomenon of their time and place but find resonance in much contemporary British libertarianism too, including the Conservative biographer of John Bright, Conservative MP Bill Cash, and writer Dominic Frisby,¹¹ who along with other anarcho-capitalists propose not so much a shrunken state but its end altogether. Friedman was Margaret Thatcher's favourite economist and many policies of the Conservatives can be found in the chapters of Friedman's book *Capitalism and Freedom*. Far from extreme, Friedman's ideas appear mainstream.

Only a thoughtful study of Friedman's short book can persuade the average Quaker one way or the other. There is not space here for anything like a complete analysis but a few points are worth bringing up to make the case that Friedman is indeed as extreme a libertarian as Marx was a socialist. For example Friedman states: 'The freedom of individuals to use their economic resources as they want includes the freedom to use them to have children—to buy, as it were, the services of children

¹⁰For example, Rand, Ayn, *Capitalism: The Unknown Ideal*, New York: Signet, 1966.

¹¹Frisby, Dominic, *Life After the State*, Paperback, Unbound, 2013.

as a particular form of consumption,' (2002: p. 33). He agrees that this might seem callous and qualifies it with what is his key point that the child has a value in itself and entitled to a freedom of its own. But the statement is allowed to stand as a backdrop to the small-state approach to the family: the child is a consumer item and why should the state contribute to the parents' consumption in this respect or any respect?

Another example involves race. He points out that a shopkeeper who refuses to serve an Afro-Caribbean or a labourer who refuses to work alongside those of a different ethnicity incur a cost penalty (Friedman 2002: p. 110). The shopkeeper loses business and the worker is restricted in the kind of work they can find. But Friedman concludes: '... there are real problems in defining and interpreting discrimination. The man who exercises discrimination pays a price for doing so. He is, as it were, "buying" what he regards as a "product." It is hard to see that discrimination can have any meaning other than a "taste" of others that one does not share.' Friedman does not consider, it seems, that calling a child a consumer product is alarming or that describing racial discrimination as the purchase of a 'product' is insulting and unacceptable. By making freedom his highest value he cannot perhaps avoid such offensive absurdities. One cannot imagine that John Bright would be comfortable with either of these ideas, especially as he worked tirelessly for the abolition of slavery.

The central economic idea of Friedman's book however is that 'economic freedom is . . . an indispensable means toward the achievement of political freedom' (Friedman 2002: p. 8). Bright might well agree with this at first glance, particularly when Friedman explains: 'The kind of economic organization that provides economic freedom directly, namely, competitive capitalism, also promotes political freedom because it separates economic power from political power and in this way enables one to offset the other' (2002: p. 9). Bright's whole effort was to separate the economic power of the landed aristocracy in order to end their political power. But the result was that economic power was transferred, as Disraeli observed, to the industrialists. The worker who formerly tilled the soil for the aristocrat and who now laboured in a factory was not much freed politically by this transfer of power, unless fortunate enough to work for Cadbury perhaps. Even then one cannot call industrial paternalism political freedom. That was wrested for the working person through the trades unions and the wider labour movement. In more recent times the dictum 'economic freedom is essential for political freedom' looks more like an empty slogan given how much political power can be bought by wealth. One might observe that the extreme economic freedom that libertarian policies have brought since the time of Thatcher and Reagan have handed extreme political freedom to the very rich. Is this what Bright stood for?

3.3 *Does Friedman's Legacy Provide the Antithesis to Marx's?*

The essential social problem Quakers are concerned about today is of ever-increasing inequality, likely to grow worse with the deeper penetration of Artificial Intelligence into the professions and increasing robotics in manufacture.¹² The analysis of Piketty and others suggest that the start of this massive trend to inequality began with the privatisations and liberalisations of industry in the 1980s: the Thatcher and Reagan revolution. What was being implemented was an Austrian school agenda that very often looks like it was lifted chapter by chapter from Friedman's book *Capitalism and Freedom* (King 2014: pp. 209–288). As already suggested most Western democracies are profound compromises between the extremes of total state control and anarcho-capitalism. One may choose other thinkers on political economy to mark those extremes, but for the moderate Quaker Marx and Friedman may well serve. Our question then becomes this: out of Bright or Cadbury does one of them steer closer to their respective extreme than the other?

Each Quaker has to answer this individually of course, but let us further this investigation by considering the question of private and public goods.

