

Alfred Russel Wallace Notes 38.
Alfred Russel Wallace's "Revolt of Democracy":
A Critical Analysis of Early 20th Century Labor Theory
and Its Contemporary Relevance

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Summary: This article examines Alfred Russel Wallace's political treatise *The Revolt of Democracy* (1913), analyzing his theoretical framework for addressing labor unrest and economic inequality in early 20th-century Britain. Wallace's work presents a comprehensive critique of competitive capitalism and proposes systematic government intervention to address structural poverty. Through close textual analysis and comparison with contemporary UK labor conditions, this study evaluates the enduring relevance of Wallace's economic theories and policy prescriptions. The analysis reveals significant continuities between early 20th-century and contemporary debates about living wages, government employment standards, and wealth redistribution, while highlighting both the prescience and limitations of Wallace's analytical framework. *Keywords:* labor economics, Alfred Russel Wallace, social reform, wealth inequality, government intervention, historical political economy

Introduction

Alfred Russel Wallace (1823-1913) is primarily known for his contributions to evolutionary biology, proposing a theory of evolution by means of natural selection in 1858. He subsequently produced a substantial body of political and economic writing, however, that has received but limited scholarly attention. Benton (2013) situates Wallace within the greater context of Victorian science, noting his marginalization relative to Darwin, despite his foundational contributions. Benton critiques the historiographical tendency to downplay Wallace's influence and calls for a reassessment that recognizes his integrative approach to science and society. Benton's portrayal underscores Wallace's relevance to contemporary debates on science communication, public engagement, and the social responsibilities of researchers. This article presents an analysis of one of Wallace's contributions to government and society.

Wallace's 1913 treatise, *The Revolt of Democracy*, represents a systematic analysis of labor conditions and a detailed policy framework for addressing what he termed the 'labor unrest' of his era. Written during a period of significant industrial action and social upheaval, the work provided insights into progressive economic thinking at the threshold of the modern welfare state.

Here we examine Wallace's theoretical contributions to labor economics and social policy, positioning his work within the broader context of early twentieth-century reform movements while evaluating its contemporary relevance. The analysis proceeds

through close textual examination of Wallace's arguments, assessment of his policy prescriptions, and comparison with current UK labor market conditions and policy debates.

Historical Context and Theoretical Framework

In the early twentieth century, Britain experienced a wave of industrial action and social unrest driven by growing tensions between workers and employers. Rapid industrialization had created harsh working conditions, low wages, and widespread inequality, prompting trade unions to organize strikes across key sectors like mining, transport, and manufacturing. Alongside labor disputes, movements for women's suffrage, housing reform, and expanded welfare reflected a broader push for social justice and political change, reshaping the landscape of British society.

The Revolt of Democracy followed on from Wallace's major work, *The Wonderful Century* (Wallace 1898a) which was both a celebration and a lamentation on the nineteenth century's dazzling scientific and technological progress, shadowed by persistent social failures. With characteristic clarity and conviction, Wallace marveled at the era's breakthroughs: the rise of railways and steamships that made long distance sea voyages much shorter timewise along with the telegraph and telephone that collapsed distances, and the blossoming of scientific inquiry that unlocked secrets of light, matter, and life itself. He took pride in the development of evolutionary theory, the domain in which he himself played a pivotal role alongside Darwin.

Yet for all its triumphs, Wallace argued, the century failed to uplift humanity in moral and social terms. He condemned the enduring poverty and inequality that technological progress did little to alleviate, and he railed against the militarism and imperialism that turned scientific ingenuity into instruments of destruction.

In *The Wonderful Century*, Wallace lamented the neglect of phrenology by the scientific establishment. He defended the idea that different regions of the brain correlate with distinct mental functions and maintained that brain size and structure could indicate intellectual capacity. Wallace argued that phrenology was based on a substantial body of empirical observations and should be revived as a legitimate scientific discipline (Wallace 1898a).

Wallace's views on physiognomy were less explicitly articulated but can be inferred from his broader belief in the connection between physical form and mental faculties. His interest in facial features as indicators of character aligned with physiognomic ideas, though he did not publish extensively on the subject. Wallace's spiritualist beliefs, which emphasized the non-material dimensions of personality and cognition, likely influenced his openness to physiognomy as a complementary approach to understanding human nature.

