The Influence of the Labor Party on the Extension of Government Controls, 1906-1940

Walter Joseph Kapica

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THE INFLUENCE OF THE LABOR PARTY ON
THE EXTENSION OF GOVERNMENT
CONTROLS: 1906-1940

by

Walter J. Kapica, S. J.

A Thesis Submitted to the Faculty of the Graduate School of Loyola University in Partial Fulfillment of the Requirements for the Degree of Master of Arts

January

1952
LIFE

Walter Joseph Kapica was born in Michigan City, Indiana, January 6, 1920.

He was graduated from St. Mary's High School, Michigan City, Indiana, June, 1939. He spent one year at Marquette University, Milwaukee, Wisconsin. In August, 1940, he entered the Society of Jesus at Milford, Ohio.

He received the degree of Bachelor of Literature at Xavier University, Cincinnati, Ohio, in June, 1944. In the same year he transferred to West Baden College of Loyola University. There he entered the Graduate School of Loyola University.

From September, 1947, to June, 1950, he taught at Loyola Academy, Chicago, Illinois.
PREFACE

The original plan of this thesis called for a general study of the trend toward government controls in Great Britain. Since the project was too ambitious, it had to be abandoned. The present subject matter will therefore be restricted to the influence of the British Labor Party on the extension of those controls. Three general sources were examined for clues of the movement: the passage of government-control legislation, the influence of personalities, and the effect of public opinion.

In pursuance of this study of increasing state controls, the author discovered that for the sake of clarity personalities and political parties other than Laborite had to be included to a limited extent. The exclusion of J. M. Keynes, for example, in any study of government controls in Britain could not but create a confused impression in the conclusions reached.

In tracing a trend the author was forced to employ a certain meagreness of detail concerning people and events. Hence, great care was observed in choosing just those facts which seemed to have the greatest impact on the tendency towards government controls.
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CRITICAL ESSAY ON AUTHORITIES
### LIST OF GENERAL ELECTIONS

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### LIST OF PARLIAMENTARY LABOR PARTY MEMBERS

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CHAPTER I

INTRODUCTION TO THE PROBLEM

The trend toward collectivism is perhaps the most significant phenomenon of the twentieth century. It has permeated almost every sphere of life. Trade unions have become great national labor unions; employers have formed national associations; industries have been transformed into huge monopolies and cartels; governments have become more and more centralized. Nationalism among newly united peoples, Communism, and a variety of Socialisms have added an element of sentiment and ideology to the trend.

This trend, however, is perhaps best exemplified in the assumption by the state of ever more and more responsibilities, which the citizens are allowing without seeming much concerned about losing their personal rights. The victory of the British Labor Party in 1945 is a giant stride in the movement towards collectivism.

The general election of 1945 in Great Britain was revolutionary, not because the Socialist Labor Party won, but be-
cause the Party secured thirteen and a half million votes, nearly fifty per cent of the votes cast, and nearly three million more than the Conservatives, its only serious rival. This gave the victors sixty-one per cent of the Parliamentary seats and an overall majority of 146, quite sufficient to insure it a full term of office. The people freely chose a government the essential planks of whose platform implied an increase of government control of national resources and of their private lives.

Of course, the war years from 1939 to 1945 helped considerably in the choice towards augmented collectivism in Britain. The nation had been bled white, completely disrupted by the total struggle; and the government direction and allocation of effort seemed to be inevitable for the immense job of reconstruction that loomed ahead. The official historians of the economic phase of the war wrote:

There existed, so to speak, an implied contract between Government and people; the people refused none of the sacrifices that the Government demanded from them for the winning of the war; in return they expected that the Government should show imagination and seriousness in preparing for the restoration and improvement of the nation's well-being when the war had been won. The plans for reconstruction were, therefore, a real part of the war effort.1

Both the Conservatives and the Laborites promised

greater government initiative in the forthcoming reconstruction period, and all parties promised mutual aid also. In 1942 it was Sir William H. Beveridge, a vice-president of the Liberal Party, who introduced the most comprehensive social service scheme in British history in his document Social Insurance and Allied Services. On March 21, 1943, Prime Minister Winston Churchill, the leader of the Tories, broadcasted to the British people that "you must rank me and my colleagues as strong partisans of national compulsory insurance for all classes for all purposes from the cradle to the grave."2 As a matter of fact, there was exceptional unanimity among all the classes of Englishmen on this measure. Concerning his Report, Beveridge wrote:

In addition to having at our disposal all the expert knowledge of the Government Departments, we received memoranda from the experts outside the Government service—trade unions, employers, friendly societies, local authorities, insurance companies, organizations of political parties, organizations of women, organizations for social service, and many more. . . . The main result from studying [these memoranda showed] how much agreement there was, even before my Report was made, upon almost all its main features.3

Again in 1944, Beveridge published a complement to the Report of 1942 called Full Employment in a Free Society; it

2 Winston Churchill, "Post-War Councils on World Problems: A Four Year Plan for England," Vital Speeches of the Day, IX, April 15, 1943, 388. This was perhaps the most important wartime speech on domestic problems that Churchill gave. He also said: "There is a broadening field for State ownership and enterprise, especially in relation to monopolies of all kind." Ibid., 390.

proposed a still greater accretion of authoritarian powers to the state.\textsuperscript{4} The Government itself, to stave off Socialist pressure, published an official White Paper on Employment Policy. This more or less Tory document asserted that "the maintenance of a high and stable level of employment" must be one of the "primary aims and responsibilities" of the state.\textsuperscript{5} There was agreement even on the nationalization of certain industries in the speeches of Conservative politicians. The people turned a deaf ear to Tory overtures of respectable reform and swept in the Labor Party which had the reputation of being always the vanguard of British collectivism.

The problem we are faced with in this thesis is what was the precise influence of the Labor Party on the extension of government controls between 1906 and 1940. To what degree did the Labor Party merit its reputation of radicalism when it came to the passage of government-control legislation? How was collectivism able to dominate British social philosophy so effectually? Were Englishmen driven toward government controls

\textsuperscript{4} "Sir William's program ... is not far from state socialism—though he does not admit that except in terms of semantic substitute or near-substitute, 'Economic Planning'." William A. Berridge, "Observations on Beveridge's Full Employment in A Free Society and Some Related Matters," \textit{Political Science Quarterly}, \textbf{IX}, June, 1945, 185.

\textsuperscript{5} Keith Hutchison, \textit{The Decline and Fall of British Capitalism}, New York, 1950, 214. The author of this book is extremely favorable towards the British Socialists and the Labor Party.
because of economic determinants as doctrinaire Socialists are eager to point out, or are there other factors to be weighed?

I

The world-wide trend toward collectivism arose as a reaction against the extreme individualism of the nineteenth century. In England an organized body of individualist principles sprang from the mind of Jeremy Bentham, "the professional reformer," and, like its father, assumed the complexion of social reform. The fundamental principle of "the greatest happiness of the greatest number" has run the gamut of semantic interpretation, having been championed now by the individualist Old-Liberals, now by the interventionist New-Liberals, and finally by the non-Marxian Socialists who are in office today. Apparently, it is just how and by whom it is applied that matters. At the present time, the British people have accepted the imposition of state regimentation because they are convinced that it will in the long run yield "the greatest happiness of the greatest number," but not in the sense originally interpreted by Bentham.

It was Bentham's intention to limit, rather than to extend, the scope and functions of government. According to


7 G. L. Arnold wrote in "Labor in Perspective," The Nineteenth Century and After, CXLVII, May, 1950, 306: "The pre-
his laissez-faire doctrine, the state should enact a minimum of laws and only such as were necessary for the defense of public order, private property, and individual equality. Particular conclusions that followed from Bentham's synthesis were: an individualism based on enlightened—not too blatant—self-interest; an ignoring of such metaphysical conceptions as natural rights and social contracts and a stressing, instead, of practical utility; a penchant for systematic, logical, and consistent reforms; and, as mentioned above, a passive-policeman state, with a government which allowed to the individual very comprehensive liberties—political, economic, religious, educational, military, and, to be logical, ethical.

This liberalism gained a large number of converts among middle-class manufacturers and capitalists who, in pursuance of Industrial Revolution techniques, were substituting

dominant philosophy of the labor movement is in fact radical and utilitarian, as every democratic philosophy must be."


8 The maxim of laissez-faire is traditionally attributed to the merchant Legendre addressing Colbert, the French economic minister, toward the end of the seventeenth century. When Colbert asked: "Que faut-il faire pour vous aider?" Lépendre is supposed to have answered: "Nous laisser faire." John M. Keynes, *Laissez-Faire and Communism*, New York, 1926, 25.

9 Because these functions were broadly stated, later reforming Liberals could justify a vast accession of state power. The defense of private property, naturally, would be gall to the Socialists.
large-scale machine-production for the old domestic system of hand-industry. At the same time, these men were clamoring against restrictions which the laws of the old agricultural society had imposed on the new developments. Humanitarians, too, took up the cry of liberalism against outmoded or inhuman laws. A partial list of the reform legislation is impressive.^{10}

<table>
<thead>
<tr>
<th>Year</th>
<th>Act Title</th>
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<tbody>
<tr>
<td>1802</td>
<td>First Factory Act</td>
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<tr>
<td>1807</td>
<td>Abolition of the slave trade</td>
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<tr>
<td>1808</td>
<td>Beginning of amelioration of the penal code</td>
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<tr>
<td>1812</td>
<td>Protection of chimney sweeps</td>
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<tr>
<td>1812</td>
<td>Repeal of death penalty for soldiers begging without a pass</td>
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<tr>
<td>1812</td>
<td>Nonconformist Relief Act</td>
</tr>
<tr>
<td>1813</td>
<td>Repeal of Act of Apprentices</td>
</tr>
<tr>
<td>1814</td>
<td>Hanging substituted for disemboweling and quartering for treason</td>
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<tr>
<td>1814</td>
<td>Flogging of adults in alms-houses forbidden</td>
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<tr>
<td>1815</td>
<td>Abolition of jail fees</td>
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<tr>
<td>1816</td>
<td>Abolition of the pillory</td>
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<tr>
<td>1816</td>
<td>Abolition of public whipping of women</td>
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<tr>
<td>1817</td>
<td>Beginning of amelioration of the game laws</td>
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<tr>
<td>1817</td>
<td>First Truck Act</td>
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<tr>
<td>1819</td>
<td>First Factory Act for free children</td>
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<tr>
<td>1819</td>
<td>Friendly Societies Act</td>
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<tr>
<td>1820</td>
<td>Act for reform of the penal code</td>
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<tr>
<td>1820</td>
<td>First Education Act</td>
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<tr>
<td>1822</td>
<td>Cruelty to Animals Act</td>
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<tr>
<td>1824</td>
<td>Repeal of the Combination Acts</td>
</tr>
<tr>
<td>1828</td>
<td>Repeal of the Test and Corporation Acts</td>
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<td>1829</td>
<td>Roman Catholic Relief</td>
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<td>1831</td>
<td>Bill permitting those not landowners to shoot game</td>
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<td>1832</td>
<td>First Parliamentary Reform Act</td>
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<td>1833</td>
<td>First parliamentary grant for education</td>
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<tr>
<td>1833</td>
<td>First General Factory Act</td>
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<tr>
<td>1833</td>
<td>Quaker and Moravians allowed to affirm instead of swear</td>
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<tr>
<td>1833</td>
<td>Abolition of slavery</td>
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<table>
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<td>Repeal of the old poor law</td>
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<td>1835</td>
<td>Reform of municipal corporations</td>
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<td>1835</td>
<td>First Marriage Act</td>
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<td>1836</td>
<td>Removal of stamp duties on newspapers</td>
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<tr>
<td>1842</td>
<td>Act for regulating work of women and children in mines</td>
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<tr>
<td>1844</td>
<td>Children's Half-time Act</td>
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<tr>
<td>1844</td>
<td>Nonconformist Chapel Act</td>
</tr>
<tr>
<td>1846</td>
<td>Repeal of the Corn Laws</td>
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<tr>
<td>1847</td>
<td>Ten Hours Act</td>
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</table>

This is of course a noble record. However, if the list, which is only partial, is examined closely, it will be observed that the reforms seem less frequent as the middle of the century is approached. A clue to the meagreness of such legislation near the mid-century mark might be discovered in the nature of these reforms.

Almost all the reforms were negative, not positive. The reforms removed abuses but did not introduce constructive practices; they liberated men from disabilities but did not create for them new opportunities. The spirit of laissez-faire impregnated almost all of them. It was reform by liberation, the shibboleths of which were abolition, repeal, and removal.\(^\text{11}\)

A sample of the reform then in vogue might be gathered from the passage of the most important political act during the period, the Parliamentary Reform Act of 1832. It was not democratic at all. Its purpose was to enfranchise property and intelligence; not the "greatest number," but those whose political

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\(^{11}\) Ibid., 115. See also David C. Somervell, *English Thought in the Nineteenth Century*, 1947 (1st ed., 1929), 79.
power most likely would promote "the greatest happiness of the greatest number." It was reform for the benefit of the middle class. In his speech recommending the bill to the House of Lords, Lord Chancellor Brougham said:

If there is a mob, there is the people also. I speak now of the middle classes... the most numerous (sic!) and by far the most wealthy order in the community... who are also the genuine depositories of sober, rational, intelligent, and honest English feeling.12

Thirty years later, a second reform bill enlarged the electorate by including the town workers. Again it was not a democratic act but a kind of noblesse oblige which caused the Tories and Whigs to extend the franchise. "Sobriety, rationality, intelligence, and honest English feeling" had spread further down the social scale.

Meanwhile, the lower classes were not idle altogether. Among them there was already growing a violent reaction against the meaningless "self-interest" and "self-help" philosophy foisted upon them by the upper and middle classes. To put it simply, the poor and propertyless laborers just could not "help themselves." "Self-help" seemed to add to the happiness of those who already had some of it; it somehow never caught up with those who never had it in the first place. The invisible hand13 about

12 Somervell, English Thought, 80.

13 Economic liberalism was set down by Adam Smith in the following quotations from The Wealth of Nations, 1776, as cited in R. S. Devane, S. J., The Failure of Individualism, Dublin, 1948, 302-303: "The patrimony of a poor man lies in the
which Adam Smith wrote in *The Wealth of Nations* proved to be tight-fisted indeed where the lower classes were concerned.

During the first half of the nineteenth century, agitation for reform among the working classes did not realize great advancement because the ruling classes blocked all attempts at legislation that could ameliorate the conditions of the wageslaves in the factories. Minor, token concessions were granted only to keep the mob at bay. The worker then began to take desperate action. Machines were smashed and rioting ensued, but this merely confirmed the law-makers in their resistance to the lawlessness of the lower classes. The most famous of these bloody encounters were the Luddite Riots of 1811-1812.14

*strength and dexterity of his hands; and to hinder him from employing this strength and dexterity in what manner he thinks proper without injury to his neighbours, is a plain violation of this most sacred property. . . . The affected anxiety of the lawgiver is evidently impertinent as it is oppressive. . . .*

Every individual is continually exerting himself to find out the most advantageous employment for whatever capital he can command. It is his own advantage indeed and not that of the society, which he has in view. But the study of his advantage naturally, or rather necessarily, leads him to prefer that employment which is more advantageous to the society.

By directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was not part of his intention. By pursuing his interest he frequently promotes that of society more effectively than when he really intends it." Italics are mine.

Slowly, early trade unions began to grow, mostly among the old skilled trades like the tailors, printers, hat­
ters, carpenters, and other building trades. They grew up most often about social or beneficiary groups, extending their common interests from sociability, drinking, and crude insurance plans to matters of wages, hours, and working conditions, and entering into disputes on these subjects with their employers.

Experience showed that the societies brought some of the security that the workers could not obtain as individual workers. Platitudinous entries in the by-laws of the unions like "man is a creature formed for society" or "man was not born for himself alone" bespoke a slow awakening to the advantages of workingmen's collectivism and to the difference between their interests and the interests of their employers. Conditions were favorable for such combinations. By the repeal of the Act of Apprentices in 1813, the government withdrew from all control of wages, hours, or working conditions. "Hiring and firing" was absolutely free. In self-defense the workers had to unite to concentrate their gaining power.

The growth of unions was, of course, distasteful to employers. Aside from the fact that combinations interfered with the spirit of laissez-faire economics, the employers discovered that their men were less docile when united. The sympathies of the ruling classes were all with the employers, for the rapid increase of wealth and prestige of England seemed
linked with the unhampered freedom of action of her enterprising businessmen.

Although Parliament in 1799 and 1800 had passed the Combinations Acts to prevent the formation of unions, the laws were not always strictly enforced. In 1824, when the business interests were caught napping, the Acts were repealed; galvanized into action by the workers' strikes for higher wages, the commercial classes severely gelled the previous year's legislation in 1825. For all that, unions were legally recognized and limited collective bargaining was allowed. From this year on, the real growth of trade unionism began.

The chief difficulties of trade unionism for the next quarter century came from internal dissention, not from external pressure. The exhilaration that came from new-found freedom in 1825 and the excitement stirred up by the debates on the reform bill of 1832 raised an unwarranted optimism among the workers. A rabbit-like growth of new unions appeared only to become checked when the unions attempted national amalgamation; this was due to a lack of leadership and direction. The ideas of Robert Owen, the father of British Socialism, received wide attention during this period. When outdoor relief, legal since

15 Sidney and Beatrice Webb, History of Trade Unionism, 100-112.

1821, was abolished and workhouse conditions were imposed again in 1834, the workers were emboldened to take political action. The resulting Chartist Movement began in 1836, a blazing meteoric uprising among the lower classes which was to burn itself out by 1848. The Chartist leaders never agreed as to what they really wanted nor as to how they should set about getting it. An hysterical attempt to organize a general discontent, the movement became an historical oddity, having no progeny at all. "In a generation's time," wrote Cole and Postgate, Socialist historians, "the word Chartist was already beginning to be forgotten." 18

Two years before the final fiasco of Chartism in 1848, there was founded in Rochdale the first successful cooperative society, paying dividends on its members' purchases. Distinct from the trade union movement and workingmen's political movement, it found favor not only with workmen but also with lower middle-class ranks. It was an attempt at "self-help" and seemed to point the way for future development to the workers.

17 In 1836 Charles Dickens published his Oliver Twist, which gives a graphic account of the evils of the workhouses. The stigma of living in the workhouses helped to reduce the number of vagabonds on English roads. This is an instance of the business-like attitude of certain Liberals towards social reform.

18 Cole and Postgate, The British People, 276. Confer also Somervell, English Thought, 85.
II

In summing up the developments of the first half of the nineteenth century it can reasonably be said that relative failure attended the efforts of the trade-union movement. Henceforth, a seepage of "self-help" liberalism became noticeable among the lower classes. From 1850 to 1875 or so, trade unions became firmly established as an accepted and fairly influential element of English social life—but at a sacrifice. Chartism had hurt the workers' opportunity of achieving "sobriety, rationality, intelligence, and honest English feeling."

Chartism attempted to realize social equality for all through political equality for all by a more extensive and effective organization of the whole working class. The new strong unions that were now built up knew much less of class progress and much more of the advancement of their own men in their industries. It was the period of huge craft-unions, of middle-class propensity for thrift and orderliness and, perhaps the best characteristic of all, of "self-help" programs of insurance based on union dues. The trade-union movement tied its tail to the Liberal Party's kite. The thousands of submerged poor were forgotten for the most part.

During the critical period between 1865 and 1875, three developments took place to the benefit of the unions. First, the ruling classes were assured that the working classes were ready to undertake full responsibilities of citizenship;
therefore, the second parliamentary reform bill of 1867 was carried by them, enfranchising the great majority of urban workers. Second, the trade unions were legalized a second time. An anti-union decision in 1867 in a suit between a boilermakers' union and an absconding treasurer had branded the unions as partially illegal. A series of legalizing acts was passed in 1867, in 1871, in 1874, and in 1875 which finally cleared the Trade Unions from all taint of lawlessness. The third development was the inauguration of a series of annual trade-union conferences which eventually gave birth to the official agent of the British trade-union movement, namely, the T. U. C. or Trades Union Congress. A need for strengthening the position of the many independent unions was recognized. A trade conference, called by the Glasgow Trades Council to meet in London in 1864, was the first of a long string; a second was called in 1866, and then another in 1867. The conference of 1866 was of such a representative character and was followed so regularly afterward that it has since been looked upon as the first meeting of the Trades Union Congress.21

19 Many Tories were still haunted by the specter of Chartism. See Carl F. Brand, British Labour's Rise to Power, Stanford University Press, 1941, 18-20.


21 There was no conference in 1869 or in 1870. The second annual Trades Union Congress took place in 1871. It might be well to point out here that neither the Trades Union Congress
At the opening of the year 1875, the trade unionists of Great Britain had reached a height of prosperity that had never been attained before. However, the stress of hard times that followed revealed that the movement was at that time "but a congeries of distinct sections, pursuing separate and sometimes antagonistic policies."\(^{22}\) The acrimonious wrangling that broke out from 1875 to the early 1880's caused the dissolution of many unions and reduced the movement almost to a state of impotency as a social force. A splinter party of the Liberal Party—Radicals they were called, many of them erstwhile members of a defunct Republican movement—undertook the leadership of the workingmen's classes.\(^{23}\)

The last quarter of nineteenth century witnessed two new forces striving on behalf of the working classes: a reaction among an influential group of middle-class Liberals against the *laissez-faire* doctrine and the sudden entrance of British non-Marxian Socialism.

Perhaps the first orthodox economist to deliver a frontal attack upon *laissez-faire* in general was Professor Cairnes, who lectured in 1870 at the University College, London,

nor the Labor Party is a component of each other. Each organization is independent.


\(^{23}\) Cole and Postgate, *The British People*, 344.
on "Political Economy and Laissez-faire." A new kind of Liberalism was being born. A new interpretation of "the greatest happiness of the greatest number" appeared, especially after the third reform bill of 1884-1885 was passed. Before the work of the Radicals will be taken up, however, a movement of far-reaching importance to the intellectual upper classes should be noticed.

Shortly after 1870 a great philosophical change swept through Oxford, which for years had taught nothing in the department of philosophy but "readings from Plato and Aristotle." An Oxford School of Philosophy based upon the idealism and statism of Kant and Hegel arose; and as Oxford men imbued with these principles were given posts elsewhere, the Oxford School spread all over Britain and greatly influenced thought in every corner of the land. The founder of the School was Thomas H. Green (1836-1882) who was also chiefly responsible for its popularity. Some of his students, all exponents of the School, were such famous English teachers as D. G. Ritchie, F. H.

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24 Keynes, Laissez-Faire and Communism, 35.
Bradley, and Bernard Bosanquet. 27 Although many of the later members departed radically from Green, all used his system as a starting point; hence, it is through Green that the body of doctrine ought to be approached.

Thomas H. Green had an intense dislike for the upper classes and their laissez-faire, complacent frame of mind. As a thorough Liberal and an ardent religious Nonconformist, he became enamored of two words that repeatedly appeared in all his extremely esoteric writings, namely, freedom and morality. 28 Freedom for Green, however, did not mean "doing what one likes" but rather "a positive power of doing and enjoying something worth doing or enjoying." 29 Liberty is freedom of the good


28 His lectures were notoriously abstruse. One of his students commented in 1862 that few "could understand the process by which Green's opinions are obtained . . . [for] he argues for the most utilitarian of political schools on idealist principles." Brinton, English Political Thought in the Nineteenth Century, 213.

29 McGovern, From Luther to Hitler, 159.
will. He stressed the idea that each community, at different stages in its evolution, develops its own different standards of morality and that each particular standard necessarily affects the moral outlook of all its citizens.\footnote{Ibid., 164.} It is the community and not the isolated individual conscience that declares the morality or immorality of an act. And since "the state is the source and giver of our rights," it is the absolute moral agent. As public opinion changes, the natural rights which man previously enjoyed may be rescinded by state legislation. Although the state is the agent of, and is subservient to, the community,\footnote{Bosanquet takes the opposite point of view, i.e., that the state is omnipotent. See footnote 27.} both have the right to interfere with private actions in order to promote the moral and material betterment of their citizens.\footnote{McGovern, \textit{From Luther to Hitler}, 172.} If the free, i.e., the free moral will, cannot act because of conditions that hinder it from acting, it is the duty of the state to frame laws to remove these hindrances to freedom. Compulsory education, therefore, is good because otherwise a boy "is not free to develop his faculties."\footnote{Ibid., 176, citing Thomas H. Green, \textit{Works}, London, 1888, III, 384.}

These principles were a blow to laissez-faire Liberalism since they justified government regulation and control
in every sphere of life. "The removal of compulsion," wrote Green, "is itself no contribution to true freedom." Compulsory housing laws, compulsory insurance laws, and compulsory health laws were all contributions to true freedom. The collectivism that was to be energetically promoted by the New-Liberals received philosophical crystallization.

