

The Webbs on “National Efficiency”: Free Trade, National Minimum, and LSE

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The purposes of this paper are, first, to present a critique of B. Semmel’s social imperialist interpretation of Sidney and Beatrice Webb’s theories, and second, to establish the compatibility of the Webbs’ ideas on “national efficiency” with the “internationalism” of the world economy. Pivotal to their program of national efficiency were the idea of “national minimum” and strategies developed at the London School of Economics (LSE).

As they argued in *Industrial Democracy* (1897), the Webbs believed that national minimum policy should be based on free trade, and from that standpoint they criticised the protectionism of W. Ashley. However, the Webbs did not recognise the necessity for an “international minimum” as proposed by A. C. Pigou in *The Economics of Welfare* (1920) because effective use of the national minimum policy would by itself ensure efficiency in the British economy. This idea was affirmed with the founding of LSE (1895), which was established with the objective of promoting

the application of scientific knowledge and skills (especially in areas of commerce and public administration) to the British economy. The Webbs hoped that their policies of national efficiency, which they saw as compatible with free trade, would be adopted by every civilised nation.

Behind the Webbs’ approach to the social imperialists were the realities of British party politics at the turn of the century, just before the blossoming of the “new liberalism.” That was the context in which they sought to realise their policies of national efficiency. It is therefore important to carefully distinguish their political behaviour from their economic thought.

After the Second World War, G. Myrdal (1960) criticised the welfare state on grounds of its nationalist bias. However, the Webbs’ idea of national efficiency based on free trade continues to offer an important clue to the resolution of that aporia in the logic of modern welfare states.

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