Paradoxically, although Wallace supported what is now regarded as pseudoscience, he also criticized what he felt were misguided medical interventions, including his controversial stance on vaccination (Wallace 1898b).

The tone of *The Wonderful Century* was not one of unqualified praise but of sober reckoning – an appeal for wisdom to match invention – and for compassion to temper

conquest. In Wallace's view, the century was 'wonderful' not because it was flawless, but because it revealed both the heights of human potential and the depths of its contradictions.

Wallace's treatise *The Revolt of Democracy* emerged from his thirty-year tenure as President of the Land Nationalisation Society and his observation of what he characterized as a "melancholy procession" (Wallace 1913, p. 1) of official inquiries into social conditions that consistently failed to produce effective remedial legislation. His theoretical framework rested on three fundamental propositions: first, that technological advancement had created unprecedented wealth while simultaneously increasing poverty; second, that this paradox resulted from structural features of competitive capitalism rather than individual failings; and third, that systematic government intervention could resolve these contradictions.

Wallace's critique of the "competitive and capitalistic system" (p. 5) anticipated later economic theories about market failures and the necessity of state intervention. His observation that "about one-fourth of our whole population exists in a state of fluctuating penury" (p. 2) while "a limited upper class" lives in "unexampled luxury" (p. 2) identified wealth concentration as a systemic rather than incidental feature of capitalist development.

The theoretical foundation of Wallace's approach drew heavily on land reform economics, particularly the work of Henry George, who linked land economics to poverty and social inequality, arguing (as Wallace also argued in his 1882 book *Land Nationalisation*) that privately owned land captures socially created value that should belong to the community. He proposed a single tax on land values (the unimproved value of land) to replace other taxes, fund public projects, and promote efficient land use by discouraging speculation and encouraging productive development.

In the opening chapter of *Land Nationalisation: Its Necessity and Its Aims* (1882) Wallace articulated a compelling critique of Britain's land tenure system by framing wellbeing as a multidimensional construct encompassing economic justice, moral dignity, and equitable access to opportunity. He juxtaposed the nation's vast aggregate wealth with the persistent poverty of its laboring classes, arguing that this paradox arises from the monopolization of land by private landlords. He contended that land, as the foundational resource for all productive labor, should not be subject to private ownership that excludes the majority from its use and benefits. Instead, Wallace envisioned a system of state-held land that would enable occupying ownership, thereby restoring to workers the full value of their labor, and fostering a more just and prosperous society. Drawing on the liberal reformist thought of John Stuart Mill and the economic radicalism of Henry George, Wallace positioned land nationalization not merely as a policy proposal but as a moral imperative – one that directly addresses the structural impediments to wellbeing in industrial Britain.

Costa (2023) views Wallace as a significant social reformer, presenting him as a courageous advocate for causes like women's rights, labor reform, and land nationalization, though he also notes Wallace's controversial embrace of spiritualism and opposition to certain public health measures. Costa argues that these social and political engagements were as fundamental to Wallace's "radical" nature as his

scientific work, challenging the view that scientists should remain detached from public issues.

Wallace extended his analysis beyond land monopoly to encompass broader questions of labor organization and state capacity. His emphasis on land monopoly and the competitive system of industry as fundamental causes of poverty reflected the influence of classical political economy while anticipating later critiques of market fundamentalism.

Wallace's policy framework consisted of three interconnected components: immediate relief for destitution, government leadership in employment standards, and long-term structural reform through cooperative organization and land redistribution.

Immediate Poverty Relief

Wallace's proposal for free bread distribution represented an early articulation of universal basic services principles. His system would provide bread tickets through local authorities, distributed by police, clergy, and medical professionals: "without any question whatever" (Wallace 1913, p. 26). His proposal anticipated later developments in social security by rejecting means-testing and moral judgments about deservingness.