It would be impossible to enumerate the varied forms of collectivism that manifested themselves in British society during this period. Many of them had little or nothing in common with one another except the substitution of public for private enterprise. One of the most important of these conversions was municipalization, i.e., the assumption by local governments of such public services as gas-works, water-works, or tramways.

The man most closely associated with this form of collectivism, which was commonly called municipal-socialism, was Joseph Chamberlain, Mayor of Birmingham in 1873, 1874, and 1875. Under his administration the City Corporation bought up gas-works, water-works, and a sewage farm; slums were pulled down

34 Ibid., citing Green, Works, III, 371. Compare with the following words of Lindsay: "The state can only be a hindrance to hindrances to the good life. The criterion of state action is that its compulsion promotes liberty ... the task of democracy is to make the organized power which is government subservient and sensitive to the complex common life of society." Lindsay, The Modern Democratic State, I, 24, 283.

35 Municipal government, except as a source of scandal, is considered dull by most people. It was, however, a quiet and effective trend toward collectivism, one with which few Tories or practical middle-class businessmen found fault.
and "artisans' dwellings" were set up. Liverpool in 1881 followed Birmingham's example with great success. The Municipal Corporations Act passed by Parliament in 1882 swept away all restrictions upon services that municipal bodies could undertake.

Joseph Chamberlain became the leader of the working-class section of the Liberal Party, the Radical Liberals, which contained elements of the unsuccessful British Republican Movement. Chamberlain's first love. As mentioned above, this group completely stole the leadership of the lower classes from the seemingly atrophying trade-union movement. In a speech to the workers of Birmingham on January 5, 1885, Chamberlain said:

The Franchise Bill [of 1884] has been passed, and the pistol . . . is in our hands. . . . [The workers] have a majority of votes, and control, if they desire it, of the Government of the country. Today Parliament is elected by three millions of electors, of whom, perhaps, one-third are of the working class. Next year a new House will [be] elected by five millions of men, of whom three-fifths belong to the labouring population. The centre of power has been shifted, and the old order is giving place to the new.36

Because of the increase of working-class votes among the Radicals of the Liberal Party, Chamberlain felt that the original program of the Liberal Party as prepared by Gladstone would have to be expanded. Therefore, he produced in 1885 his Unauthorized Radical Programme with its socialistic overtones. The three Radical addenda be stressed in almost every major

speech he gave that year were: one, the revision of the unfair incidence of taxation; two, freedom of elementary schools which are to be kept up by taxation; and three, compulsory acquisition of land by local authorities for public purposes and for redistribution to poor tenants.37 Speaking on the Programme at Warrington, September 8, 1885, he said:

... now that we have a Government of the people, by the people, we will go on and make it the Government for the people, in which all shall co-operate in order to secure to every man his natural rights, his right to existence, and to a fair enjoyment of it. I shall be told to-morrow that this is Socialism. I have learnt not to be afraid of words that are flung in my face instead of argument. Of course it is Socialism. The Poor Law is Socialism; the Education Act is Socialism; the greater part of municipal work is Socialism; and every kindly act of legislation, by which the community has sought to discharge its responsibilities and its obligations to the poor is Socialism; but it is none the worse for that. Our object is the elevation of the poor, of the masses of the people—a levelling up of inequality in social life which is now one of the greatest dangers as well as a great injury to the State. I do not pretend that for every grievance a remedy will be found. We must try experiments, as we are bound to do.38

The following year saw the Liberals victorious in Parliament, but dependent on the Irish Nationalist members for a strong majority. When Gladstone insisted on fulfilling his pledge to the Irish by placing the question of Irish Home Rule first on the agenda, Chamberlain, who opposed Home Rule vehemently, bolted the Liberal Party. He took a number of the Radi-

37 Ibid., 223-224; 189-192; 201-205; 232-235; 243-249.

38 Ibid., 188-189.
• scutted the Radical Programme, and the immediate future of the Liberal Party too, for that matter. Chamberlain was to become the arch-imperialist of the Conservative Party, which was to enjoy a long tenure of office; still, his Radical Programme survived in essence among the up-and-coming New Liberals.

The workers, however, had learned a lesson in politics. They had become alerted to the fact that a foreign issue had caused Chamberlain's about-face and that their interests had, in the last analysis, become a mere political football. This was to be a major argument of Socialists for the establishment of an independent labor political party.

At this juncture British Socialists, who had almost no success at all in England during the century, appeared to take over the leadership of the working classes. They were preaching a new kind of unionism. In 1886 a pamphlet written by Tom Mann addressed the workers in these words:

How long, how long will you be content with the present half-hearted policy of your Unions? I readily grant that good work has been done in the past by the Unions; but, in Heaven's name, what good purpose are they serving now? All of them have large numbers out of employment even when their particular trade is busy. None of the important societies have any policy other than that of endeavouring to keep wages from falling. The true Unionist policy of aggression seems entirely lost sight of: in fact, the average Unionist today [June, 1886] is a man with a fisolised intellect, either hopelessly apathetic, or supporting a policy that plays directly into the hands of the capital-
Another Socialist agitator, John Burns, wrote in the September 3, 1887, issue of Justice, the official paper of the Social Democratic Federation:

Constituted as it is, Unionism carries within itself the source of its own dissolution. . . . Their reckless assumption of the duties and responsibilities that only the State or whole community can discharge, in the nature of sick and superannuation benefits, at the instance of the middle class, is crushing out the larger Unions by taxing their members to an unbearable extent. This so cripples them that the fear of being unable to discharge their friendly society liabilities often makes them submit to encroachments by the masters without protest. The result of this is that all of them have ceased to be Unions for maintaining the rights of labour, and have degenerated into mere middle and upper class rate-reducing institutions.

Thus there arose a call to a new unionism, to an aggressive union of unskilled workers with less emphasis on friendly, "self-help" benefits. However, both Mann and Burns soon discovered that the Marxist way of revolution, though popular on the Continent, was too premature, too doctrinaire, and too violent to win over the average British unskilled worker. Both men left the Social Democratic Federation and its Marxist dialecticism and plunged into the hurly-burly work of organizing the rank and file. The success of the Dock Strike of 1889, which

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40 John Burns, Justice, September 3, 1887, as cited in Webb, History of Trade Unionism, 385.
gave the movement of new aggressive unionism of unskilled workers a tremendous push, was mainly due to them.

An account of this period would not be complete without mentioning the publication of certain books that aroused the dormant public conscience to the existing social evils and that, simultaneously, helped to propagandize a Socialism akin to the doctrine of Robert Owen. The first was a best-seller, *Progress and Poverty*, by the American Henry George, published in 1879. Its doctrine of a "single tax" on land value was open to socialistic interpretation, and its popularity was greatly increased when George lectured in Britain in 1882 and 1884. William Reaney, a Nonconformist clergyman, graphically depicted the plight of the destitute in his book *Bitter Cry of Outcast London*, published in 1883. It had a great effect upon the populace. To refute the lies of the Social Democratic Federation that a fourth of the British people were living in poverty, Charles Booth, a wealthy shipowner, began in 1886, at his own expense, a systematic statistical inquiry into the social conditions of the whole population of London. He discovered an enormous stagnant pool of misery and degradation. The re-

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41 Somervell wrote that the Webbs attributed the successful revival of Socialism in England more to this single book than to anything else they could think of. Somervell, *English Thought*, 207.
sults, published in numerous editions beginning in 1889,\textsuperscript{42} showed that "one third of the population are on or about the line of poverty, or are below it" and perhaps another third live just above the poverty line, while the last third "include all who are better off."\textsuperscript{43} The fourth very influential book, first published right after the successful Dock Strike in 1889, was the \textit{Fabian Essays in Socialism}, which was a collection of essays by prominent members of the Fabian Society, a middle-class group of Socialist intelligentsia.\textsuperscript{44} This work helped to set the pattern for the future evolution of British, non-Marxist Socialism. From 1889 onward, as the Webbs themselves testified, the strongest group of the British Socialist movement directed its chief efforts, "not to bring about any sudden, complete, or simultaneous revolution, but to impregnating all the existing forces of society with Collectivist ideals and Collectivist

\textsuperscript{42} The work grew with every new issue, e.g., it was called \textit{Labour and Life of the People}, London, 1st edition, 2 volumes, 1889-1891; then, \textit{Life and Labour of the People of London}, London, 1892, 4 volumes; later reissued with more data in 18 volumes.

\textsuperscript{43} Charles Booth, \textit{Life and Labour of the People of London}, London, 1892, IV, 427.

\textsuperscript{44} The Fabian Society was founded in 1883 and named after the Roman general Fabius Cunctator, who preferred to wear out Hannibal by delaying tactics. Among the total membership of about five thousand were George Bernard Shaw, H. G. Wells, Sidney and Beatrice Webb, Philip Snowden, Graham Wallas, and J. Ramsay MacDonald.
principles. 45

Sidney Webb, the most scholarly member of the Fabians and perhaps the greatest authority on the early British trade-union movement, wrote:

In the present Socialist movement [Democracy and Socialism] are united. . . . Socialists as well as Individualists realize that important organic changes can only be (1) democratic, and thus acceptable to a majority of the people, and prepared for in the minds of all; (2) gradual, and thus causing no dislocation, however rapid may be the rate of progress; (3) not regarded as immoral by the mass of the people, and thus not subjectively demoralizing to them; and (4) in this country at any rate, constitutional and peaceful. Socialists may therefore be quite at one with Radicals in their political methods. 46

Agitation for political action by the labor movement independent of the Liberal Party kept growing among the new unionists and the Socialists. Each year the Trades Union Congress had passed resolutions in favor of more political action by its Parliamentary Committee, but the resolutions were never acted upon seriously because the vast majority of the Liberal-minded, older craft-unionists were against it. A revolt was led by Keir Hardie, a Member of Parliament from Scotland, who came to dominate the extreme left position of the movement during the 1890's just as Mann and Burns had dominated it during


the late 1880's. A dissatisfied minority made up of Socialists and new unionists met separately in 1893 and, under the leadership of Keir Hardie, formed the Independent Labor Party, partly to advance gradual Socialism and partly to forward political aspirations of certain trade unionists.\textsuperscript{47} The non-conformist influence was particularly noticeable; perhaps that is why the Fabians kept aloof as a body, if not individually.\textsuperscript{48}

The day of reckoning had finally come. At its 1899 annual conference, the Trades Union Congress, after years of ineffective debate, passed a resolution drafted by the Independent Labor Party ordering its Parliamentary Committee to call a special conference of all working-class organizations for the purpose of securing labor representation in Parliament. The conference met in February, 1900. The trade-union leaders sat with delegates from the Independent Labor Party, the Social Democratic Federation, and the Fabians. A Labor Representation Committee was formed; it was at once colloquially called the "Labor Party," although the name was not officially adopted un-

\textsuperscript{47} The majority of the delegates came from local groups like Labor Unions, Labor Churches, Labor Armies, and so on, though Fabian and Social Democratic Federation members were also present. When Keir Hardie chose to follow the Fabian blueprint, the Social Democratic Federation left.

til 1906. J. Ramsay MacDonald of the Independent Labor Party was elected secretary. The Social Democratic Party left the group for the same reason it had left the Independent Labor Party in 1893, namely, because Fabian tactics and not revolution became the adopted party program.

An important event focused a spotlight upon the need of union political activity. During a strike on the Taft Vale Railroad in Wales, some property was destroyed by the strikers. The company sued the union successfully in 1901. The Taft Vale decision, which made the entire union liable to damages committed by individual strikers, "seemed to cancel most of the gains made by the unions in the hundred years of struggle."\(^4^9\)

Strikes were effectually contained, and the paramount importance of the Labor Representation Committee became evident to all trade unionists.

The 1900 general election gave the Tories a large majority in Parliament. The Liberals suffered heavily and with them the Lib-Labs, Trade Unionists who acted more or less together with the Liberal Party. There were only six of the latter left. The Labor Representation Committee produced only two winners out of fifteen candidates with three added in 1902 and 1903; one deserted to the Liberal Party in 1904. Unsuccessful at the polls, the Labor Representation Committee also incurred

\(^{49}\) Hutchison, Decline and Fall of Capitalism, 91.
the hostility of many union leaders because of its Socialist allies. A carpenters' delegate assured the Trades Union Congress in 1902: "We shall not allow the tail to wag the dog."

Such is the background of the problem of this thesis. Little space was given to the collectivist legislation sponsored by the Tories and Liberals during the last quarter of the nineteenth century, but it should be evident already that the trend toward government controls had begun some twenty-five years before the Labor Party was organized. Exactly what was the influence of the Party on the subsequent extension of government controls will be seen in the following chapters.

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CHAPTER II

LABOR'S PART IN THE LEGISLATIVE REFORMS:

1906-1918

In the preceding chapter, the rise of a trend towards government controls was described as a reaction against laissez-faire Liberalism. Among the British lower classes, this trend helped to bring about the formation of a full-fledged political party dedicated to the interests of the workingmen. However, even before the full impact of Socialist agitators was felt among the workers in the 1880's, a segment of the Liberal Party had espoused the interests of the British workers, primarily, because the latter had votes.

To be sure, many workers supported the Tories; indeed, the heady brew of Tory national imperialism and the division in the Liberal ranks in 1889 on the Irish question seemed to enervate the workers. Nationalism superseded social reform. This fact remains even though in 1894 the Liberal Sir William Harcourt, having introduced the principle of the graduated income tax for the first time in Britain, said: "We are all Social-
ists now." The Tories, the Liberal Unionists, and the Liberals of Gladstone, too, all turned their attention to international affairs that culminated in the Boer War of 1899-1902. Meanwhile, the Trades Union Congress, led by the militant members of the Independent Labor Party, inaugurated its own political party called the Labor Representation Committee in 1900.

The Liberal Party, too, was undergoing a great change. For many years "peace, retrenchment, and reform" had been the tried and true Gladstonian formula of the Liberty Party. Particularly sacred to the moneyed interests was "retrenchment," which connoted the idea that the state was not an eleemosynary institution, ideistically dispensing alms, but a business affair to be managed by financiers expertly and with a keen eye on costs. When the Grand Old Man, rebuffed again by the Lords 419 to 41 on the issue of Irish Home Rule, resigned from the leadership of the Party in 1894, ambitious young Liberals, impatient of discipline and long years of apprenticeship under Gladstone, were straining at the leash, preaching a new kind of Liberalism that was openly hostile towards "retrenchment." The time was not yet ripe. There was much talk of reform based on the Newcastle Programme of 1891; but Lord Rosebery, to whom fell the lot of keeping the heterogeneous elements of the Party in line, saw that a lack of common ground had brought the Party's work to a stalemate. He therefore became discouraged and at the first opportunity resigned in 1895. The New Liberals increased
their influence as the Party underwent a further reorganization.

The Tory-Unionists who returned to office won the Boer War and stepped up the tempo of imperialism. They promised, during the general election campaign of 1905, to bring about a tariff reform along empire-preferred lines, which had been Joseph Chamberlain’s dream. The Liberals, on the other hand, pledged themselves not only to save the "big loaf" from the imperialists with traditional free trade, but also to carry out large-scale social reforms. The most popular single concrete issue was the reversal of the anti-strike Taff Vale Decision of 1901. The people were ready for a change and swept the Liberals in with a huge majority.

The final results of the election of 1906 were as follows:

<table>
<thead>
<tr>
<th>Party</th>
<th>Seats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liberals</td>
<td>378</td>
</tr>
<tr>
<td>Labor Party</td>
<td>29</td>
</tr>
<tr>
<td>Irish Nationalists</td>
<td>83</td>
</tr>
<tr>
<td>Liberal-Laborites</td>
<td>24</td>
</tr>
<tr>
<td>Government</td>
<td>514</td>
</tr>
<tr>
<td>Conservatives</td>
<td>132</td>
</tr>
<tr>
<td>Liberal-Unionists</td>
<td>26</td>
</tr>
<tr>
<td>Opposition</td>
<td>158</td>
</tr>
<tr>
<td>Government Majority</td>
<td>356</td>
</tr>
</tbody>
</table>

Even though the Labor members, both the 29 members approved by the Labor Representation Committee¹ and the 24 Liberal-Laborites or Lib-Labs, had announced that they would vote with the Liber-

¹ Immediately after the elections, the Labor Representation Committee changed its name to the Labor Party and detached itself completely from the Trades Union Congress.
als, the Liberal Party alone had a majority of 84 over all the other parties combined. The Liberal and Labor majority over all other groups was 134. The predictions of some that Sir Henry Campbell-Bannerman, the leader of the Liberals, would be depend­ent upon Irish Nationalist votes (as was true during the Gladstonian administrations) were proved erroneous.

Never before had Britain known a Parliament like the one elected in 1906. Every variety of Liberal political outlook was represented in the Liberal majority of 356, from Whiggery to Radicalism. There were almost two hundred Nonconformist ministers in the House of Commons, a phenomenon unknown since Cromwell's day. The Parliament was described by one contemporary as an "assembly sprinkled—or ought I say garnished?—with poor men," in addition to a "host of M. P.'s who had pledged themselves very loudly to fight for the masses."2 The majority was later depicted as being perhaps the motliest "collection of cranks, faddists, kill-joys, careerists, and Little Englanders ever assembled under a single party flag."3 Little wonder that the upper classes, who had always assumed that they were "born to rule," were terrified at the spectacle of this revolutionary


assembly and thanked heaven for the House of Lords, which would be able to block any Radical legislation.

The ascendency of a new Liberal spirit was abundantly revealed in the speeches and writings of the leaders of this Parliament. During the Boer War, for instance, Lloyd George, the very embodiment of the Nonconformist conscience, had attended a lecture on Socialism and had, in the words of the Socialist George Lansbury, "endeavoured to persuade us that he was a better Socialist than any of us." Even Winston Churchill, having deserted the Tories on the issue of tariff reform, was all for ameliorating the condition of the masses as his speeches clearly show. The Prime Minister, Campbell-Bannerman, promised to give the British people a "new deal." Percy Alden, a close associate of the New Liberals, wrote in 1912:

Without claiming too much for the new programme which the Liberal party has put forward, this, at least, may be asserted with confidence, that it implies a desertion of the old individualist standard and the adoption of a new principle—a principle which the Unionists call socialistic. If it be true that a positive policy of social reconstruction savours of socialism, then, of course, this contention can be justified. The main point is that the function of the State in the mind of the Liberal and Radical of today is much wider in scope than seemed possible to our predeces-

4 George Lansbury, the Socialist publisher and the leader of the Labor Party during the early 1930's, as cited by Samuel J. Hurwitz, State Intervention in Great Britain, New York, 1949, 266 note.

sors. The State avowedly claims the right to interfere with industrial liberty and to modify the old economic view of the disposal of private property. . . . Property is no longer to have an undue claim; great wealth must be prepared to bear burdens in the interest of the whole community. Our social system must have an ethical basis.

The utilitarian principle of "the greatest happiness of the greatest number" had undergone a strictly anti-Benthamite interpretation. Since it was the duty of the government "to hinder the hindrances to a good life," a great extension of government controls via social reform could logically be expected. A partial list of such legislation passed between 1906 and 1918 seemed to fulfill predictions in that direction. For a better understanding of the trend, the list has been divided into four sections, corresponding to four periods of development.

<table>
<thead>
<tr>
<th>Year</th>
<th>Legislation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1906</td>
<td>Trades Dispute Act reversing the Taff Vale anti-strike judgement</td>
</tr>
<tr>
<td>1906</td>
<td>Workmen's Compensation Act</td>
</tr>
<tr>
<td>1907</td>
<td>Factory and Workshop Acts extending the Act of 1901</td>
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<tr>
<td>1908</td>
<td>Old Age Pensions Act, non-contributory by the beneficiaries</td>
</tr>
<tr>
<td>1908</td>
<td>Coal Mines (Eight Hours) Act</td>
</tr>
<tr>
<td>1909</td>
<td>Trades Boards Act establishing minimum wages boards for first time</td>
</tr>
<tr>
<td>1909</td>
<td>Labor Exchanges Act establishing clearing-houses for information about job vacancies</td>
</tr>
<tr>
<td>1909</td>
<td>House and Planning Act clearing slums and giving state aid for building new houses</td>
</tr>
</tbody>
</table>

II

1909-1910  Finance Act; Lloyd George's
Budget increasing graduates taxation on land, inheritance, and
large incomes
1911  Parliamentary Act curbing the power
of the House of Lords

III

1911  Finance (payment of Parliamentary
members) Act
1911  First National Compulsory Insurance
Act
1912  Coal Mines (minimum wage) Act
1913  Trade Union Act reversing the Osbourne
Decision that outlawed the use of
union funds for politics
1914  Home Rule Act (suspended)
1914  Welsh Church (disestablishment)
Act (suspended)

IV

1914-1915  Defense of the Realm Acts
1915-16-17  Munitions of War Acts
1916  Two Military Service Acts introducing conscription into Britain
1917  Corn Production Act giving minimum
wages to agricultural workers
1918  Education Act extending state control
in this field
1918  Representation of the People Act
(fourth reform bill) enfranchising
all male adults and women over thirty

What was the influence of the Labor Party in the ex-
tension of the legislation listed above? By way of preface it
might be said that the first section represents the period when
the Labor Party made its greatest impression as much of it as
there was upon the government. The second period includes the
fight of the Liberals against the House of Lords, when the Labor
party had no choice but to go along with the Government. The third period from 1911 to 1914 marks the decline of the influence of the Labor Party which was dealt mortal blows from both Lloyd George and the rank-and-file workers themselves. During the war period, the Labor Party supported the Government because the trade unionists were moved by patriotism. Toward the end of the war, the members of the Parliamentary Labor Party who were supposed to represent the Labor Party and the workers, in the words of Cole and Postgate, "represented very little except themselves."7

I

The huge Liberal majority of 1906 had raised high hopes among the electorate, but the first year of Liberal government was singularly unproductive of legislative results. First of all, Prime Minister Campbell-Bannerman and his associates — particularly the three Liberal imperialists Asquith, Grey, and Haldane, who held the key posts of Exchequer, Foreign Affairs, and War — could not settle the question of what policies to pursue. The very size of the majority was cause for alarm to the leaders who might be unable to restrain the ardor of the rank and file. The increased Labor vote seemed to point the way that ought to be followed, but the leaders were reluctant to take

7 Cole and Postgate, *The British People*, 455.
hasty action. The Conservatives were likewise worried. Not Liberalism, wrote Sir Austen Chamberlain at the time, but "labour working with and through Liberalism" was the danger.8 Arthur Balfour, the Tory leader, wrote in a letter: "Unless I am greatly mistaken, the Election of 1905 inaugurates a new era. . . . The really interesting development is the organized Labour Party."9

Not fully appreciated at the time was the real weakness of the twenty-nine seats plus twenty-four garnered by the working classes. Of the twenty-nine successful Labor Party candidates, only five were elected in a three-cornered contest, i.e., Liberals vs. Laborites vs. Conservatives. Twenty-four had only Conservative or Unionist opponents. Of the twenty-six unsuccessful Labor Party candidates, eighteen had to fight both Liberals and Conservatives. "It is thus plain," wrote Cole, "that the Labor successes of 1906 were won, despite the Labour Party's repudiation of 'Lib.-Lab.' ism, by an alliance between Liberal and Labour voters."10 Of the twenty-four Lib-Labs returned in 1906, thirteen were miners, who voted together; the other eleven acted independently, usually very closely with the

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8 Sir Austen Chamberlain, Down the Years, London, 1935, 89.
Liberals.