4 Private vs. Public Goods

In the nineteenth century when Bright and Cadbury were forging their different careers the state was small compared to now. UK government expenditure as percentage of GDP was something like 17% in 1860 compared to 43% in 2017.¹³ Bright would no doubt have been horrified at this huge increase and perhaps also deeply puzzled that the relatively libertarian policies of the major parties since the Thatcher era have permitted it. What this means in terms of public and private goods is that a huge increase in national effort has gone into the public realm since the Victorian period. What however are these 'public goods' bought with this vastly increased tax-payers contribution? And why have the libertarians failed to prevent this increase?

First, let us be clear about the distinction between private and public goods. Individuals and firms have earnings which they can spend as they like on products and services—these are private goods because individuals and firms decide on the spending. However a proportion of earnings are transferred to the government as tax. The government—in both local and national form—then makes decisions on spending tax revenues on products and services on behalf of the nation. It is a question of who decides the spending. UK government spending for 2016–2017 was £780

¹²For example, as detailed in the report by the Royal Society of Arts, <https://medium.com/the-age-of-automation/the-age-of-automation-c1755969d3e2> [Accessed 3rd March 2018].

¹³<https://data.oecd.org/gga/general-government-spending.htm> [Accessed 3rd March 2018].

billion, and its breakdown tells us much about the public goods our taxes purchase. The biggest share of spending is across three areas: social protection at 31.1%, health at 18.8% and education at 13.2%. All three deliver public goods that in the era of Bright and Cadbury were mostly purchased privately, and which extreme libertarians want restored to the private sphere today. If we further break down social protection we find that by far the largest single component of it is pensions at 42%. This means that pensions are 13% of government spending, roughly equal to education, and roughly twice as much as defence.¹⁴

If we want to explore what the respective legacies of Bright and Cadbury tell us about the size of the state we would need to work through the complete list of major government spending items. However pensions offer us a microcosm of the greater expenditure because they represent the largest component of welfare and a significant portion of the total budget; because, apart from children, pensioners are the least likely to contribute to tax revenues; and because the elderly are now far less likely to be supported by family than in Victorian times.

Pensions are also an archetypal ‘good’ that can be delivered either by the state sector via taxation or by the private sector directly by purchasing an annuity. For an individual to purchase an annuity their income must exceed expenditure to the amount of that annuity contribution at least, if paid into over a working lifetime, or savings on retirement must amount to a lump sum sufficient to purchase it. The working poor in Cadbury’s time had no such surplus income or possibility of saving, and were reliant during retirement on their family to support them, or on the Victorian workhouse or poor house. The working poor now—though now able to buy goods at a low cost unimaginable to the Victorians—are in fact no better able to save for an annuity and are likely to be totally reliant on the state pension or pension credit in old age.

Let us speculate on Bright’s and Cadbury’s position on pensions. Bright’s efforts were directed at the removal of the aristocracy’s hold on land—whether in mainland Britain or in Ireland—via universal franchise and abolition of the Corn Laws. Bright would therefore probably believe that with a smallholding every family would support those family members too old to work and there would be no burden on the state at all. Cadbury’s efforts also incorporated sufficient garden in the Bournville workers’ cottages, to supplement the diet, and above-average wages so workers could save for old age. But his firm also paid out pensions, as did other enlightened industrialist, and his son Edward Cadbury was amongst prominent businessmen who helped push the Old-Age Pensions Act of 1908 into law, a foundational part of modern welfare. Although strict conditions adhered to this early state pension it was non-contributory. The ‘Cadbury position’ on pensions, as suggested earlier might be this: not all employers could be relied on to pay pensions and not all working people, particularly women, were employed sufficiently to rely on an employer in the first place.

¹⁴https://en.wikipedia.org/wiki/Government_spending_in_the_United_Kingdom [Accessed 3rd March 2018] or https://www.ukpublicspending.co.uk/total_2017UKbt_17bc5n [Accessed 3rd March 2018].