The theoretical justification for his approach challenged prevailing Victorian attitudes toward poverty relief. Wallace explicitly rejected the notion that bread distribution constituted charity, or poor relief, instead framing it as "a rightful claim upon society for its neglect to organise itself" (p. 25). This formulation anticipated rights-based approaches to social welfare that would not become mainstream until the mid-twentieth century.

Government Employment Standards

Wallace's most detailed policy proposals concerned government employment practices. He argued that the state, as, "the greatest employer of labour in the kingdom," (Wallace 1913, p. 31) should establish model employment conditions that would influence private sector practices through demonstration effects and economic competition.

His specific recommendations included establishment of a "liberal scale of wages" (p. 32) based on scientific poverty studies; job security provisions preventing dismissal except for "gross bad conduct" (p. 32); comprehensive pension systems; reduced working hours; and multi-skill training programs combining industrial and agricultural work.

The theoretical foundation for this approach rested on Wallace's argument, set out in Chapter VII, The Problem of Wages, that "high wages are good for everybody" (p. 40). He challenged conventional economic wisdom by arguing that wage increases stimulate consumer demand and economic growth, anticipating later Keynesian insights about aggregate demand management.¹

Structural Reform Through Cooperative Organization

Wallace's long-term vision involved systematic restructuring of economic organization through government-supported cooperative enterprises and land redistribution. He proposed that government should acquire agricultural estates through taxation in kind rather than monetary payments, establishing self-supporting colonies that would absorb unemployed workers while demonstrating alternative forms of economic organization.

This aspect of Wallace's framework reveals the influence of contemporary cooperative movement theorists, particularly Herbert V. Mills, whose work *Poverty and the State* (1886) Wallace cited approvingly. The emphasis on liberality and sympathy in establishing cooperative enterprises reflects Wallace's understanding that alternative economic institutions require substantial initial investment and social support to succeed.

Wallace's economic analysis challenged several assumptions of contemporary political economy, particularly regarding the relationship between wages and prices, the effects of wage increases on international competitiveness, and the role of consumer demand in economic development.

Wages and Price Theory

Wallace argued that wage increases do not necessarily produce proportional price increases, challenging the conventional view that higher labor costs must be passed directly to consumers. His analysis identifies several mechanisms through which wage increases can be absorbed without raising prices: elimination of advertising and marketing costs in cooperative enterprises; reduction of unemployment-related social costs; and increased productivity resulting from improved worker health and motivation.

This argument anticipated later economic research on efficiency wages and the costs of labor turnover. Wallace's observation that cooperative organization could eliminate "about double, and in some cases much more than double, the real cost of production" (Wallace 1913, p. 62) through reduced marketing and distribution costs prefigures modern analysis of the economic inefficiencies of competitive advertising and planned obsolescence (Hecl 1974).²

International Trade Theory

Wallace's analysis of international trade effects represents one of his most sophisticated theoretical contributions. Drawing on John Stuart Mill's work on comparative advantage, he argues that general wage increases do not affect a nation's competitive position in international markets because trade is based on comparative rather than absolute costs (Aldrich 2004).

Wallace quotes Mill's principle that "General low wages never caused any country to undersell its rivals, nor did general high wages ever hinder it from doing so" (Mill 1871, Book III, Chapter XXV, Section 2), using this insight to challenge arguments that higher wages would damage British export competitiveness. This analysis demonstrates Wallace's engagement with classical economic theory while applying it to contemporary policy debates.

Consumption and Economic Development

Wallace's emphasis on the economic benefits of higher wages reflects an early understanding of demand-side economics. His argument that wage increases stimulate economic growth through increased consumption anticipates later macroeconomic theory about the multiplier effects of income redistribution.

The theoretical framework underlying this analysis recognizes that worker consumption constitutes a significant component of aggregate demand, and that wage suppression therefore constrains economic growth. Wallace's observation that "every pound paid extra in wages is a pound more expended in food, clothing, furniture, houses, and other necessities of life" (Wallace 1913, p. 35) articulates a proto-Keynesian insight about the relationship between income distribution and economic performance.

Critical Assessment of Wallace's Analysis

Wallace's theoretical framework demonstrated both analytical sophistication and significant limitations. His identification of wealth concentration and labor exploitation as systemic features of competitive capitalism proved prescient, as did his emphasis on the necessity of government intervention to address market failures.