To the Labor Party candidates, at all events, the people had given a clear mandate, namely, the reversal of the Taff Vale Decision of 1901. The Liberal Government, although reluctant to give in to Laborite sweeping demands, was ready to meet them at least half way; therefore, it introduced a bill which the numerous lawyers and legalists in the Cabinet and Parliament tediously amended and re-amended. The trade-union leaders saw that the Government was merely looking for a formula with a loophole so that the union funds would still be at the mercy of the law courts. Hence, the Labor Party brought forth a rival bill of its own, proposing complete immunity from all civil actions arising out of trade disputes. The Government learned during the debates that many of its own Liberal candidates had unequivocally pledged themselves to reverse the Taff Vale Decision in the course of the general election campaign. Withdrawing its patched-up document, the Government introduced a new one which in effect capitulated completely to Labor's demands. The Lords, thinking only of party politics, recoiled from increasing the hostility of organized labor towards them and so passed the bill without even attempting to amend it. It was a signal triumph for the Labor Party. Even though the Government's surrender was mainly due to its sense of the strength of feeling in the country and to its knowledge of the pledges given by many Liber-
als, the new Labor Party received credit for having successfully forced the Government's hand against finding a middle way. This piece of legislation, however, was not extending government controls; on the contrary, it was removing restrictions. It was social reform, but not collectivistic.

The history of the Workman's Compensation Act, which was also passed in 1906, was less dramatic. The Home Secretary of the Government, H. J. Gladstone, introduced the bill which passed the third reading without a division in the House of Commons. The House of Lords did not oppose the bill because it was supported by the trade unions and because it was not in the field of partisan politics. Incidentally, two other bills, a Nonconformist anti-Anglican Education Bill and a Plural Voting Bill, were killed by the Lords.

In 1907 the chief contentious measures were four land bills which were mutilated beyond recognition or destroyed altogether by the Lords. A Factory and Workshop Act was not molested because once again it was not connected with politics; besides, the positive good it produced did not inconvenience the commercial classes very much.

Campbell-Bannerman died in 1908 and was succeeded by H. H. Asquith, who appointed David Lloyd George, the Liberals' 11 Carlton Hayes, *British Social Politics*, Boston, 1913, 20-76.
strongest leader, to the office of Chancellor of the Exchequer. That year Asquith himself brought up the Old Pension Act which passed through Commons easily enough. When the Lords attempted to hold up the legislation, Lord Rosebery counseled immediate passage because there was "practical unanimity" in the House of Commons. The Labor Party had no chance to assert itself. The Coal Mines (Eight Hours) Act passed through both Houses without noticeable opposition, perhaps because in effect the actual working day still averaged half an hour more; however, the Act is important in that it conceded the principal of legal limitation of hours for adult males. The main Government measure for the year was a large-scale Liquor Licensing Bill which, against the King's own advice, the Lords killed on the second reading.

During 1908 and 1909 Britain had undergone a severe depression. The subject of unemployment naturally came up for debate in Parliament. The President of the Board of Trade, Winston Churchill, introduced two important bills in 1909 which helped to extend government control over labor: the Trade Board Act of 1909 and the Labor Exchanges Act of 1909. The first attacked sweated labor for the first time and attempted to solve

12 Ibid., 164.

the problem by setting up minimum wage boards for certain badly paid women's trades; the second established clearing-houses all over the country to disseminate information about job vacancies. Also passed that year was a new Housing and Planning Act giving greatly enlarged powers to the local authorities both to demolish slum areas and insanitary houses and to build new houses with state aid.

From 1906 to 1909 the Labor Party seemed to be getting much more from the Liberal Government than most of its members had probably expected. This apparent success caused the independent miners to join the Labor Party in a body in 1909, and thus a consolidation of labor influence resulted. It likewise caused the opponents of labor to check the unions again through


15 Ibid., 185-213. In May, 1909, Churchill said: "The Board of Trade is concerned with the organization of industry so far as the Government may properly concern itself with organization of industry." In his broadcast of March 21, 1943, as leader of the Tories, he said: "It is therefore necessary to make sure that we have projects for the future employment of the people and the forward movement of our industries carefully foreseen, and, secondly, that private enterprise and State enterprise are both able to play their parts to the utmost." Cited in Beveridge, The Pillar of Security, 237. Italics not in the original. These words of Churchill succinctly state the progress of state controls.

16 Ibid., 263-334. When a Conservative attacked the bill as socialist, Lloyd George countered with: "All I can say is that some of the least Socialistic States in the world have indulged in experiments of this character." Ibid., 327.
the courts. According to the Osbourne Decision of 1909 given by the Court of the House of Lords, the highest in the land, the use of union funds for political purposes was deemed absolutely unlawful. Sixteen Labor M. P.'s suddenly found themselves without a salary. The Labor Party now had to fight for its continued existence. The Liberal Party — and the Conservatives too, for that matter — had come to realize by this time the inherent weakness of the Labor Party. For about five years the Liberals paid no attention to trade-union demands for legislation against the Osbourne Judgment, while using Labor's support as a pawn in the constitutional fight against the Lords.

II

During the entire episode of the Peers vs. the People, the Labor Party had no great part to play. The initiative was taken by the Welsh Radical Lloyd George and was later backed to the hilt by Asquith. The show belonged exclusively to the Liberal Party. The Liberals, especially the professed Nonconformists, were exasperated by the frequent use of the veto by the Lords until finally Lloyd George discovered a way which, he thought, would provoke a fight to the finish. In the Finance Bill of 1909, which should have been a routine annual budget bill, Lloyd George included clauses that were in the nature of positive legislation aimed at the landed wealthy aristocracy.  

17 Ensor, England, 413-419.
Budget, as it was called, was passed by the lower House on November 4, 1909, by a vote of 379 to 149. Throughout England controversy mounted; a Budget League and an Anti-Budget League arose. The Lords rejected the Bill 350 to 75. Asquith accused the Lords of "a breach of the Constitution and a usurpation of the rights of Commons" because, contrary to precedent, they meddled in financial affairs. Parliament was dissolved on January 10, 1910. The results of the general election were as follows:

<table>
<thead>
<tr>
<th>Party</th>
<th>Seats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liberals</td>
<td>275</td>
</tr>
<tr>
<td>Labor Party</td>
<td>40</td>
</tr>
<tr>
<td>Irish Nationalists</td>
<td>82</td>
</tr>
<tr>
<td>Tory-Unionists</td>
<td>397</td>
</tr>
<tr>
<td>Government Majority</td>
<td>124</td>
</tr>
</tbody>
</table>

The results of the elections were not altogether satisfactory, although hints of the outcome were cropping up in the by-elections in which the Liberals had been steadily losing ground. Alone, the Liberal Party had a majority of only two over the Opposition; but, together with the Laborites and the Irish Nationalists, it could and did consider its anti-Lords stand vindicated. To the Irish Nationalists, who again held the balance of power, Asquith promised support for Home Rule and

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18 Many Irish Nationalists voted against the Budget on the second reading and abstained on the final in 1909. In 1910, however, most voted for the Budget after getting the Liberals' pledge to back Home Rule.

received backing for the fight against the Lords, whom the Irish disliked anyway. Early in April, 1910, the Budget was passed with a majority of ninety-three, including sixty-two Irish votes. The very next day the Lords passed it without a division.

The position of the Labor Party after the election seemed to be strengthened. However, the increase of seats from twenty-nine to forty was entirely due to the transfer of the miners from the Liberal ranks; a handful of Lib-Labs still remained outside the fold, refusing to change party allegiance. Of the forty seats won, thirty-nine were won without Liberal opposition, and in the fortieth case the Liberal candidate was without official backing. The thirty-four Labor candidates that fought the Tories and the Liberals were all defeated. 20 In 1906 the grand labor vote was fifty-three; now in 1910 it was reduced to forty, the Lib-Labs having been almost completely wiped out. Besides, the Labor Party faced a new problem. It could no longer feel free to vote against the Government without risking its defeat - the defeat of the Budget, Irish Home Rule, reversal of the Osbourne Judgment, and the triumph of the Lords. It was not in a position to bargain because the eighty-two votes of the Irish Nationalists carried the balance of the power. The Liberals knew that the Labor Party would not turn the Government out;

20 Cole, *British Working Class Politics 1832-1914*,
and so they were in a position to argue, logically enough, that all other controversial issues, including the Osbourne Decision, had to be postponed until the settlement of the constitutional crisis. It was likewise evident that many of the miners who had joined the Labor Party at the behest of the Miners' Federation had changed their party allegiance but not their political attitudes.

The passage of the Budget did not satisfy Lloyd George, Asquith, and what Nonconformists remained in Parliament. On April 14, 1910, Asquith introduced the Parliamentary Bill designed to take the sting out of the Lords' vote for good. The bill was quickly passed through the lower House and was sent to the Lords. At this juncture King Edward VII died, on May 6, 1910, stopping all political action. The new King, George V, soon called the rival leaders together for no less than twenty-one secret conferences, but to no avail. At no time was the Labor Party either consulted or invited to sit in. Again Parliament was dissolved, and general elections were held in December, 1910.

<table>
<thead>
<tr>
<th>Party</th>
<th>Votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liberals</td>
<td>272</td>
</tr>
<tr>
<td>Labor Party</td>
<td>42</td>
</tr>
<tr>
<td>Irish Nationalists</td>
<td>81</td>
</tr>
<tr>
<td>Total</td>
<td>398</td>
</tr>
</tbody>
</table>

21 Of the forty-two Labor Party members, three were unopposed and the other thirty-nine had only Conservatives against them.
Tory-Unionists .. . 272
Government Majority . 126

The Liberal party considered that it had received its mandate to go ahead. The Parliamentary Bill was again introduced, and it passed its third reading in the House of Commons on May 15, 1911, by a majority of 121. The bill was sent to the Lords. In vain the Lords raged; speeches breathing ultimate defiance were heard; up and down the country opinions were expressed with great vehemence. In the lower House, Asquith faced his tormentors, his speeches punctuated by scathing denunciations. When Balfour rose to reply for the Opposition, disorder became rife and the House had to be adjourned. On July 20, Asquith sent a letter to the Tory leaders informing them of the fact that the King had agreed to create enough Liberal peers to force the bill through.22 The threat counted. Most of the diehards among the Tories absented themselves when the bill came up for voting in the House of Lords. Even at that, Lord Curzon, who was hostile towards the bill himself, had to persuade some thirty-seven Lords to vote with most of the bishops so that the bill could be carried 131 to 114. The House of Commons now became the supreme legislating body in Britain, and the power of

22 Asquith had known the King's mind as early as December, 1910, but had kept it a secret until July, 1911. A condition laid down by the King was victory in the elections of December, 1910.
the Lords was lost forever. The strongest artificial restraining force against the rapid extension of collectivistic experimentation had been eliminated.

III

The period from 1911 to 1914 marks the progressive eclipse of the Labor Party as an important force in British politics. The Liberals were in no hurry to reverse the Osbourne Decision, but something had to be done to keep the Labor M. P.'s in Parliament. The Finance (payment of members) Act of 1911, carried by a vote of 242 to 92, granted all M. P.'s regular salary. The complete legalization of political action of trade unions would have to wait until 1913. Meanwhile, the Liberals themselves began to change their program somewhat. Cole and Postgate wrote:

The Labor Party had spent the next two years obediently voting for Liberal measures. But these measures, so far from taking on a more truly radical character after the victory over the House of Lords, subtly changed their direction, and became essentially conservative—in the sense that they were designed to conserve the existing economic order against socialistic attack. The new spirit was manifested clearly in the great National Insurance Act of 1911.23

The National Insurance Act of 1911, an answer to the Report of the Poor Law Commission of 1909,24 caused a wide

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23 Cole and Postgate, The British People, 394.

24 For an excellent study of the plan consult Hayes, British Social Politics, 187.
breach between the Socialists and the trade unionists in the labor camp. The Government scheme, introduced by Lloyd George, was a measure that was based on Bismarck's German social legislation and that definitely increased government control over citizens. The Fabians and other Socialists vehemently attacked Lloyd George's blueprint, objecting in particular to the contributory basis\(^{25}\) proposed for both health and unemployment services and to the provision whereby the contributions of workmen were to be deducted from wages by employers. Lloyd George, nevertheless, firmly entrenched his scheme against successful assault by handing over the administration of health insurance to a list of "Approved Societies"—friendly societies and insurance companies in the main, but also trade unions if they chose to go along; besides this, he instituted a system of "panel service," whereby the doctors, who used their chance to drive a hard financial bargain, came to regard the insurance system as their guarantee against nationalization of medical service. Similarly, by allowing the trade unions to administer unemployment insurance, Lloyd George bought off their opposition and freed himself from demands of a non-contributory system. "It was all very cleverly done," wrote Cole and Postgate, "and in doing it Lloyd

\(^{25}\) Non-contributory unemployment and health insurance had been an essential argument of Socialists since 1885. Confer also page 23.
George successfully dished the Socialists. Almost all the Socialists, from radicals like Philip Snowden to the moderate Webbs, decried the increase of government controls; some Liberals like G. K. Chesterton and Hilaire Belloc also denounced the plan as a step towards the servile state. The majority of the trade-union leaders, however, regarded the act with favor, as giving to trade unionism a new recognition at the hands of the state and a new opportunity of extending its membership and influence.

The Labor Party, led by Ramsay MacDonald from 1911 to 1914, supported the Government Bill and ranged itself more decisively than ever before on the side of the Liberal Government. MacDonald was keenly alive to the expediency of keeping on good terms with the still half-Liberal Trade Unionists who formed a

26 Cole and Postgate, The British People, 395.

27 Hilaire Belloc, The Servile State, London, 1912. Belloc tried to show in his little book how "public control of the means of production" naturally evolved through Socialism into the Servile State in which the laborer would be forced to work at the command of the governmental oligarchy administering the labor supply for the nationalized industries. Confer also Maisie Ward, Gilbert Chesterton, New York, 1943.

28 As a good Socialist, MacDonald lightly criticized the Bill as to particulars but officially aligned the Party with the supporters of the measure. Confer his speech in Hayes, British Social Politics, 547-555.
large part of his parliamentary following. The left-wing Socialists, however, were extremely critical of the Party's behavior. Even such moderate Socialists as the Webbs noticed that it was the "desire of Liberal Party politicians to put the Labour Party out of action as an independent force." At the same time, the British working classes were beginning to repudiate the leadership of both the subservient Labor Party and the staid, respectable, craft trade unions. The workers had accumulated grievances that went as far back as the Taff Vale Decision of 1901, the most important grievance being the lag of wage-rates with respect to the rising cost of living. The depression of 1908 and 1909 gave little cause to test the strength of the Trade Dispute Act of 1906. Now, a wave of violent strikes, very many unauthorized by trade-union leaders,

29 Socialism for MacDonald was not primarily a creed to be fought for, but rather an evolutionary tendency inherent in contemporary social development and needing a push now and then in the right direction. Handsome and endowed with a magnificent orator's voice, he was always eloquent, if not too clear in his ideas. He was egocistic and impatient of criticism and the left-wing always mistrusted him. A broad, humanitarian Socialism, closely related to religious Nonconformism, was one of the outstanding features of his oratory—the despair of the more scientific Socialists. For an excellent portraiture see Mary Agnes Hamilton, "J. Ramsay MacDonald," The Atlantic Monthly, CLXI, April, 1938, 452.

30 Webb, History of Trade Unionism, 686.

31 Food prices were fourteen per cent higher in 1912 than in 1900. Hurwitz, State Intervention in Great Britain, 29.
swept over Britain beginning in 1910 and lasting right up to the war. 32 The rebellious spirit had been aggravated by the constitutional crisis of 1909-1911. 33 Simultaneously a new development entered the British trade-union movement, namely, syndicalism or industrial unionism, two names with much the same meaning, the first indicating a French inspiration and the second an American. About 1910, therefore, industrial militants of a new kind began to preach a doctrine of "direct action," i.e., pursue the class-struggle by a war-like, violent eruption of strikes, variously called "sympathetic," "lightning," "staying-in," "sabotage," all leading up to the general strike. In varying forms this doctrine played a considerable part in the British labor world from 1910 to 1926. This wave of syndicalism widened the gulf between the left-wing of the workers and the official leaders of both the Labor Party and the trade unions. Certain left-wing Socialists like Snowden denounced the strikes. The moderate Webb wrote of

an outburst of exasperated strikes designed, we may almost say, to supersede Collective Bargaining, to repudiate any

32 Contemporaneously, the campaign of the militant suffragettes who went in for wholesale destruction of property manifested a rebellious spirit akin to the industrial unrest. Both movements were expressions of disappointments after the high hopes envisioned at the Liberal victory of 1906.

33 A common saying among trade unionists was: "If the peers may sabotage the constitution for their purposes, why not we?" Ensor, England, 438.
making of long-term agreements, to spring demand after de-
mand upon employers, to compel every workman to join the
union, avowedly with the view to building up the Trade
Union as a dominant force.34

From 1901 to 1910 there had been an average of 463 in-
dustrial strikes a year, while 4,253,859 working days were lost;
in 1912 alone, there were 821 strikes, while 40,346,000 working
days were lost.35 Indeed, by 1914 the militant leadership of
"direct action" had given the trade unions a status in the com-
munity far greater than they had enjoyed before, and an authority
which both the employers and the Government were forced to re-
cognize and frequently to placate. Emboldened by their successes,
the Syndicalists concocted a plan to paralyze both industry and
government by means of a full-scale general strike. This plan
was encouraged by the formation of the Triple Alliance, whereby
the National Union of Railwaymen, the Transport Workers' Federa-
tion, and the Miners' Federation pledged to work together for
common ends. The date for the nation-wide general strike was
tentatively set for October, 1914.

In 1912 the Syndicalists proved that "direct action"
could coerce not only employers, but the government as well. In
January of that year the Miners' Federation voted to call a gen-
eral strike for a guaranteed national minimum wage, the miners'

34 Webb, History of Trade Unionism, 665.
35 Hutchison, Decline and Fall of Capitalism, 122.
representation in the Parliamentary Labor Party assuring political support. On March 1, 1912, therefore, began the biggest strike Britain had ever seen. Asquith immediately introduced the Coal Mines (minimum wage) Bill which was carried 213 to 48 in the House of Commons. The union representatives abstained from voting because their rates were not incorporated in the measure. The strike was called off anyhow. In the same year the Labor Party tried to get the government to intervene in behalf of the striking London dock workers, but its demand was rejected 255 votes to 58. A month later this strike collapsed, and the Labor Party lost more ground among the rank and file.

In 1913 the Liberals finally passed the Trade Union Act which reversed the Osbourne Decision of 1909; but the reversal was actually only a compromise. Henceforth, trade unions could take political action provided that they first obtain the authority of the members by ballot vote and subsequently exempted from the political levy all those members not wishing to subscribe. The second important issue of the year in Parliament was franchise reform, which was not to become law until 1918. During the rest of 1913, the question of Irish Home Rule preoccupied Parliament, but "Parliamentary Labour," wrote Cole, "was too weak to play an effective part in the negotiations." It was so weak that it "failed to secure even a single place in the ballot for
private members' bills."

Parliament in 1914, when not debating on Home Rule or the disestablishment of the Welsh Church, was faced with the problem of providing stop-gap solutions to wide-spread restlessness throughout the British Isles. Militant unionists were striking at will; the suffragettes displayed contempt for civil authority in their havoc-raising escapades; and some embittered Tory Lords were actively abetting mutiny in the army. The government appeared to lose all control of affairs. The Labor Party had no important part to play in the parliamentary business. 'Playing third fiddle in the Liberal band,' wrote Hutchison, the Socialist apologist, 'it did little to stir the enthusiasm of the workers and could gather few new recruits.'

The Webbs summarized the case for the Party thus: 'The achievements of the Labour Party in the House of Commons had fallen short of the eager hopes with which the new party raised its standard on its triumphant entry in 1906. In 1914, it may be said, the Labour Party was at a dead point.'

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37 Hutchison, *Decline and Fall of Capitalism*, 100.
IV

When the first World War was declared in Britain on August 4, 1914, the government was caught in a dilemma with respect to the business community. The prevailing traditions of the country, despite many earlier kinds of economic intervention by the state, favored non-intervention with business interests. The exigencies of carrying on war, however, seemed to force the hand of the government. The policy followed could be summed up in the words of the British magazine Statist: "England has always muddled through and always will."39 "Business as usual," a Churchillian phrase which caught the popular imagination, soon gave way to the dictum that "there must be as little interference as possible with normal channels of trade." Beveridge wrote that at that time it was felt that "no government action could overcome economic laws and that any interference with those laws must end in disaster."40

Nevertheless, the government took steps toward far-reaching controls from the very beginning of hostilities. The transition to a policy of state intervention based upon the conception of the whole nation as a single fighting unit was brought

39 The Statist, LXXIX, 1914, 1172, as cited in Hurwitz, State Intervention in Great Britain, 63.

about without a definite plan. As Hurwitz noted, the transition came "not by a clear realization and enunciation of general policy, but by patched-up adaptations and compromises, unco-ordinated and fitful, often directly contrary to proclaimed principles, or at least departing from and evading them."

The first Defence of the Realm Act, passed on August 8, 1914, gave the Government power to make regulations "for the public safety and defence of the realm." The second, passed twenty days later, extended these powers to include control over munition factories and their workers. In November additional powers were conferred. In March, 1915, another Defence of the Realm Act was passed, giving the state full legal power to take over any factory and to control completely its processes and output, and to annul any contracts which might hinder the production of war materials. Next followed a series of Munitions of War Acts for 1915, 1916, and 1917, each greatly augmenting governmental controls, especially over labor. Two Military Service Acts were passed in 1916, introducing conscription in Britain for the first time.

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41 Hurwitz, State Intervention in Great Britain, 74.

42 The Labor Party and the Trades Union Congress, fearing labor conscription, were hostile to the military conscription measure; but once the bill became law, they voted not to agitate for its repeal. The voting in Parliament on the first Military Service Bill was: against the Bill, thirty-one Liberals and six Laborites; abstaining, eighty-four Liberals and the majority of Laborites.
production of food, the 1917 Corn Production Act was passed, which also provided for a national minimum wage for agricultural workers. Reluctantly, the government progressively took control over labor, finance, railroads, profits, shipping, mining, food, either by rationing or fixing maximum prices, steel, wool, cotton, leather, liquor, and a host of personal rights. It was evident that in time of war individual liberties had to be restricted where such restrictions contributed towards the winning of the war. In all this, the official Labor Party and the majority of trade unions fell into line behind the government leaders.

The politically organized working classes behaved very much like their employers. Right up to the very eve of the war, the British people, businessmen, financiers, politicians, laborers, were against war; but once war was declared, "all ills were forgotten, all evils dissolved in the fraternity of common hatred." The British Labor Party, as were Socialists and labor parties in other countries in Europe, was caught in the contradictions of national interests and international ideals. The 1907 International Socialist Congress had solemnly proclaimed that it was "the duty of the working class . . . and of their parliamentary representatives . . . to prevent war by all means

43 Hurwitz, State Intervention in Great Britain, 226.
Confer also David Lloyd George, War Memoirs, Boston, 1933, I, 49.
which seem to them most appropriate. On August 1, 1914, the British section of the International Socialist Bureau called on all to stand together for peace and to refuse to allow the government to commit the country to war. A huge anti-war demonstration was held in Trafalgar Square the next day, August 2. Two days later war was declared. On August 2½, the Labor Party and trade-union leaders formally proclaimed an industrial truce, not by agreement with the employers or the government, but, spontaneously, by a one-sided declaration.

There were repercussions, as might be expected, among the Socialists of the Labor Party. MacDonald in protest resigned the leadership of the Party, and Arthur Henderson of the Steelfounders' Union succeeded him. Yet MacDonald supported the recruiting campaign launched in September by the Liberal Government with Conservative and official Laborite support. Backing also came from most of the Independent Labor Party leaders during those early days of the war. Only with the coming of winter did an anti-war feeling begin to crystallize among the

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44 Resolution on War, drafted by Jean Jaures, passed at Stuttgart in 1907 and again at Copenhagen in 1910, as cited in Cole and Postgate, The British People, 425.