Now let us turn to Friedman and Marx respectively to see where Bright and Cadbury's legacies can be placed on the question of pensions. Friedman's position on welfare and pensions is set out in chapter eleven of his highly influential book *Capitalism and Freedom*. He is quite against any form of state pension, objecting to both its compulsory contributions component and its redistribution component and declares that if we are going to help the poor what difference does age make? Why have separate state aid for the elderly? To consider these points in reverse order, why indeed is an old age pension a separate form of welfare? The Quaker answer might be this: that the working poor are forced by necessity to undertake physical labour, often unskilled, that age and infirmity finally makes impossible. The labourer, unlike Friedman, cannot coast through old age on lecture tours. It is a simple human dignity to provide a basic provision, a financial safety net for the working poor who have worked all their life and are no longer able to. Having identified this particular demographic as those most in need of the state pension it is then easy to see why the state pension is intrinsically redistributive: it is designed for the poorer section of society. And why make contributions compulsory? Because it restores the dignity of a link between the work of a lifetime and the leisure of retirement (Burton 2018: p. 5). In the UK the old age pension is linked to National Insurance contributions which are a percentage of earnings. There is no link therefore between the *amount* of contribution and the value of the pension, merely that there *was* a contribution. Friedman's objection to all this is that everybody is in a position to make their own pension provision. If 90% of the population were unable to, then there would be a case for the state pension he argues, but if only 1% are unable to then there is no case (Friedman 2002: p. 188). In the UK today 21% of women and 9% of men retire with no personal pension,¹⁵ in a nation with far higher average per capita wealth than in the 1960s when Friedman was writing. Without the state pension their position would be desperate. But Friedman (2002: p. 188) offers no figures, assumes that it is only 1%, and makes no suggestion as to how the 1% can be helped.

Turning to Marx we can be in no doubt that all Marxist-inspired countries instituted state pensions. What is extreme in the Marxist position is not the pension but the entire appropriation of private sector business to pay for it and other welfare items.

We can now ask, where on the neoliberal spectrum towards the extreme of Friedman would we place Bright? And where on the socialist spectrum towards Marx would we place Cadbury? The latter question is relatively easy to answer: Cadbury saw the plight of the working poor in Birmingham's factory slums and worked through capitalism to erase its worst side-effects. He had no ideological objection to capitalism at all, and as a gifted businessman was under no illusion that just anyone could manage a successful enterprise. His concerns for the working poor were the same as Marx's, and while Marx, Cadbury, Booth, Engels, Rowntree and Disraeli were all conscious of the 'two nations' that industrialisation was creating

¹⁵<https://www.theguardian.com/money/2017/oct/21/uk-retirees-state-pension-financial-future> [Accessed 3rd March 2018].

and either drew on the same government statistics to support their views or carried out their own research, Cadbury's answer to the problem has little in common with Marx's.

Bright's position appears however to be close to Friedman's. It is the breezy certainty that if the working person be given the vote and a piece of land they will support themselves with no difficulty at all times and in all circumstances. It is *freedom* that Bright argues for above all, the central theme also of Friedman's work. But does freedom put food on the table if you have no land? Bright's commitment to universal franchise as the solution to the poverty of working people implies a belief that they would subsequently vote in their class interests and thus improve their lot. To the extent that they did they eventually voted in the Labour governments of post-war Britain to usher in the necessary changes. And what were the changes exactly? A welfare state. The exact opposite of what both Bright and Friedman believe in.

The logic of Bright and Friedman seems powerless to prevent the burgeoning safety net that, in different degrees, is the feature of modern democracies. The logic of Marx likewise has had little purchase on these states. So, why, we must ask, does the logic of Cadbury seem to have won the day? This logic says that in the early days it was only the paternalism of industrialists such as the Quakers which lifted the working poor out of desperation and that this paternalism cannot be left to the whims of employers but must be adopted by the state. Why has the passage of time endorsed the logic of Cadbury rather than Bright? Is it faulty? Should we not reverse it to restore the natural freedoms of the modern-day yeoman and his family?

Although Marx provided the phrase it is perhaps Cadbury who best understood what 'the means of production' signify in the modern world. For the hunter-gatherer stepping out of cave or tent the means of production were scattered through the natural world. For Cadbury's urban poor in Birmingham there was not a scrap of land anywhere near the front door to grow a potato or let a pig forage on, assuming one could afford the seed potato or piglet in the first place. There are simply no means of production anywhere that do not belong to or have not been created by others, and so the working poor are faced with indentured labour—as Engels movingly describes—or death by starvation. Bright inherited a cotton mill, and may well have steered it to further success by his own talents, but what use such talents to those born with nothing and subject to long hours at low wages in factories, Rachmanism in housing, the loan shark, the grasping pub landlord, and other purveyors of narcotic escapism from the drudgery of factory toil? Friedman insists that these people should save for an annuity for old age, but how is that possible when you are already borrowing each week ahead of payday? And what happens when you are 'repudiated' by the industrialist, as Engels puts it, in an economic downturn or because you are ill or because a drop forge has taken off your right arm?