However, several aspects of Wallace's analysis reflect the limitations of early twentieth-century economic understanding. His focus on land monopoly as a primary cause of inequality, while important, underestimates the role of financial capital and technological change in wealth concentration. His proposals for cooperative organization, while theoretically sound, underestimate the institutional and political challenges of implementing alternative economic structures within capitalist societies.

Wallace's assumption that government-led reform could resolve the fundamental contradictions of capitalism appears overly optimistic in retrospect. His framework does not adequately address the political constraints on state action in capitalist societies or the capacity of capital to adapt to and circumvent regulatory interventions.

Contemporary Relevance and Policy Implications

The enduring relevance of Wallace's analysis lies not in the specific details of his policy proposals but in his systematic approach to understanding the relationship between economic structure and social outcomes. His emphasis on government employment standards as a mechanism for broader labor market reform remains relevant to contemporary debates about public sector pay and working conditions. The same issue regarding wage increases for essential workers such as doctors, nurses, teachers etc. is still being made today. Likewise, the minimum wage argument in the UK also revolves around the idea of whether a 'minimum wage' is a 'living wage'.

Current UK labor market conditions demonstrate both continuities and discontinuities with the patterns Wallace identified, though there was no consensus then, or now, on these issues. While extreme destitution has been largely eliminated through welfare state development, his analysis of wealth concentration and labor exploitation remains applicable to contemporary concerns about income inequality, precarious employment, and housing affordability. Although housing schemes and the

building of new housing estates in the UK must contain a percentage of 'affordable' housing, there are calls for a return to building social housing which can be rented to low-income families by the local authorities in the UK.

Wallace's argument for high wages as economically beneficial has found support in modern economic research on the effects of minimum wage increases and the relationship between income inequality and economic growth. His insights about the economic inefficiencies of competitive capitalism anticipate contemporary critiques of financialization and short-term profit maximization.

Conclusions

Wallace's treatise represents a significant contribution to early twentieth century social and economic thought that merits greater scholarly attention. His systematic analysis of labor conditions and detailed policy framework demonstrate sophisticated understanding of the relationship between economic structure and social outcomes.

While Wallace's specific policy proposals reflect the historical context of their formulation, his theoretical insights about wage economics, government intervention, and cooperative organization remain relevant to contemporary policy debates. His emphasis on systematic rather than piecemeal reform, his recognition of the political dimensions of economic change, and his understanding of the relationship between income distribution and economic performance anticipate later developments in economic theory and social policy.

The limitations of Wallace's analysis reflect broader challenges in progressive economic thinking about the possibilities and constraints of reform within capitalist societies. His work nonetheless provides valuable insights into the historical development of ideas about social democracy and the welfare state, while offering perspectives on contemporary debates about inequality, labor standards, and economic policy.

Future research might productively explore Wallace's influence on later social democratic thinkers, examine the implementation of policies like those he proposed, and analyze the contemporary applicability of his theoretical framework to current economic challenges. Such research would contribute to both historical understanding of progressive economic thought and contemporary policy development addressing persistent inequalities in advanced capitalist societies.

Notes

¹ Keynesian economics states that the health of an economy depends largely on how much people, businesses, and governments are spending. When spending drops – as during a recession – companies sell less, cut production, and lay off workers, which makes the situation worse. Keynes believed that the economy doesn't always fix itself quickly, so governments should step in and boost demand by spending more or cutting taxes. This extra demand helps get businesses moving again and people back to work. But when the economy is booming and demand is too high, governments should ease off to prevent inflation. The idea is to smooth out the highs and lows, so things stay more stable over time.

² In today's economy, companies often spend huge amounts on advertising just to outshine their competitors – even when their products are nearly the same. This kind of competitive advertising doesn't always help consumers; it just shifts attention without improving quality, which means a lot of money is wasted. Another common practice is planned obsolescence, where products are designed to wear out or become outdated sooner than necessary. This forces people to buy replacements more often, creating more waste and unnecessary spending. Both practices may boost profits, but they're inefficient because they use up resources without adding real value to people's lives or the planet.

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