45 Except in Tsarist Russia, the Socialists in other European countries followed suit.

46 Arthur Henderson was in many ways just the opposite of MacDonald. He was an honest, modest trade-unionist leader, with no oratorical gifts; but he did possess considerable organizational ability. He was without personal ambition.
left-wing Socialists. Taking a leading part in propagating it were such Independent Labor Party leaders like Keir Hardie, MacDonald, Snowden, and Jowett, as well as fire-eating Syndicalists, especially among the shipbuilding engineers of the Clyde in Scotland.47

In May, 1915, the Labor Party agreed to take a small place in the Coalition Government of Asquith with Henderson as its spokesman. Much of the trouble arising from "dilution of labour," a major home-front nemesis,48 was arbitrated with the help of the Labor Party. Lloyd George overthrew Asquith with the assistance of Tory leaders in December, 1916, and, in forming a new Coalition Government, he asked Labor to participate. There was much general disagreement and difference of opinion within the Labor Party at this time, particularly since the crisis coincided with the German peace offer and with President Wilson's Peace Note to the belligerent nations. Persuaded by a pledge of

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47 The revolt among the Clyde workers led by the Syndicalist shop stewards and left-wing Socialists was so violent and dangerous that in March, 1916, the Government, with the support of the Labor Party and Henderson, arrested and deported the leaders. Paul U. Kellogg and Arthur Gleason, British Labor and the War, New York, 1919, 215. Confer also chapter XIV, "The Shop Stewards and Their Significance," Ibid., 1:9-167.

48 "Dilution of labour" was a practice of employers to recruit men and women from other trades, mostly unskilled workers, to take over jobs regarded suitable only for skilled male workers. The jobs were broken down and simplified to speed up production. Although the Government promised the contrary, the skilled workers never recovered their prestige among the laboring masses in Britain after the war.
stronger government control of industry, of a tight hand on food prices and coal, of the establishment of a Ministry of Labor, and of the drafting of ambitious reconstruction plans, the Labor Party took on even more jobs, but with more dissentients. An inner War Cabinet was formed, consisting of Lord Curzon, Lord Milner, Lloyd George, Bonar Law, and Henderson. The first three held the real control of Government; Bonar Law, the Tory leader, was liaison between the Cabinet and the House of Commons; Henderson was in effect a pawn used by Lloyd George to control the laboring masses.

The presence of Labor in the Coalition had another aspect, as mentioned by Professor Brand:

In one respect the action of Labour, December, 1916, marks the establishment of its independence. Hitherto, the numerically weak party had been compelled to operate something like a left wing of Liberalism. In the second coalition it was associated with Lloyd George and the Unionists, while the official Liberals were in opposition. Thenceforth, Labour pursued a more independent career.

The success of the Russian Socialist Revolution in the spring of 1917 was electrifying news to the left-wing elements of the Labor Party, and it steadily tightened its hold on the

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49 Socialists and trade unionists kept insisting on state control of the profits made by the owners of munition factories and employers in general.

whole Party. In June, at a conference in Leeds, MacDonald and Snowden supported a resolution calling for Workers' and Soldiers' Councils (Soviets) in Britain. In Russia, Socialists of every hue tired of continuing the war as they increased their control over the government. Eminent right-wing Socialists from Allied countries, like Henderson from England, Frossard and Cachin from France, were dispatched to a rendezvous to win them over to further military effort; but they returned converted to the Russian view.

The Labor Party's position in the Coalition Government soon became enigmatic. Henderson, still a member of the War Cabinet, was convinced that a full conference of the International ought to be held at Stockholm, with German Socialists present also, to discuss peace terms. On August 10, 1917, the Labor Party adopted the proposal by a vote of 1,816,000 to 550,000, but by a majority of only 3,000 on a second ballot. Immediately afterwards, Henderson was forced out of the War Cabinet, and nearly the whole press of Britain, following Lloyd George's lead, violently attacked him and the new policy.

51 MacDonald, Snowden, Anderson, Smillie—the Independent Labor Party in general—though vociferously anti-war and highly critical of the Coalition Government and the Labor Party itself, were never ousted officially from the Labor Party by Arthur Henderson.

52 The Kerensky faction and not the Bolsheviks were governing Russia during this period.
delegation ever left for Stockholm because the Foreign Office refused to issue passports. G. N. Barnes became leader of the parliamentary Labor Party, aided by the raging anti-German William Thorne; Henderson, the real leader, gave himself up to reorganizing "the new majority in the British Labour Party." A Memorandum on War Aims, drafted by Henderson, MacDonald, and Sidney Webb, was adopted by a joint conference of the Labor Party and the Trades Union Congress, December 28, 1917. Another result of Henderson's work came to light in February, 1918, when a new constitution for the Labor Party was accepted. Henceforth, the Party was simply a loose federation of trade unions and Socialist societies of which the Independent Labor Party was easily the most influential; henceforth, the Party was to set up in every constituency a local Labor Party with individual as well as affiliated members. Proclaiming itself to be the Party of "the workers by hand and by brain," it issued in June, 1918, a full-length declaration of policy, Labour and the New Social Order, drafted largely by Sidney Webb, which committed the Labor Party definitely to an evolutionary Socialism, more commonly

53 Kellogg and Gleason, British Labor and the War, II.
54 Ibid., 343-351. Confer for complete text.
55 Ibid., 367-371. Confer for the complete text of the Labor Party Constitution. A person could henceforth join the Party directly without becoming a member of an affiliated trade union or society.
known as Fabianism. The “Four Pillars of the House” were:

(a) The Universal Enforcement of the National Minimum [Wage]
(b) The Democratic Control of Industry
(c) The Revolution in National Finance; and
(d) The Surplus Wealth for the Common Good.

With victory in sight for the Allies, plans for post-war reconstruction began to take on a complexion of urgency in Parliament. Two very important reforms were carried in 1918. An Education Act was passed, the cardinal principle of which was "the provision making local authorities responsible for all kinds of education in their areas." The Act gave government grants to underpaid teachers and increased educational benefits to the working class in general. The fourth reform bill or Representation of the People Act of 1918 enfranchised all male adults and women over thirty. Eight million Britons, of whom six million were women, were added to the electorate. There was some

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56 Ibid., 374. For the complete text of the manifesto confer Ibid., Appendix IV, 272-394. The draft was adopted at the 17th Annual Conference of the Labor Party, January 23-25, 1918.

For a summary of the resolutions passed during the meeting in June, 1918, see G. D. H. Cole, A History of the Labour Party from 1914, London, 1948, 65-81. This is the best commentary on the work in the Labor Party during this historic period.


58 Ibid., 52. The Reform Act of 1832 enfranchised 500,000 new voters, that of 1867, 1,000,000 new voters, that of 1884, 2,000,000 new voters; the Act of 1918 enfranchised 8,000,000 new voters, i.e., 6,000,000 women, of whom 5,000,000 were married, and 2,000,000 men.
grumbling in the War Cabinet, especially by Lord Curzon and Lord Milner, concerning the extension of the franchise, but the reform could not be denied the people.⁵⁹

Having become a national party, the Labor Party went out to woo voters in sections of society it had never tried to reach before, namely, the professional and white-collar workers. Furthermore, in the face of the divisions of Liberalism, now split between the followers of Asquith and Lloyd George, the Party was staking out its claim to be regarded as His Majesty's Opposition. As soon as the Armistice was signed November 11, 1918, and it became clear that Lloyd George meant to force an immediate election, the Labor Party withdrew its representation from the Coalition Government and fought the election as a completely independent party.

What, then, was the influence of the Labor Party on the extension of government controls from 1906 to 1918? With but forty members in the House of Commons of nearly seven hundred, the Labor Party was obviously far from attaining much recognition. During the first years from 1906 to 1909, the Party caused a commotion by its appearance with twenty-nine votes and its apparent strength in forcing the Liberal Government's hand in the passage of the Trades Dispute Act of 1906. The miscal-

⁵⁹ Hutchison, Decline and Fall of Capitalism, 154.
culation on the part of the Conservative and Liberal leaders was soon corrected. The leaders of the other two parties learned that Liberal votes backed the Labor Party and that the labor voters could be lulled into false security by smatterings of social reform. It was the Liberal Party that pushed through all the government-control legislation, the Labor Party acting as a kind of left-wing. From 1909 to 1911 the Labor Party obediently followed the Liberals as if it were a junior affiliate too callow to meddle in profound constitutional matters. From 1911 to 1914 the Liberal leaders attempted to destroy the existence of an independent Labor Party and nearly did so when it divided the Socialists with their political "know-how," from the Liberal-minded trade unionists; simultaneously, the advent of syndicalism into British labor further weakened the Labor Party. All evidence points to the fact that the "direct actionists" had much more influence on Parliament than the Labor Party could ever have hoped for. To the very end of the first World War, the official Labor Party, notwithstanding insurgent movements among the left-wing Socialists, syndicalist trade unionists, and just war-weary workers, supported the Government whether Liberal or Coalition. Hence it can be concluded that the Labor Party as such had little to do with the extension of government-control legislation from 1906 to 1918 except very indirectly. The Party was, really merely a sectional pressure group in Parliament, surprisingly efficacious early in 1906. Since ninety-eight per cent of the British Labor
Party was trade unionist and two per cent Socialist, hardly more could have been expected. By the end of 1918, however, the most important contribution to its future influence on the extension of government controls was achieved: the Labor Party had organized the workingmen politically.

60 Kellogg and Gleason, British Labor and the War, 107. The authors mention that a large fraction of the Socialist two per cent was trade unionist.
CHAPTER III

HIS MAJESTY'S OPPOSITION AND GOVERNMENT:

1918-1930

It has been said that almost all the British problems of the 1920's stemmed in one way or another from the first World War. The statement needs clarification. The war-time conditions rather emphasized the reaction against laissez-faire Liberalism, a trend already well-established before the war. Of course, the war did introduce new concrete problems. As a result, the decade of the 1920's was a period of social and economic flux and of domestic strife that called for new solutions. It ushered in the last brave rear-guard action of doughty British economic individualism. The humanitarian feelings of the lower classes were given a means of making themselves heard through the franchise. The exigencies of the time cried out for immediate hearing; and the British politicians, as usual, met each demand experimentally as each difficulty arose.¹

¹ This idea is brought out very well in Harold E. Scarborough, England Muddles Through, New York, 1932.
Undoubtedly, the most important post-war domestic problem that Britain faced was unemployment. It not only helped to extend government controls through legislation, but also contributed directly to the growth of the Labor Party. It guided most of the thinking of British politicians and served as a target for demagoguery. A bird's-eye view of the unemployment situation in Britain during the 1920's will serve as a convenient background for this chapter.

First of all, during the twelve years from 1919 to 1930, British workers drew about 500,000,000 sterling in unemployment benefit. The fund providing this sum had been made up by contributions from the insured employees, from employers, and from the state, the last mentioned contributing less than one-third of the total. By the end of November, 1930, the fund had amassed a debt of 56,000,000 sterling to the national exchequer. In 1921 when the estimated population of Great Britain and Ulster was about 44,027,000, approximately 11,1000,000 workers were insured, of whom about 2,037,500 were unemployed. In 1930 when the estimated population was 45,750,000, the number of persons aged 16 to 64 insured was approximately 12,405,700, of whom, in November, about 2,368,000 were unemployed. Since 1921 and 1930

2 Mary B. Gilson, Unemployment Insurance in Great Britain, Industrial Relations Counselors, Inc., New York, 1931, 3

3 Ibid.
were peak years of two depressions, the figures were naturally higher than the average for the decade. The yearly percentages were as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1917</td>
<td>0.7</td>
</tr>
<tr>
<td>1918</td>
<td>0.8</td>
</tr>
<tr>
<td>1919</td>
<td>2.4</td>
</tr>
<tr>
<td>1920</td>
<td>2.4</td>
</tr>
<tr>
<td>1921</td>
<td>17.0</td>
</tr>
<tr>
<td>1922</td>
<td>11.3</td>
</tr>
<tr>
<td>1923</td>
<td>11.7</td>
</tr>
<tr>
<td>1924</td>
<td>10.3</td>
</tr>
<tr>
<td>1925</td>
<td>11.3</td>
</tr>
<tr>
<td>1926</td>
<td>12.5</td>
</tr>
<tr>
<td>1927</td>
<td>9.7</td>
</tr>
<tr>
<td>1928</td>
<td>10.8</td>
</tr>
<tr>
<td>1929</td>
<td>10.5</td>
</tr>
<tr>
<td>1930</td>
<td>16.3</td>
</tr>
</tbody>
</table>

The "irreducible minimum" of British unemployment during this decade was never below one million, except for two short periods. "Never in the history of recorded unemployment in Great Britain," wrote Gilson, "has so large a proportion of wage earners been out of work for so long a period." Since the pre-war figures were based on trade-union records of unemployment and the figures from 1921 on were based on the state's own unemployment insurance scheme, the percentages are not exactly comparable; nevertheless, the mean "irreducible" unemployment

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5 Ibid., 3.

6 The trade-union figures tend to be somewhat too low since they covered only about 600,000 workmen, mostly skilled.
rate from 1900 to 1910 was estimated by the government actuary to be 4.8 per cent, the result of normal "cyclical depressions and trade cycles." Post-war conditions, however, brought Britain's average for the 1920's to 12.1 per cent, or about 1,335,000 persons. The government had under-estimated the problem greatly in 1927 when it advised the lawmakers "to provide for a rate of unemployment of 6 per cent." The monthly figures of unemployment in the decade before the war ranged from 3 to 8 per cent of the employable industrial population; from 1920 to 1930 the figures fluctuated between 8 and 20 per cent. The difference between the pre-war average of 4.8 per cent and the post-war average of 12.1 per cent obviously showed that the British industrial sickness was not just a passing phase, a mere temporary lapse from a healthy state. Few Englishmen during the twenties came even close to realizing the facts.

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8 Gilson, Unemployment Insurance, 5.

9 Report of the Unemployment Insurance Committee, (Lord Blanesburgh, Chairman), 1927, I, 89. This study was the basis for the Unemployment Insurance Act of 1927.

Needless to say, the Labor Party and the Socialists were greatly concerned with the welfare of the vast army of the unemployed among the lowest classes. Nor were Conservative or Liberal leaders, moved either by humanitarian reasons or, more often, political, altogether deaf to appeals for ameliorative legislation; a most significant fact was that the unemployed man and his wife had the vote. Slowly making headway in Britain was the influence of John A. Hobson, the Fabian economist, who held that welfare was the central problem of economics. Besides all these influences, aid came to the Labor Party from a totally unexpected source in the person of John Maynard Keynes, the anti-Socialist.

Some orthodox Liberal economists, like Henry Clay, wrote that the problem of unemployment must be "attributed not to industrial fluctuation and other influences that were operative before the war, but in one way or another to the war." On the other hand, a currency expert named John Maynard Keynes, who had

11 This idea was brought out in John A. Hobson's much discussed work *Work and Wealth: A Human Evaluation*, London, 1914. Hobson's influence was felt largely among socialistic-minded economists; his lack of formal training did not sit well with other professionals. However, when J. M. Keynes publicly commended his work in 1931, Hobson's influence spread rapidly with new vigor.

12 Henry Clay, *Post-War Unemployment Problem*, London, 1929, 47. Another eminent British economist who agreed with him was A. C. Pigou. Clay, however, was in favor of widespread amalgamation of British industries. Ibid., 204. Pigou, more interested in welfare work, leaned towards evolutionary Socialism in the late thirties.
taught "sound economics" mixed with heresy at Cambridge University, came up with a new interpretation of capitalism. The laws of classical economics, according to Keynes, are valid in the abstract; but since these laws must operate under human conditions, they must be controlled and guided by the state. The capitalist system, left to itself, did not produce the highest possible social returns; state intervention was the solution. Therein lay the solution for the unemployment problem.

Keynes emerged into prominence suddenly in 1919 when he resigned from the British reparations mission to Germany to condemn the exaggerated demands in a brilliantly-written best-seller, The Economic Consequences of Peace. Keynes wrote:

The most serious problems for England have been brought to a head by the war, but are in their origins more fundamental. The forces of the nineteenth century have run their course and are exhausted. The economic motives and ideals of that generation no longer satisfy us; we must find a new way and must suffer again the malaise, and finally the pangs, of a new industrial birth.13

Further in the same publication he wrote:

England is in a state of transition, and her economic problems are serious. We may be on the eve of great changes in her social and industrial structure. Some of us may welcome such prospects and some of us deplore them. But they are of a different kind altogether from those impending on Europe. I do not perceive in England the slightest possibility of catastrophe or any serious likelihood of a general upheaval of society.14

13 John M. Keynes, The Economic Consequences of Peace, London, 1920, 238. It was first published in the fall of 1919.
14 Ibid., 237.
In his book *A Revision of the Treaty* (1922) he counseled against a return to pre-war conditions; in *A Tract on Monetary Reform* (1923) he advocated the stabilization of the domestic price level instead of foreign exchange because a return to pre-war parity of gold would ruin Britain; he argued against gold in *The Economic Consequences of Sterling Parity* (1925) and clarified his stand in *The End of Laissez-Faire* (1926)\(^{15}\) and *Laissez-Faire and Communism* (1926).

Paul M. Sweezy, a prominent socialistic economist in the United States, wrote of Keynes:

By training he was a strict neo-classicist, and he never really felt at home except in argument with his neo-classical colleagues. . . . His mission was to reform neo-classical economics, to bring it back into contact with the real world from which it had wandered farther and farther since the break with the classical tradition in the nineteenth century; and it was precisely because he was one of them and not an outsider that Keynes could exercise such a profound influence on his colleagues.\(^{16}\)

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\(^{15}\) Keynes wrote: "I believe that in many cases the ideal size for the unit of control and organization lies somewhere between the individual and the modern State. I suggest, therefore, that progress lies in the growth and the recognition of semi-autonomous bodies within the State--bodies whose criterion of action within their own field is solely the public good as they understand it, and from whose deliberations motives of private advantage are excluded. . . ." John Maynard Keynes, *The End of Laissez-Faire*, 1926, reprinted in *Essays in Persuasion*, New York, 1932, 313.

Keynes had little respect for Marxism, and the English Socialists and the Labor Party in general scarcely fared better. His was the scientific approach; theirs was too emotional for him. They were theoretical and doctrinaire; he was practical. He was far from being a revolutionary himself.

Nothing could be more incorrect than to leave the impression that the Keynesian criticism of capitalism was everywhere favorably received or even given a complete hearing at this time; indeed, Keynes himself did not fully develop his ideas until the mid-thirties. Yet, as editor of the influential Economic Journal from 1911 to 1945, he shaped its general policy; as secretary of the Royal Economic Society, he further put his stamp on British Economic thinking. He was chairman of The Nation, which superseded the Speaker in 1921, absorbed the Athenaeum, and was, in 1931, itself merged with The New Statesman and Nation—of which he directed a current of topical articles.17 He was most influential in shaping the Liberal Party's program during the general election of 1929. Like the general British situation in the twenties, his ideas were in flux, and it was not

17 For a complete list of Keynes's periodical writings confer Ibid., 670-680; for example, on unemployment; on wages and prices; on consumption, savings, and investment; on public spending and taxation; on war economics; on reparations, interallied debts; on exchanges and gold; on aspects of international economic relations; on money; on interest rates; on problems of industry, trade, and finance; on history of economic thought; on economic institutions; on political problems on population; etc.
until 1930 that they matured enough to be published more comprehensively in a two-volume scholarly work called *A Treatise on Money*. 18

In the meantime, how did the British government tackle the problem of unemployment and all its social, economic, and political attendant circumstances? A partial list of the more important enactments provides a clue to the trend during the twenties. Some of these acts, passed during the first World War, are included here because of their very close association with post-war policy.

I

<table>
<thead>
<tr>
<th>Year</th>
<th>Act Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1915</td>
<td>McKenna Duties set precedent for protection</td>
</tr>
<tr>
<td>1916</td>
<td>Unemployment Insurance Act for munition workers</td>
</tr>
<tr>
<td>1917</td>
<td>Ministry of Labor established</td>
</tr>
<tr>
<td>1918</td>
<td>Wages pegged at war-time level</td>
</tr>
<tr>
<td>1918</td>
<td>Trade Boards Act extending wage regulations</td>
</tr>
<tr>
<td>1918</td>
<td>Out-of-work donation scheme or &quot;dole&quot;</td>
</tr>
</tbody>
</table>

II

<table>
<thead>
<tr>
<th>Year</th>
<th>Act Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1919</td>
<td>Ministry of Transport established</td>
</tr>
<tr>
<td>1919</td>
<td>Ministry of Health established</td>
</tr>
<tr>
<td>1919</td>
<td>Addison Housing Act extending state aid</td>
</tr>
<tr>
<td>1919</td>
<td>Principle of imperial preference introduced</td>
</tr>
<tr>
<td>1919</td>
<td>Profiteering Act</td>
</tr>
<tr>
<td>1919</td>
<td>Industrial Courts Act for labor arbitration</td>
</tr>
<tr>
<td>1919</td>
<td>Export Credit Scheme backed by the State</td>
</tr>
<tr>
<td>1919</td>
<td>Old Age Pensions extended</td>
</tr>
<tr>
<td>1919</td>
<td>First Forestry Act</td>
</tr>
<tr>
<td>1920</td>
<td>War Emergency (Continuation) Act</td>
</tr>
</tbody>
</table>

1920 Unemployment insurance extended to practically all British workers
1920 Unemployment (Relief Works) Act
1920 Ministry of Mines established
1920 Dyestuff Importation Act giving protection
1921 Unconvenanted benefits introduced
1921 Unemployment Workers' Dependent Act
1921 Safeguarding of Industries Act or diluted protection
1921 Railways (Compulsory Amalgamation) Act giving state indirect controls over them
1922 "Geddes Axe" Budget reintroducing the practice of retrenchment

III

1923 Chamberlain Housing Act favoring owners
1924 Wide extension of unemployment insurance by means of three acts
1924 Wheatley Housing Act favoring non-owners
1924 Agricultural Wages (Regulation) Act
1924 Pensions increased
1925 Return to the gold standard
1925 Reimposition of McKenna Duties repealed by Laborites and Liberals
1925 Safeguarding of industries new procedure passed making applications easier to get
1925 Imperial preference extended
1925 British Sugar (Subsidy) Act
1925 Widows', Orphans', and Old Age Pensions Act
1926 Coal Mines' (Eight Hours) Act
1926 Extension of Safeguarding and imperial preference
1926 Electricity (Compulsory Amalgamation) Act
1926 British Broadcasting Company taken over by the government
1926 Export Credit Scheme reorganized

IV

1927 Trades Dispute and Trade Unions (Restrictions) Act curbing unionism
1927 Unemployment insurance scheme made actuarially sound
1927 Cinematograph Films Act
1928 National Health Insurance extended to all classes
1928 Agricultural Credits Act
1928 Currency and Bank Notes Act
1928 Franchise extended to young women
1929 Local Government Act centralizing powers
1929 State increased contribution to unemployment insurance scheme
1929 Development (Loan Guarantee and Grants) Act to help investors during slump
1930 Unemployment insurance extended on terms that are extremely liberal
1930 Public Works Facilities Act
1930 Coal Mines (Compulsory Amalgamation) Act giving the government indirect controls

Four periods of Labor Party development are discernible in the list of enactments above. The first period contained some reconstruction measures passed during the war. The second period from 1919 to 1922 has often been called the era of the revolution and the dole. The Labor Party outside Parliament and leftist Socialists flexed their muscles menacingly while a host of acts was passed by a fearful and temporizing Parliament. The third period from 1923 to 1926 was extremely critical for the Labor Party. The British labor movement rose up to assert its strength twice, and twice it retreated from the field second best; its political wing, the Parliamentary Labor Party, actually became His Majesty's Government in 1924, and its industrial wing attempted an unsuccessful national general strike in 1926 that wiped out syndicalism altogether in Britain. The fourth period, between 1927 and 1930, contained a false-start by the Conservative Government on the road to prosperity while the Labor Party, purging itself of revolutionary elements, returned to the typically Nonconformist, broad humanitarianism for its Socialism —
a type of moderate Socialism able to elect the Party to office in 1929. It will be noticed, however, that government-control legislation is heaviest right after the war and especially after the mid-twenties when the Conservatives were, for the most part, in control of the Government.