Libertarians declares that health care, unemployment insurance, old age annuities, legal services and education are all private goods to be paid for by the citizen not the state. If the state were shrunk to the point that everyone had to end their reliance on it and become an entrepreneur, the modern-day equivalent of the stout Jeffersonian yeoman, we would all flourish, they say. Cadbury saw it differently and when the working poor of Birmingham and elsewhere had the vote they voted for the

welfare state not the ‘freedom’ to starve. And basic economics reinforces this: even if a working person owns the basic means of production, such as carpenter’s or plumber’s tools, or the basic kit for hairdressing, how easy is it to set up on one’s own? In all industries the economies of scale inexorably drive down the number of operators. In Britain today to start a smallholding something like £1 million is needed in capital for the land and agricultural machinery. The yeoman of Jefferson’s time, of Quaker history, and perhaps lingering into the lifetime of Bright—particularly in Ireland—was clearly destined to disappear, and Cadbury was on the right side of this argument. When Friedman (2002: p. 13) suggests that ‘the household always has the alternative of producing directly for itself, it need not enter into any exchange unless it benefits from it,’ he is clearly wrong in the modern world. Has he tried growing potatoes or rearing a pig in a council flat or on the sidewalk in Skid Row?

The Quaker history also tells us something about the entrepreneur, especially if we view this individual through the lens of the economist Joseph Schumpeter, one of the few to give consideration to the question. His account of the typical—and extremely rare—entrepreneur matches the Quakers such as Cadbury to a tee (King 2014: p. 173). While the yeoman is required to innovate only very slowly and take minimum risk while doing so, the entrepreneur is a unique risk-taking individual that has totally shaped the modern world. Without them there would simply be none of the modern goods or services we expect, whether paid for by private citizens or the state.

5 Full-Spectrum Public Goods

We could venture that the Hamiltonians—translated here as the ‘Cadburyites’—remain put in charge of policy, while modern-day Jeffersonians that wish to shrink the state—‘Friedmanites’ we can call them—still seem to be in charge of rhetoric. Quakers do not easily shake off their yeoman heritage, their self-reliance and their internal equivalent to the ‘Big Society’ whereby they help each other in need. Quakers are instinctive entrepreneurs and may not see why the reach of the state into business has to be so extensive. But Quakers have always responded to the needy outside their own community and view the homeless of today and those forced to depend on foodbanks as call on their conscience. To help Quakers consider what the fundamental covenant should be between private sector business and the state we have explored a single public good: the old age pension. Perhaps it would indeed be absurd to shrink or abolish it, perhaps that would indeed be counter to all Quaker values. Pensions are only 13% of government spending. How about all the other components? Are unemployment benefits too generous? At 0.33% of government spending that seems unlikely. Incapacity, disability and injury benefits at around 5%? That again seems like a small price to pay. If five pence in every pound of tax paid goes to the disabled can a Quaker really argue with that? Or the big items, health

at 18.8% and education at 13.2%?¹⁶ And so on. It is the logic of Cadbury that has shaped this policy it seems.

There is also the other argument, that the state is not in fact big enough to compensate for modern means of production and its concentration in the hands of the very few. The shrinking of many welfare budgets since the economic crash of 2008 is termed ‘austerity’ and many economists believe that it was a mistake (e.g. Pettifor 2013), citing Keynes as the originator of the idea that government should spend more on a downturn not less, to the benefit of private sector enterprise as much as those dependent on welfare.

6 Conclusions

The history of the Quakers makes them well placed to thoughtfully contemplate the covenant between the business sector and the welfare state. Instinctively inclined to the legacy of Bright perhaps, while logically persuaded by the opposite legacy of Cadbury, it is no easy task of discernment to pronounce on the ‘size’ of the state. The reference to a science fiction film in ‘honey I shrank the state’ implies that those who wish to shrink the state are mad scientists. John Bright, the Austrian school, and Milton Friedman are far from mad however and deserve serious consideration. So how should discernment proceed? Where does a Quakerly balance lie between public and private goods? Perhaps the method explored here is useful. We have looked at a single public good, the old age pension, and drawn certain conclusions from its provision by the state. It is not difficult to contemplate all categories of public spending and triangulate them against the legacies of Bright and Cadbury, drawing also on economic thinkers of the left and right, and answer the question: is the state too big or is it too small to meet the social conscience of the Quakers? A social conscience historically well-placed to observe that without a flourishing economy built by entrepreneurs nothing can be done for the needy in the first place? At the same time this conscience notes that the paternalism of the early Quaker businesses faded as the state took on paternalistic roles in health, education, pensions and so on. However, if the state explicitly retreats from these obligations should business not explicitly take them on again?

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