I

The only real innovation in fiscal practice that the war produced was the imposition in 1915 of the McKenna Duties, Britain's first import duties since the repeal of the Corn Laws in 1864. This move was hotly debated by Liberals and Laborites because it was contrary to the free trade principle of laissez-faire economics. The misgivings of the opponents were not unwarranted; this war-time experiment with customs duties became the forerunner of similar duties after the war and eventually resulted in the return of general protection in 1932. The McKenna Duties, which were levied on such articles as motorcycles, motion-picture films, clocks, watches, and musical instruments, were not designed for revenue purposes primarily, but were instead to be a luxury tax on unessentials during war. Their importance, however, lay in the precedent they created for the advancement toward protection.

Furthermore, Parliament was told on August 2, 1916 by Asquith himself that "protection against dumping or unfair competition, and the adoption of measures to render the Allies independent of enemy countries as regards essential industries, were
proposed by the British delegates and passed.\textsuperscript{19} at the Paris Economic Conference of the Allies in June, 1916. This was an open approval by the Liberal leader of the policy of economic nationalism that after the war was to help ruin British export trade. Not only did one-time British customer-nations raise high protective tariffs against her goods, but they successfully competed with her on the world market, often outdistancing her in the application of new industrial and marketing methods and techniques.\textsuperscript{20} Before the general elections after the war, on November 2, 1918, Lloyd George wrote a letter to Bonar Law, the Tory leader, promising to support "safeguarding of key industries" and to prohibit dumping of cheaply manufactured goods. On November 21, 1918, he signed the Coalition manifesto which contained these proposals.

There were a number of other government controls imposed during the war which were closely connected with reconstruction in Britain. In 1916 the unemployment insurance scheme was extended to 1,250,000 munition workers, the total number of insured being about four million by 1919. In 1917 the office of

\textsuperscript{19} H. H. Asquith, LXXXV, House of Commons Debates, 5 series, August 2, 1916, column 340. Walter Runciman, the Liberal President of the Board of Trade, drafted the three most important resolutions with the help of Bonar Law and Lord Crewe.

\textsuperscript{20} Gilson, Unemployment Insurance, 15. This idea is developed in Ludwell Denny, America Conquers Britain, New York, 1930, 49-50.
Ministry of Labor was established as Lloyd George had promised Henderson if the latter would remain as Labor's representative in the five man War Cabinet.\textsuperscript{21} To provide for demobilization and a possible dislocation of employment, the Government passed the Wages (Temporary Regulations) Act\textsuperscript{22} pegging wages at wartime levels; and to see that wages were kept there, a Trade Boards Act was passed setting up regulating boards all over the country, especially where wages threatened to drop.\textsuperscript{23} Finally, to establish a further buffer against an increase of unemployment, the war-time Government, on November 25, 1918, launched the out-of-work donation scheme to cover all ex-servicemen unable to find jobs during the first year after demobilization and all war-time civilian workers, even agricultural workers and private domestic servants, over fifteen years of age. Many, of course, took advantage of the doles instead of seeking jobs,\textsuperscript{24} even though a government investigating committee concluded that "there was no ground for supposing that there had been extensive

\textsuperscript{21} See chapter II, pages 61-62.

\textsuperscript{22} The Act was renewed in 1919 but was practically unnecessary then because of the trade boom during 1919 and 1920; the trade boom came to an end about September, 1920.

\textsuperscript{23} By October, 1922, there were forty trade boards covering three million workers, seventy per cent of whom were women. Annual Register for 1918, 97.

fraudulent abuse of the scheme." The out-of-work donations were popularly called "doles," but the term was often incorrectly applied to bona fide unemployment benefits based on contributions. Such an error merely added confusion to a problem sufficiently involved in itself.

The general election of 1918, according to one contemporary, "was widely recognized at the time as an act of political immorality." The charge rested chiefly on the fact that Lloyd George and his fire-eating Tory allies rode into office on waves of hysterical and orgiastic emotionalism stirred up by Coalition electioneers, who were completely supported by the Tory press. The Coalition program called for a trial for the Kaiser, punishment of those responsible for atrocities, fullest indemnities from Germany, Britain for the British, socially and industrial-


26 Keynes, The Economic Consequences of Peace, 126. On the other hand, it is difficult to see how long an election could have been put off.

27 The words of Eric Geddes, often cited, were: "We will get out of her [Germany] all you can squeeze out of a lemon and a bit more. I will squeeze her until you can hear the pips squeak." Ibid., 131. Lloyd George was at first out of sympathy with a vindictive peace, but, because he was ambitious, he finally capitulated to Tory pressure. Ibid., 127-131.
ly, rehabilitation of those broken in the war, and a happier country for all. The program, in the words of Lloyd George, called for "a land fit for heroes to live in." Although the Coalition was expected to win easily, the one-sidedness of the results was surprising.

<table>
<thead>
<tr>
<th>Party</th>
<th>Seats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coalition Tory-Unionists</td>
<td>338</td>
</tr>
<tr>
<td>National Liberals (Lloyd Georgites)</td>
<td>136</td>
</tr>
<tr>
<td>National Democratic Party (Labor)</td>
<td>10</td>
</tr>
<tr>
<td>Non-coalition Unionists</td>
<td>48</td>
</tr>
<tr>
<td><strong>COALITION GOVERNMENT</strong></td>
<td><strong>532</strong></td>
</tr>
<tr>
<td>Labor Party</td>
<td>59</td>
</tr>
<tr>
<td>Independent Liberals (Asquithians)</td>
<td>26</td>
</tr>
<tr>
<td>National Party</td>
<td>2</td>
</tr>
<tr>
<td>Irish Nationalists</td>
<td>7</td>
</tr>
<tr>
<td>Independents etc.</td>
<td>7</td>
</tr>
<tr>
<td><strong>GOVERNMENT OPPOSITION</strong></td>
<td><strong>101</strong></td>
</tr>
<tr>
<td>Coalition Government Majority</td>
<td>431</td>
</tr>
<tr>
<td>Sinn Feiners</td>
<td>73</td>
</tr>
</tbody>
</table>

With a majority of 431, the Coalition had full control of the new Parliament, which was aptly described thus by a Conservative: "They are a lot of hard-faced men . . . who look as if they had done very well out of the war." David C. Somervell wrote that the election "provided England, during four years that were to be

28 Annual Register for 1918, 164. The total labor vote was about 2,250,000 out of nearly 11,000,000 cast. The electorate numbered over 21,000,000, including 4,000,000 service-men of whom fewer than a million actually voted. The labor machine was not yet working smoothly. Cole, History of the Labour Party from 1914, 87.

29 The Sinn Feiners never took their seats.

30 Keynes, The Economic Consequences of Peace, 133.
packed full of industrial and social problems, with the wealthiest, the least intelligent, and the least representative House of Commons since Waterloo." 31

The Labor Party that was elected was composed of forty-nine trade-union men of whom twenty-five were members of the Miners' Federation. 32 A few independents later joined the Party to give it a voting strength of sixty-one. 33 Although the labor representation had risen from the pre-war forty-two to sixty-one, the election was considered to be a severe defeat because 363 candidates had stood for office and all the Socialist leaders were gone. An elderly, conservative miner, William Adamson, was elected leader of the Parliamentary Labor Party. The election results were a large factor in shifting the center of Labor Party activity from the House of Commons to the industrial field. Another major factor in the shift was the aggressive mood of the trade unions whose members, all heroes, were looking for a land fit for them.

II

The transitional period from 1919 to 1922 has often been called the era of the revolution and the dole. This de-

33 Ibid., 83.
scription is not too much exaggerated. The Government had two main objectives in 1919: to demobilize as soon as possible and to play for time. The former was necessary because it was practically impossible to keep discipline in the army and the navy; the latter was necessary to blunt the edge of an apparently revolutionary movement among the British workers. There was widespread labor unrest, even though trade was booming during the first two years after the war. Much of the war-time machinery was kept to control trouble spots.

A Trade Union manifesto of 1919, signed by Arthur Henderson, Secretary of the Labor Party, and G. D. H. Cole, Secretary of the Labor Research Department, declared:

The fundamental causes of Labour unrest are to be found rather in the growing determination of Labour to challenge the whole existing structure of capitalist industry than in any of the more special and smaller grievances which come to the surface at any particular time.34

These were brave words, but they received much publicity and perfectly represented the spirit of organized Labor in 1919 and 1920. The war had given trade unionists a good deal of executive experience; for example, much of the administrative work of the Ministry of Munitions was turned over to the trade-union officials. Out of this experience grew the belief that industry could be and should be organized and operated by the workers

34 Somervell, Reign of King George the Fifth, 209.
themselves. The cry of "Nationalization!" was heard everywhere among trade unionists. The post-war business boom certainly helped to ease the strain for an extremely worried Government.

How did the Coalition Government meet the problems in 1919? For one thing, extension of government controls was the order of the day. A Ministry of Transport was set up to regulate railways, tramways, canals, inland navigation, roads, bridges, vehicles, and traffic; many feared that this was a step towards nationalization, but the bill, subsequently watered down greatly, passed its third reading 245 votes to 0 in July.35 A Ministry of Health was established without a division on the bill. The Addison Housing Act gave extremely liberal state subsidies to local authorities and private enterprise.36 The chief feature of the Budget of 1919 was the introduction of the principle of imperial preference.37 Labor demands and public opinion, too, caused the

35 Annual Register for 1929, 87. There was much discussion on nationalization of transportation; yet, when a final division was called for, not a single opposing vote was cast! The House of Lords carried the measure by a majority of 51.

36 Ibid., 51, 141-142. Because of the great expense to the state, the Act was discontinued in 1921. During the debates on labor and housing, Addison, the Minister of Health, said: "I have had no help from organized labour in this matter from start to finish... And I say that the organized Labour party in this House which has spoken this day has never given me any help." Dr. Addison, CCCXXXIII, House of Commons Debates, 5 series, October 21, 1920, columns 1200-1201.

37 Ibid., 59. The Labor Party opposed the bill at every stage.
passage of the Profiteering Act. Although the Labor Party argued for compulsory clauses contained in the original Industrial Courts Bill, it supported the de-natured version of it as passed through Parliament. Old Age Pensions were increased without any real opposition. The Government moved into the British export business by setting up an Export Credit Department to make advances against goods shipped abroad, the first of many attempts to aid the export trade. The state also became the owner of large tracts of land by means of a series of Forestry Acts, the first of which was passed in 1919. Meanwhile, most of the more important war-time controls, e.g., on railroads, on food, on mining, etc., were still in operation.

38 In an Addendum to the Report of the Committee on Trusts published in April, 1919, a Labor group of Socialists and Trade Unionists, taking note of the momentous implications of the fact "that Free Enterprise no longer governs the business world" because monopolistic price fixing, announced: "We do not suggest that any action should be taken to prevent or obstruct combination or association in capitalistic enterprise. . . . We regard this evolution as both inevitable and desirable." They, of course, agreed with the Report which called for more control of monopolies by the state. Addendum to the Report of the Committee on Trusts, 1919, Cmd. 9236, signed by Ernest Bevin, J. A. Hobson, W. H. Watkins, and Sidney Webb, as cited in Hermann Levy, Monopolies, Cartels and Trusts in British Industry, London, 1927, Appendix IV, 344.

39 Annual Register for 1919, 129-130.

40 Ibid., 145.

41 This export credit scheme was not a success, being regarded as too complicated; it was superseded by a new scheme in 1921 that also met with failure. Annual Register for 1921, 116.
During 1920 the Government further extended its permanent control over civilian life. An exception, however, was the War Emergency (Continuation) Act that, passed by a majority of 239, was aimed principally at the civil war in Ireland but helped to stabilize affairs closer at home too. A momentous step was the passage of the Unemployment Insurance Act of 1920 which extended the insurance scheme to all manual workers and all non-manual workers earning less than 250 sterling a year, agricultural laborers and domestic servants excepted. About eight million names were added to the scheme, making a total of approximately 11,100,000 insured workers—practically the entire labor force in Britain. Benefits were increased and the waiting period or gap of the 1911 Act was reduced from six to three days. Benefits might be drawn for a maximum of fifteen weeks a year at the ratio of one week of benefit for six weeks of contribution. The actuarial basis, however, was soon to be shaken; the post-war prosperity was to give way to depression. In the fall of 1920 unemployment became acute.

Yet even before the depression set in, rumblings of "direct action" for political purposes were continually being heard. The Conference of the Trades Union Congress of March, 1920, condemned the "gigantic political fraud" in regard to the Sankey Report and vowed that the workers had lost all faith in

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42 The Sankey Report dealt with the fate of the mining...
the "Parliamentary Institution." In August, a joint conference of the Trades Union Congress, the Labor Party, and the Parliamentary Labor Party threatened to call a general strike if the Government insisted on aiding Poland against Soviet Russia who were at war. The Government yielded. Later in August, a Ministry of Mines was established to regulate various phases of the industry; but the Act was opposed by the Laborites because they held that the "nation should own the mines." This seemed to be a signal for a miners' strike that was expected to be supported by the two other members of the Triple Alliance, the Transport Union and Railway Union. In Parliament a majority of 202 votes passed the Emergency Powers Act, which armed the state with wide powers to maintain public services in face of the strike. The general strike did not materialize because, for one thing, unemployment began to rise alarmingly.

industry under the control of the state at this time. Of the twelve-man Commission, six were for nationalization, five were against it, and one produced a scheme of his own. The Government adopted the latter's scheme, which was further watered down. This was undoubtedly the Government's most successful playing-for-time project. The miners, the most revolutionary and powerful group among the workers, were kept on tenterhooks for months.

43 Annual Register for 1920, 26.
44 Ibid., 64, 98-99.
In November, 1920, the Government was authorized by the Unemployment (Relief Works) Act to find work for the growing unemployed. Under such distressing circumstances, the Dyestuff (Import Regulation) Act was passed in December, another step towards protection. At a special Labor Conference called in December, 1920, the growth of unemployment was blamed on the Government's delay in securing peaceful relations with Germany, and in not opening trade relations with Russia. Threats of coercing the government were made then and early in 1921, but the rise of unemployment--over a million were not working--made trade unions reluctant to act.

In the midst of the excitements of 1920, the Communist Party of Great Britain was organized. When the Communists sought for affiliation with the Labor Party, the application was rejected because the spirit of dictatorship of the proletariat, class-war, and revolutionary agitation of Communism was contrary to the Labor Party principles of Fabianism. Although the Communists applied for membership again and again during the twenties and often received strong backing from leftist elements in the Labor Party, still they were never allowed officially to affiliate.


47 Ibid., 112-114.
Unemployment was the greatest problem of 1921 in Great Britain. The actuarial basis of the unemployment insurance scheme toppled. Two-thirds of the insured workers, not having had a chance to build up the fund by their contributions because of the slump, were not really eligible for benefit if the terms were rigidly enforced. The Government could have reintroduced out-of-work donations again; instead, it abandoned the actuarial basis of contributory insurance by extending benefits, i.e., "uncovenanted" benefits, beyond the time justified by contributions. Proceeding cautiously, the Government in March extended benefits for sixteen weeks more, gratis, provided that the insured had been "genuinely seeking work;" in July it added six more weeks "at the discretion of the Minister of Labour." The Labor Party did not seriously oppose these enactments, although Clynes, the new Parliamentary Labor leader, deplored that they were not remedies but the "extension of the process of almsgiving." Finally, the Unemployment Workers' Dependents Act, passed by a majority of only thirty-three in November, introduced the new principle that benefits were to be given in proportion to need.

48 Gilson, Unemployment Insurance in Great Britain, 48.
49 Annual Register for 1921, 16-17.
50 Ibid., 115-116. Clynes described the Bill as a mockery because the amount of benefit proposed was too small to live on. Many Laborites walked out of the House and did not vote.
rather than in proportion to paid-up contributions. There were then two kinds of benefits available; first, the standard or covenanted benefits covered by contributions and, secondly, the extended or uncovenanted benefits. The latter were in effect doles. The building of the welfare state was now begun on a broad basis, but Britain hardly had any alternative. "It was commonly stated," wrote Cole and Postgate, "that in the winter of 1921 and 1922 the 'dole' saved Britain from revolution."

The depression in 1921 forced the Government to hurry its abandonment of war-time controls. Two things resulted from this program of de-control: first, the labor movement was put on the defensive and, secondly, the principle of the mixed economy that gave the government limited control of industry began to take shape. When the Government gave up its control of the coal mines in April instead of in August as promised, the miners struck. The results were disastrous for the miners. The other two members of the Triple Alliance, the transport workers and the railwaymen, were reluctant to support the strike from the beginning; hence, they soon found an excuse for not participating. This coal mine strike of 1921 marked a high point of revolutionary activity by the Syndicalist leaders.

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51 Cole and Postgate, *The British People*, 475. There were many hunger marches during the winter of 1921-1922, most of them being organized by the Communists.

52 The sentiments of the Laborite paper, the Daily
The defeat of the labor movement encouraged the Coalition Government to give heed to growing capitalist criticism of too much public spending. State subsidies were withdrawn; for instance, the Addison housing scheme was scrapped in June, 1921, and the 1917 Corn Production Act was allowed to lapse in September. In August the railways were given up by the state, but a new kind of control by the state was initiated. The Railways Act of 1921 compelled 120 private railway companies to amalgamate into four regional systems; an independent board was established by the Act to regulate these regional systems. This was a middle-way between the Labor Party's nationalization and pre-war private enterprise. This measure was to become a kind of model for the rising mixed economy in Britain.

Another step away from free trade was taken when a committee of 170 Unionist Liberals signed a declaration against spending public money too easily. "Yesterday was the heaviest defeat that has befallen the Labour movement within the memory of man. It is no use trying to minimize it. It is no use pretending that it is other than it is. We on this paper have said throughout that if the organized workers stand together they would win. They have not stood together, and they have reaped the reward." Cited in Ibid., 473. With the collapse of this strike, the revolutionary feeling steadily lost ground in Britain and was finally eclipsed in 1926. A workers' revolution after 1921 had little chance of success.

A committee of 170 Unionist Liberals signed a declaration against spending public money too easily. Annual Register for 1921, 60-61.

Clynes and Henderson opposed the Bill because it did not nationalize the railways outright. Ibid., 56, 78.
majority of 122 passed the Safeguarding of Industries Act of 1921. This Act, opposed by the Laborites and Liberals, provided for a 33 1/3 per cent duty on products of certain key industries for five years and prohibited dumping of cheap goods, especially from Germany. Lloyd George's promise to Bonar Law was made good.

Finally, plans for the restoration of the gold standard were now pushed. These plans were held more or less in abeyance since August, 1918, when Lord Cunliffe, then Governor of the Bank of England, produced his Report which stated flatly that such a return was "the only effective remedy for an adverse balance of trade." It was indeed export trade upon which the majority of unemployed industries depended. An economy committee under Sir Eric Geddes was set up in August to cut the coming budget "with an axe."

In 1922 deflation was in full swing, and the Government did all it could to support it. Wages tumbled first, then prices a little later, and finally the cost of production, the target of the Government's fiscal policy, at a distance. The Budget of 1922 followed the recommendations of the Geddes Committee more or less, and reduced government spending, especially with regard to defense and social services, by some fifty-two million pounds.

55 Hutchison, Decline and Fall of Capitalism, 162. All orthodox economic opinion agreed, the pound-sterling had to return to the pre-war rate of exchange. Confer also Gilson, Unemployment Insurance in Great Britain, 20-21.
The Coalition, in the meantime, showed signs of breaking up.

In summary, then, the Parliamentary Labor Party was impotent during the era of the revolution and the dole. However, the Labor Party outside Parliament, namely, the organized workingmen, in conjunction with trade unionists and their Socialist leaders, successfully forced fearful Coalition leaders to look to their interests. The depression changed the mood of the labor movement, and the anti-Socialist politicians took advantage of that fact. Nevertheless, the foundations of the welfare state and the mixed economy were laid by these same anti-Socialist politicians. Only indirectly was the Labor Party responsible for the extension of government controls from 1919 to 1922.

III

As early as January, 1922, the London Times began printing stories of a coming general election, hinting darkly of die-hard Tory rebellion against the dictatorial rule of Lloyd George, a Liberal. However, it was not until autumn that Stanley Baldwin, an unimpressive businessman and political unknown, was instructed by Bonar Law to bring about the circumstances which immediately precipitated the general election of 1922. On a platform of "tranquility and freedom from adventures and commitments at home and abroad,"56 the Conservatives were returned as

56 Annual Register for 1922, 115.
Conservative Party ....... 3\(\overline{1}\)4
Labor Party. .......... 138
Asquithian Liberals. .... 60
Georgite Liberals. ....... 57
Independents .......... 5
Co-operative Party .... 4
Independent Unionists .... 3
National Party ....... 2
Communist Party ...... 1
Sinn Fein. ........... 1

Government Majority ...... \(\frac{271}{73}\)

Obviously, the people wanted "tranquility." The official Opposition Party in the House of Commons now was undoubtedly the Labor Party, with its 138 seats. Although the Labor Party had cast the second largest number of votes in Parliament after 1918, still it somehow shared the honor of being the Opposition with the Asquithian Liberals. Even the combined vote of the fractured Liberal Party did not threaten the leadership of the present Opposition Party. The composition of the Labor Party was itself striking. 58

\[
\begin{array}{lll}
\text{Independent Labor Party} & 32 & 3 \\
\text{Fabian Society} & 1 & 0 \\
\text{Social Democratic Fed'tion} & 1 & 0 \\
\text{Divisional Labor Parties} & 19 & 5 \\
\text{Miners' Federation} & 42 & 25 \\
\text{Rest of Trade Unions} & 43 & 24 \\
\end{array}
\]

\(57\) Ibid., 120.

\(58\) Cole, History of the Labour Party from 1914, 130.
The important feature of the 1922 general elections was the increase of the Socialists, despite the fact that the miners and other trade unions also made gains. The Independent Labor Party jumped from three to thirty-two, and the local divisions of the Labor Party from five to nineteen. MacDonald was nominated by the Independent Labor Party for the leadership of the Government Opposition and narrowly beat out Clynes, who was made his deputy. Most of the former Socialist leaders like MacDonald, Snowden, and Sidney Webb were returned, as well as such ex-Liberals as Arthur Ponsonby, Charles Trevelyan, E. D. Morel, and many others.59

True to their election promises, the Conservatives did practically nothing while in office. The people were given a full measure of "tranquility." The only positive enactment of any importance was the Chamberlain Housing Act of 1923, which offered state subsidies to private enterprise and local authorities, especially favoring the former.60 To break the impasse in government, caused primarily by the unwillingness of Tory diehards to take any constructive stand on either domestic or for-

59 For a typical story of an ex-Liberal see Charles Trevelyan, From Liberalism to Labour, London, 1921.

60 Annual Register for 1923, 43-44. Wheatley, for Labor, moved for rejection of the Bill because the houses were too small and the subsidy was in general inadequate. The fact
eign policy, Baldwin went to the people on the issue of protective tariff. According to Baldwin, protection was the Tory master plan to remedy unemployment; but it could not be implemented without a clear mandate from voters. The issue of free trade united the Liberal factions. The results of the election were as follows:

<table>
<thead>
<tr>
<th>Party</th>
<th>New Parliament</th>
<th>At Dissolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conservatives</td>
<td>258</td>
<td>346</td>
</tr>
<tr>
<td>Laborites</td>
<td>191</td>
<td>144</td>
</tr>
<tr>
<td>Liberals</td>
<td>158</td>
<td>117</td>
</tr>
<tr>
<td>Independents</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>615</strong></td>
<td><strong>615</strong></td>
</tr>
</tbody>
</table>

The make-up of the new Parliamentary Labor Party showed that the Socialists had made further advances.

<table>
<thead>
<tr>
<th>Party</th>
<th>1923</th>
<th>1922</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Labor Party</td>
<td>46</td>
<td>32</td>
</tr>
<tr>
<td>Fabian Society</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Social Democratic Federation</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Divisional Labor Parties</td>
<td>35</td>
<td>19</td>
</tr>
<tr>
<td>Miners' Federation</td>
<td>44</td>
<td>42</td>
</tr>
</tbody>
</table>

was that the law favored builders of homes and not those who wished to rent homes because they were too poor to build their own homes.

61 Laissez-faire returned to Britain for one last year before it was banished completely.


63 Annual Register for 1923, 140.

64 Cole, History of the Labour Party from 1914, 155.
The fact that the Conservatives did not have a working majority turned the spotlight upon the Liberals, who held the balance of power. In a speech at the National Liberal Club on December 18, 1923, Asquith said that neither the Tory Party nor the Labor Party could push their respective programs, i.e., protection or the capital levy with its Socialist appurtenances, without a certain defeat of two hundred votes. "Are we not, then, entitled to say that our own policy is the only one which the electorate has not decisively and derisively rejected?" Therefore, "it is we," he said, "who control the situation. . . . if a Labour Government is ever to be tried in this country, as it will sooner or later, it could hardly be tried under safer conditions." Consequently, the Labor Party became His Majesty's Government in January, 1924, at the sufferance of the now united Liberal Party.

What was the record of the Labor Government of 1924 on the extension of government controls? First of all, unemployment was attacked. Three more Unemployment Insurance (Amendment) Acts were added to the growing list in the statute books with the Liberals supporting, even uncomfortably pressing, the Labor Govern-

Benefits were raised with the obvious purpose of keeping able-bodied unemployed from falling back on poor relief—a common practice—to supplement their insufficient allowances. The gap or waiting period was abolished, as well as the discretionary power of the Minister of Labor given in 1921 with regard to extended or uncovenanted benefits; henceforth, all benefits were to be granted as a right and not to be considered as doles. A new condition for benefit was required, i.e., the payment of thirty contributions in the two insurance (July to July) years immediately preceding the benefit (January to January) year in which the claim was made. This condition was never really enforced. Since the sudden imposition of this provision would have caused hardship to many, the condition was allowed to be waived until October 1, 1925. This arrangement gave birth to "transitional" benefits, which superseded the earlier uncovenanted benefits abolished altogether later by the Conservatives as wasteful and unbusinesslike. The transitional period, however, was extended again and again, producing the same effect as before. The total result was that nothing more was done to remedy unemployment.

66 Annual Register for 1924, 16, 36.
67 Gilson, Unemployment Insurance in Great Britain, 49n.
68 The transitional/extended benefit "came to be considered as much a right as was standard benefit." Ibid., 51. Cf. also R. C. Davison, The Unemployed, New York, 1929, 113. In 1925 the Conservatives abolished the right to extended benefit and restored the discretionary power of the Minister of Labor.
than had been done before. This was a sting to the Labor Party's prestige and self-respect.69

On the other hand, the Wheatley Housing Act of 1924, though severely amended by the Liberals, provided for generous subsidies to assist schemes of local authorities in producing houses for rent only, not for sale; this Act complemented the Chamberlain Housing Act of 1923 which, although allotting sums to local authorities, favored private builders.70 The Agricultural Wages Regulation Act, though mutilated by the Liberals, set a higher national minimum for farm workers.71 The Pensions (Increase) Act was passed without trouble. Incidentally, the Liberals joined the Government in repealing the McKenna Duties 319 to 254.72

As fall approached, the Liberals became more estranged

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69 In the face of ridicule and scorn heaped upon the Government by the Opposition, Shaw, the Minister of Labor, could only repeat the sentiments of his predecessors in office that "remedies for unemployment could not be produced like rabbits out of a hat." Somervell, Reign of King George the Fifth, 329.

70 The Wheatley Act was carried 226 votes to 131. Annual Register for 1924, 81.

71 Labor wanted a central board established to change the minimum from time to time, but the Liberals incorporated a definite sum into the Bill. Ibid., 66, 82.

72 Liberal Magazine, XXXII, June, 1924, 375. Just to test his strength, Baldwin introduced four imperial-preference bills which, though rejected, lured Liberal support in the following divisions: 247 to 279; 273 to 286; 270 to 287; and 265 to 285. Ibid., 440-441.
from the Labor Government's policies. The leftist Socialists of the Labor Party became increasingly vocal. Therefore, on the occasion of a Communist scare, the Liberals joined the Conservatives to oust Labor. The common fear of Socialism, especially after the publication of the "Zinoviev Letter" calling for a revolution in Britain, united the conservative wing of the Liberals to the Tory Party. The results of the general election showed that a good many Liberals voted for the Conservatives.73

<table>
<thead>
<tr>
<th>Party</th>
<th>Seats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conservative Party</td>
<td>413</td>
</tr>
<tr>
<td>Labor Party</td>
<td>151</td>
</tr>
<tr>
<td>Liberal Party</td>
<td>40</td>
</tr>
<tr>
<td>Constitutionalists</td>
<td>6</td>
</tr>
<tr>
<td>Irish Nationalists</td>
<td>1</td>
</tr>
<tr>
<td>Communist Party</td>
<td>1</td>
</tr>
<tr>
<td>Independents</td>
<td>3</td>
</tr>
<tr>
<td><strong>Government Majority</strong></td>
<td><strong>211</strong></td>
</tr>
</tbody>
</table>

The Liberal Party's association with the MacDonald regime had been the kiss of death. Henceforth, the Liberals ceased to count as a party comparable with the other two. The Government majority of 211 was in reality nearer 250, because the Constitutionalists and the Liberals aligned themselves with the Tories for the most part in an anti-Socialist bloc. A long tenure of office for the Conservatives could be safely predicted.

73 Annual Register for 1924, 116-117. The Tories and Liberals agreed to fight some of the "Socialist" candidates together, thus reducing three-way contests in some districts. Churchill, incidently, was elected as a Constitutionalist. He left the Liberals because of their connections with Socialism.
The labor membership was reduced from 191 to 151. Where in particular did the Party lose most heavily? The following tabulation shows that, as might have been expected, it was the Socialists who could not hold on to their seats. 74

<table>
<thead>
<tr>
<th>Party</th>
<th>1924</th>
<th>1923</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Labor Party</td>
<td>32</td>
<td>40</td>
</tr>
<tr>
<td>Fabian Society</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Social Democratic Federation</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Divisional Labor Parties</td>
<td>25</td>
<td>35</td>
</tr>
<tr>
<td>Miners' Federation</td>
<td>40</td>
<td>14</td>
</tr>
<tr>
<td>Rest of Trade Unions</td>
<td>46</td>
<td>51</td>
</tr>
<tr>
<td>Co-operative Party</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>151</td>
<td>191</td>
</tr>
</tbody>
</table>

While the fear of Socialism was uppermost in the minds of most British electors, Stanley Baldwin turned his face towards protection, although he did not call it by that name. On October 2, 1924, he said in a campaign speech:

I want to repeat what I have said on several occasions, that at this forthcoming election the general tariff is no part of our programme. . . . but we hold ourselves at liberty to safeguard industry in which unemployment may be caused by unfair competition of any kind. 75

Victory at the polls was interpreted by Baldwin as a mandate for more "safeguarding" or diluted protection.

The year 1925 was a banner one for the extension of government controls. On April 28, 1925, Winston Churchill, now a Tory and Chancellor of the Exchequer besides, announced the res-

74 Cole, History of the Labour Party from 1914, 171.
toration of the gold standard. The Bill setting it up was easily passed on May 5, with the Labor Party, playing the parliamentary game, opposing but not on principle. The McKenna Duties were reimposed in June, with only fifty-one Labor votes opposing. When the duties were extended to commercial motor vehicles in 1926 and imported motor tires in 1927, Labor opposed with 99 and 104 votes respectively. Furthermore, the Government issued a White Paper simplifying the procedure in the application for "safeguarding" by industries desiring such protection. When MacDonald moved for its rejection, the motion, despite wholehearted support from Liberals, was lost 335 to 146; obviously, the Parliamentary Labor Party was divided in its devotion to free trade. The division was clearly demonstrated when Labor, having 151 votes in the House of Commons, cast only 111 votes a-

76 Sir A. Mond, the Liberal Leader, also opposed the step as too hasty. In his defense of the Bill, Churchill quoted his severest critic, Keynes, as saying: "If we are to return to gold" the Government had "contrived to do so along the most prudent and far-sighted lines." Annual Register for 1925, 143.

Keynes wrote that the miners "represented in the flesh the 'fundamental adjustments' engineered by the Treasury and the Bank of England to satisfy the impatience of the City Fathers to bridge the 'moderate gap' between $4.40 [real value of the pound] and $4.86 [pre-war value of the pound]. They (and others to follow) are the 'moderate sacrifice' still necessary to ensure the stability of the gold standard." Keynes, The Economic Consequences of Mr. Churchill, 1925, reprinted in Essays in Persuasion, 201. On principle, the Laborites agreed with the Liberals and the Conservatives that the gold standard must return.

77 Annual Register for 1925, 8.
against duty on silk on June 10, only 123 votes against duty on lace and embroidery on June 16, and only 116 votes against duty on cutlery, gloves, and gas mantles on December 16, 1925. The British Sugar (Subsidy) Act, which gave protection to the beet sugar industry from outside competition, also passed without much trouble. Also in 1925, Winston Churchill introduced the Widows', Orphans', and Old Age Contributory Pension Act, another tremendous step towards increasing social benefits; the Bill passed its second reading by 401 votes to 125 and eventually became law after much airing of opinions. 78

In 1925 the coal-mine operators announced that the workers would have to take a cut in wages or increase their seven-hour day. The revolutionary mood reminiscent of 1921 began to stir the miners upon the publication of this statement. A die-hard Tory immediately introduced a bill designed to cripple the political levy of the trade unions, but Baldwin stayed the powerful hand of the Government. The Prime Minister said in the House of Commons on March 6, 1925:

We believe in the justice of this Bill which has been brought in to-day, but we are going to withdraw our hand, and we are not going to push our political advantage home at a moment like this. . . . We, at any rate, are not going

78 Ibid., 52-55. It is interesting to note how the Conservatives took the lead after the war in building up the welfare state.
to fire the first shot. We stand for peace. We stand for the removal of suspicion in the country. We want to create an atmosphere, a new atmosphere in a new Parliament for a new age, in which the people can come together.79

This moderate stand by Baldwin was to prove efficacious in the long run.

Undoubtedly the most important extension of government control in 1926 was not legislative. When the Conservative Government called Labor's bluff during the nation-wide General Strike of 1926 precipitated by the miners, it broke the back of British industrial trade unionism. The labor movement in general veered sharply to the right. Militant trade unionism had exhausted itself, financially and morally. Following their defeat, the miners not only meekly accepted the inevitable cut in wages, in common with all British workers, but the Coal Mines' (Eight Hours) Act also increased their working day. Since 1926 no really large strike has occurred in Britain. During the seven years from 1919 to 1925, the days lost by strikes averaged nearly twenty-eight million a year; during the seven years from 1927 to 1933, they averaged well under two million; and finally, during the war years from 1941 to 1946, they averaged just over two million, or less than half the average during World War I.80

79 Stanley Baldwin, CLXXXI, House of Commons Debates, 5 series, March 6, 1925, column 840.

More legislative controls were also imposed by the Conservative politicians. When the Liberals attempted unsuccessfully on June 8, 1926, to delete a clause in the Finance Bill of that year continuing key-industries duties for ten years, 124 Laborites voted with them; but only 84 Laborites voted in behalf of their Party's motion to reject the same clause on July 6. On June 7 only 106 Laborites opposed stabilization of imperial preference for ten years. On June 9 only 77 Labor votes opposed safeguarding duties on packing and wrapping paper. Clearly, Labor's attitude toward free trade was changing.

Three other important acts extending government controls were passed in 1926. A new Credit Export Insurance scheme was adopted by which the Government guaranteed the payment of approved export bills up to 75 per cent of their face value; this scheme proved to be very successful. The second act authorized the British Broadcasting Company to be taken over by the Government, thus amalgamating all British effort in radio; an independent board of trustees was established to control the Company. Finally, a substantial majority of votes passed the Electricity Act which compelled smaller units to amalgamate; a Central Electricity Board would give the government indirect control. The

81 In 1927 only 88 Labor votes opposed safeguarding pottery, and in 1928 only 57 votes opposed duties on hollow-ware and buttons.
mixed economy was also growing at the hands of the Tories.

In summary, then, the influence of the Labor Party in augmenting government controls from 1923 to 1926 was picayune, at best. As the Parliamentary Labor Party, it did increase some unemployment insurance benefits in 1924, but only with the approval of the Liberals, the self-appointed moderators. The Conservatives were in complete charge of Parliament thereafter. In addition to its poor record in Commons, the Labor Party met complete disaster on the industrial front. The unsuccessful national General Strike of 1926 irreparably crippled the industrial wing of the Labor Party, hitherto the only really effective wing.

IV

The anti-Socialist bloc in the Government was not satisfied with an industrial victory over the Trade Unions. The Trade Disputes and Trade Unions Act of 1927 was passed by the Conservatives,\(^2\) led by the die-hard faction, for the purpose not only of curbing strike action and trade-union bargaining power, but also of crippling the Labor Party by hitting at the main source of its funds. Contrary to the Trade Union Act of 1913 by which a trade unionist could, if he wished, contract-out of contributing to the union political fund, the worker now had to contract-in by sign-

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\(^2\) Labor voted 150 against the Bill on the second reading on May 5, but gave up the fight eventually on June 23, casting 126 votes on the third reading.
ing a form expressing his desire to pay. The carelessness, lukewarmness, and inertia of the workers favored the law. The immediate effect was a drop in Labor Party membership of 1,380,000, whereas the trade unions lost only 400,000. The worst feature of the Act was the extreme uncertainty in which it left the legal position of trade unionism on a number of points. The law remained in force for nineteen years.

The enduring unemployment added to the general feeling of discouragement. Little wonder, therefore, that the trade unions turned to the right. In February, 1927, the General Council of the Trades Union Congress imposed a ban on local Trades Councils which flirted with the Communist-dominated Minority Movement. The Labor Party Executive Committee similarly disaffiliated a few local Labor Parties which persisted in maintaining Communist connections. The conversion assumed dramatic proportions at home where a cleavage between the Labor Party and Independent Labor Party leadership became apparent after 1926. The Independent Labor Party had introduced its new policy of "Socialism in Our Time" based on a Family Living Wage at the annual conference of the Labor Party in 1926, and more fully in 1927. The Execu-

83 The Trade Dispute and Trade Unions Act of 1927 might be summarized thus: 1. A general strike or general lockout is illegal; 2. Intimidation is illegal; 3. No person shall be compelled to subscribe to the funds of a political party unless he so desires; 4. Members of the established Civil Service owe undivided allegiance to the state.
tive Committee of the Labor Party had voted in favor of the proposals, but the General Council of the Trades Union Congress opposed them and, in a joint committee session, succeeded in having them shelved. Besides, MacDonald, who called them "flashy futilities," and other Independent Labor Party stalwarts attacked the whole policy of "Socialism Now" as liable to frighten the electorate; 84 MacDonald, Snowden, and others soon quit their connections with the Party. As a matter of fact, these proposals were swept aside when the Labor Party set to work in 1927 to produce a new program to supersede Labour and the New Social Order of 1918 in preparation for the 1929 general elections.

Other important government-control legislation passed in 1927 were the Cinematograph Films Act, which introduced the state into a new field for mass propaganda, 85 and the year's Unemployment (Amendment) Act, which thoroughly revised the insurance system. Between 1920 and 1927 there were twelve amending acts passed, chiefly related to extended benefit. The largest drain on the insurance fund came, of course, from claims to ex-

84 Cole, History of the Labour Party from 1914, 199. Ernest Bevin warned that the Independent Labor Party's program might be "over the heads of the people—something that they could not understand," that "Trade Unionists were not all Labour Party Socialists, and that there were thousands of Trade Unionists who were Tories." Ibid., 205.

85 Only 117 negative votes were cast by the Labor Party at the third reading on November 17, 1927.
tended, not standard benefit.\textsuperscript{86} The Act of 1927, greatly under-
estimating the average percentage of unemployment as mentioned
earlier in the chapter,\textsuperscript{87} abandoned extended benefit and made all
benefit standard or payable as a right. Eligibility for benefit
depended on the payment of thirty contributions during the two
years prior to the claim; however, the transitional period was
kept. The "transitional provisions allowed unusually easy con-
ditions, as no classes were denied benefit by discretion of the
Minister of Labour as before, and all benefits became a right."
\textsuperscript{88}
Originally applicable only to April, 1929, the transitional period
was extended to April, 1930, to April, 1931, and six months more
in 1931. The purpose of the Act was nicely described by the
Government as a "measure for putting unemployment insurance on
a sound basis actuarially and administratively . . . not . . .
for solving the problem."
\textsuperscript{89}
In 1928 a new National Health Insurance Act, extending
its services to all classes of Britishers, was passed without

\textsuperscript{86} Gilson, \textit{Unemployment Insurance in Great Britain},
106. See also Table 13, \textit{Ibid.}, 114.2.

\textsuperscript{87} See page 72, footnote 9.

\textsuperscript{88} Gilson, \textit{Unemployment Insurance in Great Britain}, 53.

\textsuperscript{89} Annual Register for 1927, 113. The third reading
of the Bill was carried 233 votes to 124, Labor's votes being
much trouble. 90 The Agricultural Credits Act gave large subsidies to help the farmers whom the Conservatives traditionally protected. 91 The Currency and Bank Note Act of 1928 is important because by the amalgamation (the word is used advisedly) of the Government's currency issue of World War I with that of the Bank of England the Government became a very intimate partner of the British Bank, even more so than in the past. Collectivization increased outside Parliament, too. Negotiations between a group of big industrialists and the Trades Union Congress, called the Mond-Turner Conference, resulted in the publication of a statement in July, 1928, proposing that a National Industrial Council be set up to study industrial problems and to speed up "rationalization" or amalgamation of various industries. 92 The attempt of Anglicans in 1927 and again in 1928 to get a more liberal Prayer Book passed through Parliament was not an issue in extending government controls, but, as many opponents clearly voiced it, in maintaining them; a motley company of Nonconformists, Socialists, and atheists defeated the attempt. Finally, in preparation for the coming general election, the Franchise Act of

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90 The second reading of the Bill was carried by 206 votes to 99, Labor seemingly putting forth merely a token opposition. Ibid., 33.

91 Labor cast 152 votes against the Bill, none in its favor.

92 Annual Register for 1928, 65. "All ideas of compulsory arbitration were ruled out by both sides." Ibid., 66.
1928, first proposed by the Labor Party in 1919, gave the vote to women left voteless in 1918.

At the 1928 Annual Conference of the Labor Party, MacDonald submitted the tentative election program of 1929 called Labour and the Nation. The opening page of the draft declared that "the Labour Party is a Socialist party." On the next page it read:

Its Socialism ... is the practical recognition of the familiar commonplace that "morality is in the nature of things," and that men are all, in very truth, members one of another. ... The Labour Party believes that the time has come ... for the deliberate establishment, by experimental methods, without violence or disturbance ... of a social order in which the resources of the community shall be organized and administered with a single eye to securing for all its members the largest possible measure of economic welfare and personal freedom.

The old utilitarian formula of "the greatest happiness of the greatest number" had been given a new dress. The broad, religious humanitarianism characteristic of Nonconformism among the lower classes was brought out clearly. The scientific Socialists fumed. The Labor program pushed nationalization into the background and concentrated on unemployment, social reform, and foreign relations. The remarkable thing about the 1929 program was its similarity to that of the Liberals; G. D. H. Cole observed:

94 Ibid., 8.
Almost the same proposals appeared in the election programme of the Liberal Party, which, under the inspiration of Lloyd George and on the advice of J. M. Keynes, based its main appeal to the people on large-scale measures for increasing the level of employment.95

Before the Conservatives finished their five-year term of office, they passed the Local Government Act of 1929, a reform long overdue, by 292 votes to 113. Among other changes, the Act abolished the Poor Law Boards of Guardians, which went back to 1834 and which somehow came to stigmatize receivers of assistance as semi-criminals, and transferred the Boards' duties to country borough councils. This was a step towards centralization.

In 1929 the British people were ready for a change of government, and the Tory Party's program of "Safety First" was certainly not the answer. Perhaps the London Times expressed a widely-held notion in a way it did not intend when it said that Labor's policy was "the policy of Mr. Lloyd George in the language of Mr. Baldwin."96 The Fortnightly Review wrote: "There is

95 Cole, History of the Labour Party from 1914, 213. In a pamphlet entitled Can the Liberal Pledge Be Carried Out? (Mr. J. M. Keynes says "Yes."), which was reprinted from the Evening Standard, March 19, 1929, Keynes's ideas on government spending and controls were incorporated and simply presented. Other pamphlets authored by J. M. Keynes and D. H. Henderson were Can Lloyd George Do It? London, 1929, reprinted from the Nation and Athenaeum, May 11, 1929, and How to Conquer Unemployment, London, 1929. For a list of anonymous articles appearing in the Nation and Athenaeum of which Keynes was chairman at this time see The New Economics: Keynes' Influence on Theory and Public Policy, 370.

96 Post-Mortems of the British and Canadian Elections, William T. Morgan, "The Socialist Victory in Great Britain," 28,
nothing about Mr. MacDonald to frighten quiet folk. . . . Mr. Snowden, if a rash speaker, is a conservative financier; and as for Mr. Thomas, Mr. Clynes, and Mr. Henderson, there is not the colour of a revolutionary among them. 97 Consequently, the results of the general election of 1929 were as follows: 98

<table>
<thead>
<tr>
<th>Party</th>
<th>Votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor Party</td>
<td>287</td>
</tr>
<tr>
<td>Liberal Party</td>
<td>59</td>
</tr>
<tr>
<td>Irish Nationalists</td>
<td>4</td>
</tr>
<tr>
<td>Conservative Party</td>
<td>350</td>
</tr>
<tr>
<td>Independents</td>
<td>261</td>
</tr>
<tr>
<td>Government Majority</td>
<td>265</td>
</tr>
</tbody>
</table>

The Labor Government had a majority of only twenty-five over the Conservatives; however, it could depend upon the Liberals, who again held the balance of power, and the Irish Nationalists to vote with it. With their fifty-nine votes, the Liberals became the most influential group in Parliament; they could pass, defeat, or trim any Government legislation introduced, which they did.

The greatest change in the Labor Party itself was the

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97 Ibid., 31. Both the Conservatives and the Laborites unmercifully jeered at Lloyd George, whose past record was hopelessly vulnerable. He had acted traitorously towards both parties at one time or another in his political career.

98 Annual Register for 1929, 45-46.
increase of the local Labor Parties from 25 to 128 seats. At the same time, the rise of the other trade unions nullified to some extent the one-time authority of the miners, still the largest of the unions represented.\footnote{
Cole, History of the Labour Party from 1914, 223. According to Cole, Labor had 288 seats instead of 287 as reported in the Annual Register for 1929.}

\begin{tabular}{lcc}
 & 1929 & 1924 \\
Independent Labor Party & 37 & 32 \\
Other Socialist Parties & 0 & 4 \\
Divisional Labor Parties & 128 & 25 \\
Co-operative Party & 9 & 6 \\
Miners' Federation & 42 & 40 \\
Rest of Trade Unions & 72 & 151 \\
\hline
Total & 288 & 151 \\
\end{tabular}

The Labor Cabinet, headed by MacDonald, contained almost the same personalities as were in office in 1924, except for such newcomers as Mosley, Sankey, and George Lansbury. If there was any change, it showed in the absence of leftists. From the very beginning, the Labor Government seemed to look to the Liberals for help. After MacDonald's first "King's Speech," Churchill commented on its mildness by sarcastically offering "cordial cooperation in the Government's self-imposed task of carrying out the Conservatives' policy and making the world easier, if not safer, for capitalism."\footnote{Hutchison, Decline and Fall of Capitalism, 201.}

Two acts of importance that were passed by the Labor Government in 1929 tapped the treasury for increased public ex-
penditure. First, the new Government raised the Exchequer's share in the total contribution of unemployment insurance from the 1927 rate of two-fifths to one-half of the combined contributions of employer and employee. Although Labor leftists opposed the Bill for various reasons, the solid vote of the Liberals carried the Bill by a majority of seventy-four votes.\footnote{Annual Register for 1929, 100-105.} The second measure was the Development (Loan Guarantee and Grants) Act, which provided for a large financial assistance to public utility undertakings and to local authorities.

During 1930 the familiar terms existing between the Labor Government and the Liberals became a mild scandal to the Tories. An informal group of leading Liberal economists, accountants, employers and trade unionists and Socialists, including some Cabinet members, formed an Economic Advisory Council for the purpose of counseling the Prime Minister confidentially on general economic policy.\footnote{Annual Register for 1930, 8-9. See also Cole, History of the Labour Party from 1914, 231. Concerning the Liberal-Labor "contact" confer the Annual Register for 1930, 107-108.} A Liberal-Labor "contact" was approved by the Labor Party at its annual conference. The liaison continued in Parliament. A very important measure passed in 1930 was the Coal Mines (Compulsory Amalgamation) Act, which was carried by a vote of 281 to 273 for its second reading, 277 to 234
for its third reading. It was the Liberals who insisted on the compulsory feature for employers, i.e., the establishment of a Coal Mines Reorganization Commission, which had not been included in Labor's first draft of the Bill. The final result was a government-blessed cartel like that established for railroads in 1921, for electricity and the radio in 1926, and others. The amended Unemployment Insurance Act of 1930 repealed the condition of "genuinely seeking work," thus putting the onus of the proof on the officials of the Ministry of Labor. This was a return to the conditions of 1920. Qualifications became less strict, the applicant being given the benefit of the doubt. The borrowing power of the fund was first raised to fifty million pounds, and later to seventy million. Unemployment in June, 1929, was 9.6 per cent of the insured; a year later the percentage was 15.9 and in December practically 20 — about two and a half million unemployed. Pitifully aware of its inability to cope with this problem, the Labor Government resorted to expedients

103 The Liberals had more or less abstained for the second reading, but cast the decisive majority for the final division.

104 Cole, History of the Labour Party from 1914, 232. The Lords mutilated the Bill somewhat, but the Government accepted the result "to save the Bill." The measure, however, was far from being successful. Confer the Annual Register for 1929, 111-114 and for 1930, 9-15. A Mining Industrial Act of 1926 had encouraged voluntary amalgamation of collieries without results.

105 Confer page 70 for the exact figure of the debt.
used in the 1920 Unemployment (Relief Work) Act by passing the 
Public Works Facilities Act. The depression had just about stag-
nated British economic activity.

What, then, was the influence of the Labor Party on the 
extension of government controls during the 1920's? The Parlia-
mentary Labor Party had very little influence, although the trade 
unionists and some Socialists outside the House of Commons did 
coerce the government indirectly. The only influential group of 
the Labor Party during the war period was the trade unionists, 
Britain's labor battalion. All the legislation from the McKenna 
Duties of 1915 to the out-of-work donations of 1918 was the work 
of Liberals or Conservatives.

From 1919 to 1922 the Parliamentary Labor Party numbered 
about sixty, and it shared Opposition with the Asquithian Liber-
als. The Coalition, with some five hundred seats, completely 
dominated the House of Commons. The uproar in the arena of in-
dustrial warfare, where trade unionists—Lloyd George's returning 
heroes—threatened to fashion a fitter land for themselves in the 
face of an extremely conservative Parliament, did coerce the gov-
ernment, but only negatively and with few lasting results. The 
trend toward permanent government controls was evidenced, first, 
in the establishment of various centralizing agencies and com-
missions which, war experience showed, helped to promote effi-
ciency; and secondly, in the rise of social welfare agencies es-
tablished to combat unemployment. The pattern of retreat from laissez-faire Liberalism, which the trend assumed, was clearly demonstrated in the way the Conservative-Liberal Government met each problem experimentally in a thoroughly British "muddling" manner. Besides, the Keynesian criticism of capitalism provided for a rapprochement between certain hard-headed Liberal economists and doctrinaire Socialists.

The Labor Party reached its critical period in 1922 to 1926. Nobody knew just how the Party would conduct itself if given political power. The Party became the undisputed Government Opposition in 1922 and increased its strength in 1923. Ex-Liberals began to flock to its cause. The following year, it became His Majesty's Government at the nod of the Liberals, who carefully controlled the year's legislation. At least a dozen defeats were sustained by the Government when it strayed from Liberals policies. At most, the Labor Government proved to Churchill and critics of his ilk that Labor could govern. When the Conservatives returned to power, they began to implement their anti-Socialist, anti-Keynesian, pro-gold fiscal policy. The workers paid the price for the restoration of the gold standard. The industrial wing of the Labor Party, having compelled the Government to grant a large subsidy to the miners in 1925, sought to repeat the performance the following year. The Conservatives, however, had prepared to fight it out in 1926, because the re-
volutionary spirit of 1919-1922 was absent and public opinion for labor was not so strong as it was then. The Labor Party's strongest weapon, the general strike, was blunted so badly that it was discarded forever, a museum-piece for future generations.

During the years from 1927 to 1930, the Labor Party and the Trades Union Congress veered to the right. Although the Conservatives were elected on an anti-Socialist program in 1924, Stanley Baldwin introduced a paternalism and benevolence in government that helped to soothe Labor's wounds. The trend towards protection was speeded up, and it soon became clear that many Laborites sitting in Parliament were losing their Liberalist devotion to free trade. Social services were greatly augmented by the humanitarian Baldwin Government. When the Labor Party came into office in 1929, there was no sharp break with the policies of the preceding administration. Only Liberal pressure against protection was the difference, proving the importance of the Liberal hold on the Labor Government. MacDonald and Baldwin had very much in common as private persons and Prime Ministers. From individual Liberals, the Labor leaders asked and received confidential guidance. The differences between the Liberals and the 1929-manifesto Socialists were vague indeed. The Keynesian criticism of capitalism and the positive principles of "gradualist" Socialism were almost speaking the same language, the accent alone being different. Meanwhile, the vast army of unemployed, bereft
of self-help in the midst of a growing depression, looked more and more to the government for succor.

The reaction against *laissez-faire* Liberalism was promoted most of all by the Conservatives. The die-hard, old Tories, who resurrected *laissez-faire* briefly in 1923, were ousted by Conservatives who were more socialistic-minded. Pre-eminent among the latter was Stanley Baldwin, the wealthy businessman, politician, and humanitarian. The trend towards government controls, towards "gradualist" Socialism, was primarily in the hands of these socialistic Conservatives.
CHAPTER IV

THE LONG CONVALESCENCE OF THE LABOR PARTY:

1931-1940

The trend towards government controls in Britain gathered momentum during the 1930's. Laissez-faire Liberalism, which had been long in dying, was finally buried. The keynote of the 1920's had been experiment; indeed, the government took a hand at social services, introduced degrees of mixed economy, closely associated itself with national finance and banking, passed limited protective tariffs, and invested itself with Socialist accoutrements twice, at least externally. The British saving grace of being able to call a spade a club with sincerity and equanimity helped to uproot traditional Liberal beliefs and practices with relative ease. The forces that made for collectivism were

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1 Mixed economy is the term applied to a middle way between individualistic private enterprise and Socialism. It is a system in which both private enterprise and the state jointly, in varying degrees, administer certain industries and organizations.

to make still deeper impressions upon the life of Britain during the decade from 1930 to 1940.

A list given below of the more important government-control legislation of the period clearly manifests the increasing power that was lodged in the central government.

I

1931 Loans by Exchequer to unemployment fund
1931 Anomalies (Restricting Benefits) Act
1931 First Agricultural Marketing Act
1931 Gold Standard abandoned
1931 National Economy Act
1931 Abnormal Importation (Safeguarding) Act
1932 Import Duties (General Tariff) Act
1932 Ottawa Agreements (Imperial Preference) Act
1932 Exchange Equalization Account
1932 Loan Conversion Measure
1932 Wheat Act
1932 Transitional Payments (Determination of Need) Act

II

1933 Agricultural Marketing Act giving wide government controls
1933 London Passenger Transport Act
1933 Road and Rail Traffic Act
1934 Unemployment Assistance Board Established
1934 Incitement to Disaffection Act
1934 Petroleum Production (Nationalization) Act
1934 Lancashire Wage Contract (State Guaranty) Act
1934 North Atlantic Shipping Act
1935 Housing (Omnibus) Act
1935 British Shipping (Assistance) Act
1935 British steel cartel protected by state
1935 Ribbon Development Act

III

1936 Public Health Act
1936 National Health Insurance Act
1936 Air Navigation Act
Three periods of development manifest themselves during the 1930's. In the first period of the financial crisis from 1931 to 1932, the Labor Party lost its most capable leaders. During the second period from 1933 to 1935, the Labor Party, in the hands of leftists, became completely demoralized, while the country increased its prosperity. In the last period, the Labor Party
found itself again under the leadership of moderate Socialists, while national rearmament became the big issue. During the last period from 1936 to 1940, government controls increased by leaps and bounds.

The British labor movement had only the slightest influence in the enactment of the measures listed above. A general conspectus of the condition of Labor might be gathered from the dwindling membership in the Trades Union Congress and the Labor Party. Although the Trades Union Congress had a membership of 4.5 million in 1918, 6.4 million in 1921, and 4.1 million in 1927, it found itself reduced to 3.7 million in 1930, 3.2 million in 1934, 4 million in 1937, and increased to 4.6 million in 1939.

The Labor Party membership was certainly crippled by the 1927 Trades Union and Trades Disputes Act, which substituted contracting-in for contracting-out, and disaffiliated the Civil Servants' Union. In 1918, for instance, the total Labor Party membership was 2.9 million, 3.9 million in 1921, 3.2 million in 1927; but fell to 2 million in 1930, 1.8 million in 1934, 2 million in 1937, and rose to 2.2 million in 1939. Furthermore, the interplay of politics and the perennial problem of unemployment were to effect a dramatic dissolution of the Labor Party into at least three seceding factions, and to relegate the remnant majority of the

3 Cole, History of the Labour Party from 1914, 481.
Party to the condition of a bitter, broken derelict.

I

Unemployment remained the most important problem that Britain continued to face in the early thirties. While the unemployed were fast approaching two million, Mr. J. H. Thomas, the Labor Government's Minister of Labor, did nothing positive to remedy the situation during his first year of office, except to hint mysteriously about plans up his sleeve. However, Sir Oswald Mosley, who had been assigned with George Lansbury, the only leftist in the Cabinet, to assist Thomas, submitted proposals of his own to the Cabinet. The main feature of his plan was a big public-works scheme to be furnished by public borrowing, a plan for which the Government could reasonably have expected Liberal support in view of the Keynesian-Lloyd George election program of 1929. Nevertheless, it was pigeonholed because Snowden, and presumably MacDonald too, for that matter, was loathe to scuttle "sound finance" for deficit spending, which was a war-time expedient at best. Mosley resigned and went his own devious way in politics, ending eventually as the leader of the black-shirted, anti-semitic British Fascists. His was the first of the three secessions. It was important because, even though only four Laborites follow-

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4 Ernest Bevin urged the Government to adopt the Liberal unemployment scheme; but, when a division on the question was called, party loyalty asserted itself by a majority of thirty-one. Annual Register for 1930, 85.
ed him, it caused great confusion in the ranks. The only plan proposed by the Labor Party to fight unemployment was deemed to be too Socialist by the Government! Meanwhile, the two-million mark of able-bodied unemployed was passed as the Government drifted through 1930. Neither Labor economists like G. D. H. Cole nor progressive Liberals like J. M. Keynes, both anxious to help, were consulted by MacDonald, who "had indeed lost contact with most of the members of his own party."5

Early in 1931 an economy campaign began to shape up throughout Great Britain.6 On February 11, 1931, the Conservatives moved a vote of censure that quoted from a memorandum submitted a few weeks before by the Unemployment Insurance Fund Commission that "continual State borrowing on the present vast scale without adequate provision for repayment by the Fund would quickly call in question the stability of the British financial system."7 The motion was defeated by seventy-five votes, but the Tories felt they had won a moral victory because Snowden agreed to call for temporary sacrifices in social services in the face

5 Hutchison, Decline and Fall of Capitalism, 205.

6 The campaign was carried into every part of the country by the Economic League, the Friends of Economy Committee, the National Citizens' Union, the Individualist Bookshop, and the National Association of Merchants and Manufacturers. Annual Register for 1931, 4.

7 Ibid., 14.
of the depression. Almost immediately afterwards, the Liberals pressed for the establishment of an independent investigating committee, and in March Snowden again yielded by appointing Sir George May, retired head of the Prudential Insurance Company, as chairman.

In the midst of the general outcry for economy among the commercial interests in 1931, the Government first increased, then restricted, public spending. The Unemployment Insurance (Amendment) (No. 1) Act extended the transitional period,8 raised benefits, and increased the amount of money borrowed from the government Exchequer. The Tories, of course, moved for its rejection; Churchill jibed at the Government for demonstrating its Socialism by paying "for the longest time in the loosest fashion the largest doles to the largest number."9 The Bill passed its second reading 279 votes to 219 and was carried the rest of the way without much opposition. In July, an Unemployment Insurance (Amendment) (No. 3) Act, called the Anomalies Act, restricted the reception of transitional benefits because of alleged or real abuses. The majority of the Parliamentary Labor Party was secretly in sympathy with the Mosley clique and the Independent Labor Party members who fought the passage of this Act in vain.10

8 See page 112 of this thesis.
9 Annual Register for 1931, 16.
10 Ibid., 56.
The passage of the Anomalies Act brought to a head the antipathy between the Government and the Independent Labor Party, and it paved the way for the smaller party's break-away. The issue could be pithily described as one between "maintaining the Government" and "Socialism in Our Time." In the general election of 1931, many Independent Labor Party candidates stood as a separate political party. This was the second secession from the Labor Party.

A government-control measure of some importance, which was passed at this time, was the first Agricultural Marketing Act. According to this Act, the Minister of Agriculture was authorized to centralize the marketing methods of a large number of farm products in the interests of efficiency. The Tories raised the cry of nationalization; yet this Act, really only a feeler, was fully implemented by a Tory-supported Marketing Act of 1933.

The Labor Government's friendliness with the Liberals as well as the Tories, was viewed with repugnance by a growing number of Party members. Mosley left to start his own ill-fated New Party in February, 1931; Sir Charles Trevelyan, Minister of

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11 In 1932 the Independent Labor Party split three ways: one, as moderate disaffiliationists, led by James Maxton, Fenner Brockway, and the Independent Labor Parliamentary Party, which was suspended in a void between Moscow and London; two, as revolutionary disaffiliationists, which in 1935 joined the Communist Party; three, as affiliationists, which exploded into smaller Socialist groups. Many of the third group rejoined the Labor Party.
Education, resigned his office in disgust in March; Lord Arnold, the Paymaster-General, quit a few days later. The movement caught on at the lower levels also. Finally, Snowden's 1931 Budget was not only relatively mild, but had all the earmarks of Conservatism about it.

It was external pressure, however, which was the decisive element in bringing about the third defection from the Labor Party. Throughout the summer of 1931, the Bank of England was lashed by a financial blizzard. The Bank for years had held large savings of smaller nations and individual wealthy investors from larger nations because of its vaunted reputation for stability. On May 11, 1931, the dominant Austrian bank, the Kreditanstalt, to which the Bank of England had made substantial loans, failed. The bankruptcy in Austria caused a panic in Germany. Nations that had loaned Germany money began to recall their loans. On June 20, President Hoover proposed a one-year moratorium on all inter-governmental debts, but French obstructionist tactics robbed the plan of its psychological effects. England's attempt to recover seventy million sterling just loaned to Germany was blocked by the moratorium. The Bank of England's credit was frozen in Germany while its liabilities were assailable.

On July 13, the Darmstadter und Nationalbank, one of Germany's largest, failed. On the same day, the Macmillan Com-
mittee on Finance and Industry, which had been set up in 1929,
reported that British bankers had been financing long-term for­
eign investments with short-term foreign funds, and that their
current foreign liabilities were greater than their quick assets.
In complete dismay, foreign investors began to withdraw balances
from London on July 16 in expectation of a collapse there. On
July 15, the gold reserve stood at 16½ million sterling; by July
28, it fell to 132 million and the drain continued. On July 31,
the Treasury released the May Committee's Report which indicated
a deficit of about 120 million sterling for the 1932-1933 Budget
and recommended, as a partial remedy, a reduction of 96 million
in unemployment insurance benefits. Further consternation arose
on all sides when the Government, on August 1, borrowed 50 mil­
lion sterling for the Bank of England, half from Paris, half from
New York. This action, though staving off immediate disaster,
intensified world-wide belief in the Bank's insolvency. A fur­
ther consultation of the Cabinet with leading British bankers on
August 12 revealed that the deficit of the 1932-1933 Budget would
be nearer 180 million sterling than 120 million. It was agreed
that drastic economic measures had to be taken. This meant, con­

12 The Macmillan Committee had adopted the Keynesian
view of a managed monetary system instead of the automatic (gold)
system. Annual Register for 1931, 60. Confer also Keynes's own
Addendum I to the Report on British Finance and Industry (Macmil­
lan Report), 1931, Cmd. 3897.
cretely, that a ten per cent cut in unemployment benefits, as well as reductions on other welfare services, would be necessary.

The Labor Government leaders now had to face their supporters outside the Parliament. At a joint meeting of the Executive Committee of the Labor Party and the General Council of the Trades Union Congress, Snowden said: "We firmly believe that if sterling collapses . . . you will have chaos and ruin in this country. You will have unemployment rising not merely to five million but to ten million."13 The Labor audience, however, was convinced more than ever that the crisis was a plot of the British bankers and anti-Socialist politicians to undermine the Labor Government. A vague theory, beginning to find acceptance among the trade unionists, was the Bankers' Ramp, i.e., "a financial crisis deliberately engineered for the purpose of forcing Britain to curtail its expenditure on social services, and so remove one of the chief barriers to a reduction of the wage level."14 As a matter of fact, when the Bank asked Paris and New York to advance eighty million sterling more, it was told nothing would be forthcoming until there was evidence that Britain was not going bankrupt.

On August 23, 1931, the Labor Cabinet had its last meet-

13 Hutchison, Decline and Fall of Capitalism, 207. See passage of Anomalies Act, page 131 of this thesis.

14 Annual Register for 1931, 68.
When it was told that social services, especially unemployment benefits, would have to be cut substantially, a vote was called for and taken. Twelve members favored the reduction in welfare services and eight opposed it. MacDonald asked them all to resign before he left to see the King. The next morning his colleagues were astounded to learn that instead of resigning and going into opposition himself, MacDonald had accepted a commission to head a National Government to cope with the emergency.

Ten men composed the emergency Government, four Labor men (MacDonald, Snowden, Thomas and Sankey), four Conservatives, and two Liberals. The voting power behind this Government was entirely Conservative since the majority of the Labor Party, having disowned MacDonald and later ousted his followers, elected Henderson leader and went into Opposition. It was immediately announced that the new Government was not a Coalition, but a salvage squad that would disband as soon as the crisis was disposed of. On August 28, 1931, the Bank of England was able to obtain credits of forty million sterling each from Paris and New York.

These external events, then, coupled with MacDonald's growing coolness towards Socialism and his ambition to perpetuate himself in office, isolated the leader from his followers. This was the third and most damaging defection from the Labor Party. The National Labor Party, soon to be organized by MacDonald out
of his handful of personal followers, was indeed a party of leaders without followers; on the other hand, the Labor Party was now a party without leaders.

On September 10, Snowden introduced a supplementary budget and four days later an Economy Bill. The one greatly increased taxes; the other slashed expenditures for military defence, education, insurance benefits, pensions, and public works, and cut salaries of all civil servants, - ten per cent or more, from the Prime Minister down to the personnel of the army and the navy. Twenty-two million sterling was recovered from the expenditures of the current year, and seventy million from next year's outlay. The National Economy Bill passed its second reading by a majority of seventy-five votes, and its third reading 297 to 242, a majority of fifty-seven. The third reading of the Finance Bill was carried without a division. The Liberal Party had deserted Labor again.

The frantic scramble for liquidity continued, especially when it was heard that British sailors had mutinied against pay cuts. One rumor making the rounds of European capitals had it that the British navy was shelling English coastal towns! On September 21, the Bank of England warned the Government of the alarming state of the gold reserve. On the same day Snowden moved the suspension of the 1925 Gold Standard clause which made it

15 Ibid., 73-78.
obligatory for the Bank of England to sell gold at a fixed rate. The Bill embodying the motion passed its second reading 275 votes to 112 and was carried through the remaining stages the same day, the left wing of the Labor Party alone opposing to the end. The pound fell to about three-fourths of the dollar parity, but the greatly feared inflation did not develop. Prices in Britain remained steady, for the pound was still worth twenty shillings.

On the following day, September 22, a meeting of Tory members of Parliament presented Baldwin with an ultimatum demanding an election on the tariff issue, and they offered to support MacDonald as Prime Minister if he would adopt the Tory policy. By abandoning the gold standard, the Government had already admitted failure in achieving its primary objective. MacDonald, now a Prime Minister without a political party, was not abashed to accept the invitation of the Conservative Party. He went to the people to ask for a "doctor's mandate," the authority to do whatever he felt was needed to meet the emergency. In the ensuing campaign, it was Snowden and he who led the attack on the Socialist program of a dazed Labor Party, a program described by Snowden as "Bolshevism run mad." The results of the general election

16 The gold standard was a concomitant feature of free trade. Its abandonment opened the way for a protective tariff.
were as follows:

<table>
<thead>
<tr>
<th>Party</th>
<th>Seats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conservative Party</td>
<td>471</td>
</tr>
<tr>
<td>National Liberals (Simonites)</td>
<td>35</td>
</tr>
<tr>
<td>Liberals (Samuelites)</td>
<td>33</td>
</tr>
<tr>
<td>Nat'l Labor (MacDonaldites)</td>
<td>13</td>
</tr>
<tr>
<td>National Independents</td>
<td>2</td>
</tr>
<tr>
<td>Others</td>
<td>1</td>
</tr>
</tbody>
</table>

NATIONAL GOVERNMENT          558

Government Majority          502

This was the largest Government majority ever obtained in British history thus far. Labor's strength was weaker than it was in 1918, and almost all its leaders were among the casualties. George Lansbury, the only ex-Cabinet member to survive, was made Parliamentary leader; Clement R. Attlee, a junior minister in the fallen Labor Government, became his deputy. The Annual Register called the outcome of the election "a complete and overwhelming defeat of Socialism." Formally taking the helm of the National Government, MacDonald composed his fourth Cabinet, which consisted of eleven Conservatives, five National Liberals, and four National Laborites. Significantly, Neville Chamberlain, the son of the nineteenth-century protectionist Joseph Chamberlain, was made Chancel-

17 Annual Register for 1921, 90. Labor polled over 6.5 million votes. The Government received about 14.5, of which over 11 million went to Conservative candidates.

18 The government-control legislation listed on pages 125 and 126 of this thesis does not seem to confirm this statement.
lor of the Exchequer. Despite the fact that MacDonald, at first, and Baldwin, later, headed the National Government, it was Chamberlain who supplied the dynamic element of the Government throughout the 1930's, whether he was concerned with domestic affairs or foreign. Chamberlain was a sincerely honest, truly courageous, but obstinate man, combining considerable vanity with a deep and abiding horror of war. He distrusted and disliked the devious ways of diplomacy, preferring the more direct, if scarcely more ethical, ways of commerce. 19 Both his foreign and domestic policies manifested this trait.

Almost immediately after the election, Runciman, a Liberal minister, introduced the first protective tariff, the Abnormal Importations Bill. This Bill, which placed a fifty percent duty on most of the old safeguarded goods and added new commodities like radios, tools, and typewriters to the list, was easily carried through the House of Commons, even though forty-seven free-trade Liberals (Samuelites) voted with the Labor Opposition. 20

19 Wheeler-Bennett wrote of him: "With the mentality of a businessman, he was used to striking a bargain, by which, though the shareholders and investors in some subsidiary company might suffer temporarily, the corporation as a whole would benefit in the long run." John W. Wheeler-Bennett, Munich: Prologue to Tragedy, New York, 1943, 14.

20 Annual Register for 1931, 98. A Horticultural Importation Act passed December 9, 1931, presaged a duty on food.
During 1932 protection and government control of finance held the stage. On February 25, 1932, Neville Chamberlain fulfilled the dream of his father by seeing his Imports Duty Bill pass its third reading 442 votes to 62 amid great rejoicing in Parliament. The Act provided for a general tariff of ten percent on all imports except foodstuffs and raw materials. It also established an independent non-political Advisory Committee to regulate future changes in rates.21 Henceforth in this sphere, government activity became less responsible to the people. "Changes in the tariff," wrote Benham in 1938, "are made mainly by the Import Duties Advisory Committee, and Parliament has little effective control."22 The Wheat Act, which granted subsidies and set up agencies regulating quotas for home-grown wheat, passed its third division 398 votes to 58. The Ottawa Agreement Act, a commercial treaty that established the principle of imperial preference throughout the empire, was carried at its final division by a majority of 348, Labor and Samuelite Liberals opposing.23

21 Annual Register for 1932, 19-20.
22 Frederic Benham, Great Britain Under Protection, New York, 1941, 241. Benham, an opponent of government controls, wrote this well-known work to prove the failure of protection.
23 Annual Register for 1932, 31.
This latter event caused Sir Herbert Samuel and his free-trade followers to leave the National Government benches and to go into Opposition; Snowden, still a free trader, resigned his office and even attacked MacDonald on the issue.

Tariff, however, was only one form of protection or planned economy. Early in 1932, foreign money, called "refugee capital" because most of it fled from American banks where devaluation of the dollar was momentarily expected, returned to London in considerable amounts. The Bank of England tried to prevent a rise in the value of sterling by manipulating its finances. "But the government," observed Benham, "soon replaced these makeshift methods by controlling the value of sterling by the Exchange Equalization Account,"24 the establishment of which Chamberlain had announced in his Budget Report of April 19, 1932.

Again during the summer, Chamberlain caused conster­nation in the British business world by announcing that the War Loan, amounting to two billion sterling, was to be converted from five-per-cent to a three-and-a-half-per-cent interest rate. He had adopted the Keynesian formula of "cheap money," i.e., deliberately keeping rates of interest at a low level. The market, aid-

24 Benham, Great Britain Under Protection, 157. By keeping the value of sterling down, the government provided an indirect but general protection for all home industries. "By the spring of 1938, the Exchange Equalization Fund had purchased over 100 million ounces of gold." Ibid., 244.
ed by the government, soon adjusted itself to the new situation. "The government," wrote Benham, "had taken a bold step; it had led the market instead of following."25 Apropos a spirit of retrenchment, the Transitional Payments (Determination of Need) Act, introducing a strict means test, passed its second reading 34 to 45 and encountered no difficulties in its later stages. Cuts in expenditure and governmental backing of finance created an impression of "sound finance" and instilled confidence among businessmen, who began to invest more of their capital, especially in housing projects. Prosperity began in Britain about the summer of 1933 and lasted until World War II, except for a brief lapse in 1937.

In summary, then, the Labor Party during the first period from 1931 to 1932 increased government controls by making welfare services easier to obtain and by passing the first Agricultural Marketing Act. However, without the active support, or rather direction, of the Liberals, these enactments could not have been carried. During the economy campaign, the Liberals deserted the Laborites and joined the Conservatives. After the 1931 elections the Tories again took over completely.

II

The influence of the Labor Party in Parliament between

25 Ibid., 229-230. This was the first of other conversions that followed shortly.
1931 and 1940 was quite small. Without mincing words, Francis Williams, an intimate of Attlee and perhaps the foremost propagandist of the recent Labor Party, wrote that in Parliament after 1931 "Labour was condemned to political frustration."26 This was particularly true with regard to domestic policy, a field replete with conflicting sentiments among the Socialists, so that only on foreign policy could the various factions and personalities agree. Besides, the National Government, which dominated the whole of the thirties, had repeatedly taken the wind out of Labor's sails by introducing domestic legislation quite in keeping with the principles of moderate or gradualist Socialism. MacDonald did more to socialize Britain as a "Tory" than he ever could have done as a Socialist. The domestic policy of Chamberlain, wrote Hutchison, a writer very sympathetic to English Socialism, "included harsh treatment of the unemployed in the interests of economy but it was not as downright reactionary as some critics charged ... the building of the welfare state continued."27

The role of the Government Opposition in the Parliament that sat from 1931 to 1935 has been accurately termed "futile and


27 Hutchison, *Decline and Fall of Capitalism*, 216.
unreal" by Dean McHenry. Indeed, the fifty-two seats won by the Labor Party in 1931 did not adequately describe the substantial change in the composition of the Parliamentary Labor Party, which was as follows:

<table>
<thead>
<tr>
<th>Party</th>
<th>Candidates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Divisional Labor Parties</td>
<td>13</td>
</tr>
<tr>
<td>Co-operative Party</td>
<td>1</td>
</tr>
<tr>
<td>Miners' Federation</td>
<td>23</td>
</tr>
<tr>
<td>Rest of Trade Unions</td>
<td>2</td>
</tr>
<tr>
<td><strong>LABOR PARTY CANDIDATES</strong></td>
<td><strong>46</strong></td>
</tr>
<tr>
<td>Independent Labor Party</td>
<td>5</td>
</tr>
<tr>
<td>Independent Labor Member</td>
<td>1</td>
</tr>
<tr>
<td><strong>NON-LABOR PARTY CANDIDATES</strong></td>
<td><strong>6</strong></td>
</tr>
<tr>
<td>Labor Party Opposition</td>
<td>52</td>
</tr>
</tbody>
</table>

The partial secession of the Independent Labor Party, which broke away completely in 1932, had reduced the Labor Party to forty-six, exactly half of whom were miners' representatives. With all the ablest Labor Parliamentarians defeated, the Party merely existed until 1935, as the National Government steam-rolled its own legislation through by huge majorities.

The crisis shattered Liberalism beyond repair. The thirty-five National Liberals led by Sir John Simon identified themselves with Conservatism in all but name; the other thirty-


three Liberals led by Sir Herbert Samuel were powerless; the Lloyd George Family Party consisted of Lloyd George, his daughter, his son, and his son's brother-in-law. Having resigned the leadership of the Liberal Party just before the election in November, 1931, Lloyd George gave a blessing to the Labor Party from his sick bed. In 1933 he wrote: "I see no future except a dishonourable grave for Liberalism as it is. Liberalism is in an advanced state of creeping paralysis." The trend towards government controls had all but destroyed the one political organization that stood for Liberalism in Great Britain.

The most important government-control measure passed in 1933 was the Agricultural Marketing Act, described by the Annual Register as "the boldest step which the Government had yet taken for dealing with the problem of agriculture." By this Act each branch of such industries as bacon, milk, stock-breeding, potatoes, was made into a state-controlled monopoly that could limit production to demand, decide quotas of foreign imports, and fix prices to be paid by the public—all more or less independent of Parliamentary control. The Bill was carried 314 to 62 at its


31 Annual Register for 1933, 193.

32 The results were not always the best. The Milk Marketing Board, for example, might buy up all milk at a fixed price, e.g., about 1s. 3d. a gallon. One-third of the pool might
second reading and was not delayed unusually throughout the remaining stages. Another important act passed by the Tories was the London Passenger Transport Act of 1933, which transferred the power of the London County Council in this matter to a government Transport Board. The Act received a final division of 232 votes to 36. Certain Conservatives opposed the measure as nationalization in all its stages while the Labor Party, under whose Government the Bill had received its second reading, favored it. A section of Tories maintained a hostility to the end towards the Road and Rail Traffic Act, which passed its final reading on July 21 by 163 votes to 25. There were many abstaining. The Act brought road traffic under stricter control; for example, it fixed the speed limit for automobiles and, more important, curtailed some unfair advantages that trucking enjoyed in competition with rail traffic. Labor again favored the measure for the most part.

The most important increase in state controls in 1934 had to do with unemployment. Unemployment had reached its peak of three million in January, 1933, and thereafter it fell to a little below one and a half million. This latter figure was about ten per cent of the labor force concentrated in districts almost continually depressed since 1921, namely, Wales, Scotland, 

be resold to manufacturers of butter and cheese at 5d. a gallon, so that they could compete with imports from the empire; but to make up for this, it had to charge about 2s. 3d. a gallon for the other two-thirds that were sold to the public in liquid form.
Tyneside, Lancashire, Cumberland, homes of the major export industries. On November 8, 1933, the Government introduced an omnibus Unemployment Bill which was the most important domestic act passed in 1934. While Laborites and Liberals vigorously, if futilely, opposed it, the Bill passed its second reading 438 to 81, and its final division 421 to 67. The Act assumed the fact that the central government, rather than the local authorities, should shoulder most of the burden of all the industrially unemployed. Therefore, it divided beneficiaries into three categories: first, regular contributors eligible for unemployment insurance proper; second, unemployed who had exhausted their insurance claim; and third, other able-bodied unemployed then receiving poor law relief. A new agency, non-political, independent of Parliament, yet somehow controlled by the Ministry of Labor, called an Unemployment Assistance Board, was created. This agency was to provide benefits on a strict relief basis to the second and third classes, i.e., those receiving extended benefits or poor relief. A "family means test" that varied the amount of relief with the total income of the household was incorporated into the Act, causing much grief. Yet, some kind of limitation

33 Annual Register for 1934, 37.

34 Local authorities continued to administer relief, but in a manner strictly subordinated to the central agency.

35 For example, if a son living at home received a
was deemed justifiable by the commercial interests especially.

John D. Millett, in his study of the Unemployment Assistance Board, commented thus:

Resort to the device of an "independent" board ... implied that political defence for the policies to be pursued was not possible, and that hence a Government was justified in using authoritarian methods. From the democratic point of view the Unemployment Assistance Board could not be said to be worth emulating.36

The tendency towards collectivism manifested itself in other acts passed in 1934. The Incitement to Disaffection (Sedition) Act, which passed its final reading 241 to 65 despite wide criticism, made possession of documents or literature liable to seduce the military forces an offence; and it authorized search warrants where there were "reasonable grounds for suspecting that an offence under the Bill was being committed."37 The Petroleum raise in salary, that amount was deducted from the unemployment allowance paid to the father.


37 Annual Register for 1934, 32. The Act was aimed at Communists and leftist Socialists.
Production Act nationalized all oil deposits in Britain; the nationalization clause, challenged by a Tory M. P. during the second reading, was carried 243 votes to 30, there being no division at the final reading. A new departure in labor legislation was initiated in May, 1934, when the employers and employees of the Lancashire cotton industry asked the state to legalize all their wage contracts because both sides tended to disregard their contractual duties otherwise.\(^{38}\) It passed without a final division on May 29, 1934. The North Atlantic Shipping Act, which had no trouble passing through any of its stages, authorized a grant up to nine and a half million sterling for the construction of large vessels for the North Atlantic service. With this subsidy, the Cunard Company was able to finish the Queen Mary by 1936, but had to merge its North Atlantic business with the Ocean Steam Navigation Company. Benham wrote: "The Government hoped that this would reduce competition and benefit both companies.\(^{39}\) The Labor Party, however, did manage to extend its control decisively in 1934; in that year, it captured the London County Council at the polls and, under Herbert Morrison, maintained its hold on London successfully thereafter.

In 1935 the Government introduced a number of laws

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\(^{38}\) The state became a kind of super-conscience for the cotton industry.

\(^{39}\) Benham, Great Britain Under Protection, 58.
which would have been considered ridiculous by earlier Britons, which had been disparagingly labeled by them as "grandmotherly legislation," i.e., directing people's lives and curtailing their liberty for their own good. Hitherto, humanitarian laws had regulated conditions of labor and the treatment of children and sick people; education laws had compelled people to learn; sanitary laws guarded their health; commercial laws restrained the abuse of capital; social laws forced the rich to benefit the poor.

From managing national recovery, the National Government used its "doctor's mandate" to manage private lives more and more. For example, the Restriction of Ribbon Development Act of 1935 gave local authorities power, not always used, to prevent the disfigurement of the countryside and to make roads safer for traffic. The omnibus Housing Act, passed despite Labor's puny opposition on a number of details, fixed a national standard for housing accommodations, e.g., "minimum floor space for a room to be occupied by two persons was fixed at 110 square feet, and by one person at 70 square feet," and a new central agency called the Housing Advisory Committee was set up. The British Shipping (Assistance) Act, the final division of which was carried 147 to 37, granted a large subsidy to ocean-going tramp-shipping, fostered a policy of "scrap and build," and established a Tramp Ship-
ping Subsidy Committee. When in July, 1935, the British Iron and Steel Federation was unable to talk the continental International Steel Cartel into restricting imports to Britain, the Government intervened to facilitate negotiations by announcing a contemplated increase in its tariff on steel.41

The year 1935 saw the Labor Party racked by a severe internal crisis because of its foreign policy. A large number of pacifists, mostly older men, together with the Socialist League, a fiery, leftist propaganda group led by Sir Stafford Cripps and loosely affiliated with the Labor Party,42 stood against the majority opinion of the Party. Each Party, for different reasons, refused to accept the majority resolution, namely, to go along with the National Government in calling for economic sanctions through the League of Nations against Italy, which was preparing that summer to invade Ethiopia. The pacifists were against war; the leftist Socialists, though rabidly anti-Fascist, were against cooperating in any way with the hated National Government. In between were the vast number of moderate Socialists and trade unionists.

This impasse arose from a Labor foreign policy seeming-

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42 This group was principally made up of ex-Independent Labor Party members.
ly shot through with contradictions. In October, 1933, the pacifist George Lansbury, who was the leader of the Parliamentary Labor Party, said: "I would abolish the whole dreadful equipment of war and say to the world 'Do your worst'." When the Government had asked for an increase in the air force in July, 1934, Attlee, then acting-leader of the Party in place of the ailing Lansbury, attacked the Government for embarking upon a program of unilateral rearmament. Speaking for the Labor Party, Attlee said that the collective strength of the League of Nations was sufficient to protect the country, a policy maintained by the Labor Party right up to the eve of World War II. In October, 1934, at the Annual Conference of the Labor Party, Attlee announced: "We have absolutely abandoned any idea of nationalist loyalty." Again and again the Party in Parliament voted against service estimates, until July, 1937, when the trade unionists scored a victory over the Socialists. Thereafter, the Labor policy was changed from

43 George Lansbury, The Star, October 23, 1933, cited in Wheeler-Bennett, Munich, 214.


45 At a joint meeting of the General Council of the Trades Union Congress and the Executive Committee of the Labor Party, the Labor Party's proposal of direct opposition was defeated 45 votes to 39. Some of the members of the Executive Committee voting for continuation of opposition were Attlee, Morrison, and Greenwood. Annual Register for 1937, 67-68.
direct opposition to abstention from voting in Parliament. In a few words, the Labor Party, although militantly anti-Fascist, opposed the Government's rearmament program to fight the Fascists because it was against the Government's foreign policy of appeasement. This was quite a juggle of principles.

Now, in the summer of 1935, a national questionnaire, called the Peace Ballot, was introduced by the League of Nations Union, and was blessed by the Laborites and Liberals. The results, published on June 27, showed that out of eleven and a half million participants, ten million were for the Genevan principle of collective security, for disarmament, and for economic sanctions against aggressor nations. After a spate of discussion and debate overran Labor circles, Lansbury, weary and downcast, resigned the leadership of the Labor Party, and was succeeded by his deputy, Attlee. Baldwin, who was the leader of the Government after MacDonald resigned in May, 1935, took cognizance of the strife in the virtually leaderless Labor Party. He called

46 The Labor Party sent much aid to the Madrid faction of the Spanish Civil War which started in 1936. One of the most famous groups of foreign volunteers fighting with the Reds was the Clement R. Attlee Brigade. The Abraham Lincoln Brigade was the American counterpart.

47 A comment of the New Statesman and Nation on Attlee was: "He is a natural Adjutant but not a General." Cited in McHenry, Labour Party 1931-1935, 147. Following the fiasco of MacDonald's defection, however, the Labor Executive severely restricted the freedom and initiative of their leader. Attlee, therefore, seemed to fit the role he played in the Party perfectly.
for a general election in November and adopted the results of the Labor-supported Peace Ballot as the National Government's 1935 election program. The results of the election were as follows:

<table>
<thead>
<tr>
<th>Party</th>
<th>Seats</th>
<th>Popular Votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conservative Party</td>
<td>385</td>
<td>454</td>
</tr>
<tr>
<td>National Liberals (Simonites)</td>
<td>32</td>
<td>35</td>
</tr>
<tr>
<td>Nat'l Labor (MacDonaldites)</td>
<td>8</td>
<td>15</td>
</tr>
<tr>
<td>National Independents</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td><strong>NATIONAL GOVERNMENT</strong></td>
<td>428</td>
<td>513</td>
</tr>
<tr>
<td>Labor Party</td>
<td>154</td>
<td>59</td>
</tr>
<tr>
<td>Independent Labor Party</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Liberals (Samuelites)</td>
<td>17</td>
<td>26</td>
</tr>
<tr>
<td>Liberals (Georgites)</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Communist Party</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Independents</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td><strong>GOVERNMENT OPPOSITION</strong></td>
<td>184</td>
<td></td>
</tr>
<tr>
<td>Government Majority</td>
<td>244</td>
<td></td>
</tr>
</tbody>
</table>

The National Government had a majority of 244 over the Opposition. Of the new Government's 428 seats, the Conservatives alone held 385; still, Baldwin, for political reasons, continued to call the Government National instead of Conservative, which it really was. With their 385 seats, the Conservatives alone had a majority of more than 150 over all the remaining parties having seats in the new Parliament. The Tories, therefore, could continue to legislate whatever laws they desired.

The future for Labor looked brighter. Although Labor received only 154 seats to the Tories' 384, it polled eight million popular votes to the latter's ten million, a difference of
only two million. Even with only 15 4 seats, the Labor Party was now able to regain its self-respect. The composition of the Parliamentary Labor Party had changed, for the Socialists were again the dominant element.

<table>
<thead>
<tr>
<th>Divisional Labor Parties</th>
<th>1935</th>
<th>1931</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-operative Party</td>
<td>66</td>
<td>13</td>
</tr>
<tr>
<td>Miners' Federation</td>
<td>9</td>
<td>1</td>
</tr>
<tr>
<td>Other Trade Unions</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>LABOR PARTY</td>
<td>154</td>
<td>46</td>
</tr>
<tr>
<td>Independent Labor Party</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Independent Labor Member</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>LABOR OPPOSITION</td>
<td>158</td>
<td>52</td>
</tr>
</tbody>
</table>

Attlee had brought in a new trend in Party leadership that was noticeable as early as 1933. Except for Herbert Morrison, Emanuel Shinwell, and Aneurin Bevan, Party spokesmen and leaders came from either the well-to-do middle class or the aristocracy. Attlee and Dr. Hugh Dalton, for instance, were barristers and former teachers at the London School of Economics. Arthur Greenwood had lectured in economics, and H. B. Lees-Smith had taught politics at the London School of Economics. Sir Stafford Cripps was a very distinguished British lawyer, while A. V. Alexander had been prominent in the field of secondary education. Harold Laski was an educator and writer of note. No longer did

49 Still Labor refused to support any plan for electoral reform that might later prevent it from obtaining a clear majority.

50 Cole, History of the Labour Party from 1914, 313.
the leaders come up from the ranks of trade unions or local Socialist parties as had been the practice before. That earlier Socialism which had been based upon a vague, Nonconformist, religious humanitarianism was giving way to a more scientific and systematic treatment in the hands of these intellectuals.

Beginning in 1935 and lasting until 1939, Communist influence apparently increased considerably within the Labor Party. Moscow's new party line of a "united front of all workers against Fascism," although vehemently resisted in the upper levels of the Labor Party Executive, found a ready response among the Socialist League members like Cripps, Laski, and Bevan, many local Labor parties, trade unions in the depressed areas, and the Left Book Club. Communism not only tended to dominate the British left-wing leadership, but even invaded the Labor Party's domain of moderate Socialism by wooing progressive Liberals. At the same time, the Labor Party Executive, pre-occupied mostly with the next general election, conducted a reactionary policy of keeping abreast with the semi-independent leftist movement and of


52 *British Labour and Communist*, (pamphlet), London, 1935, was a scathing blast fired by the Executive on the Communist infiltrating tactics. Many English Socialists found the publication entirely unjustified.

53 For example, see G. D. H. Cole, *The People's Front*, London, 1937, which was published by the Left Book Club.
purging the Party of disloyal enthusiasts. 54 The Labor Party, in the words of Williams, was unable "to provide an effective and dramatic leadership for the forces of discontent in the country." 55

Two events in 1935, only indirectly connected with the Labor Party, helped to hasten the trend towards socialization in Britain. The Left Book Club was founded, and the first Penguin Books were printed. The Left Book Club, guided by the genius of Victor Gollancz, sent out a steady flood of Socialist propaganda, all Marxist in tone and mostly on foreign policy, on the book-of-the-month club basis to students of Socialism and to thousands of those who were merely curious. 56 The Penguin Books and their cousins, the Pelicans and Penguin Specials, had no direct political bias; besides, books clearly right wing in content were also

54 In 1936, the Party made a final forceful rejection of the Communists' application for affiliation. In 1937, its own leftist affiliate, the Socialist League, was ordered to be dissolved by the Executive. In 1938, it condemned the "popular front" agitation, i.e., union with progressive Liberals. In 1939, it expelled the leader of the "popular front," Cripps, and also his followers.

55 Williams, Fifty Years' March, 346.

56 The appeal of the little yellow books published by the Left Book Club, according to Barbara Ward, British economist and writer, lay in the fact that these books gave definite, simple, Marxist answers for all the social evils to readers looking for definite and simple answers. Barbara Ward, "Britain's Labor Party at the Crossroads," The New York Times Magazine, April 16, 1950, 24.
introduced by the publisher, Allan Lane, but with only mediocre success because they lacked the novelty and glitter of the leftist message. These cheaply-bound pocket-books, reaching an output of astronomical figures, were written largely by leftist experts who covered just about all the fields of knowledge, from religion (R. H. Tawney) to detective stories (Raymond Postgate).57 Socialist-slanted books also increased their output from such publishing houses like Allen and Unwin, Secker and Warburg, and George Routledge and Company.58 The new Fabian Research Bureau, founded by the Socialist G. D. H. Cole, was busily feeding the public with its pamphlets. A great transformation in public opinion was under way. The Labor Party Executive Committee, nevertheless, took an inquisitorial point of view of the leftist literature; for example in an official circular sent in March, 1939, to all local Labor Party study clubs, the Executive warned: "Provided that the [Left Book Club] books are on the whole helpful to the Labour Party, a measure of friendly toleration can be extended to the Club."59

In summary, then, during the second period from 1932 to 1935 the Labor Party was swamped in a sea of conflicting opinions

57 Cole and Postgate, The British People, 506.
58 Ibid.
59 The Liberal Magazine, XLVII, April, 1939, 166.
and emotions churned up by leftist Socialists. After 1935 the Party turned to the right again. Meanwhile, the Conservatives continued to pass government-control legislation at will.

III

In 1936 the National Government began to rearm the nation's forces despite its silence on the matter in the previous year's election campaign, and despite the vigorous vocal opposition of the Labor Party. Other legislation of 1936 effecting centralization of power was carried through the House of Commons whether Labor supported it or not. For example, the spirit of the "grandmotherly laws" was well represented by the Public Health Act of 1936 and the omnibus National Health Insurance Act of 1936. The former regulated everything from the quality of meat to the cubic inches of air space in the bedrooms, while the latter further implemented the government's maternal solicitude over its citizens' health in 229 sections of the Act. The 1936 Education Act, which was carried through its final division on May 27, 1936, by 256 votes to 128, raised the school-leaving age from fourteen to fifteen, with due exceptions, and widened the powers of the local authorities in educational matters, e.g., to engage

60 In 1936 Baldwin became "appallingly frank" with the House of Commons by admitting that for political reasons he did not raise the question of rearmament during the 1935 election. He told them, however, that he favored rearmament and that the Government considered its victory over the Labor Party as a kind of mandate to rearm. Somervell, British Politics Since 1900, 217.
teachers of religion if they chose to do so. 61

There were other acts of 1936 that stressed collectivism. The Air Navigation Act authorized increased subsidies for civil aviation and established an Air Registration Board, independent of the Air Ministry, as a controlling agency. The Sugar Industry Reorganization Act, which passed its second reading 224 votes to 117 and its other stages with surprisingly weak opposition, reduced subsidies and compelled amalgamation. 62 The Cotton Spinning Act outlawed redundant spindles and thus was a step towards compulsory amalgamation. The second reading having been approved 237 votes to 149, no trouble developed in its later stages. The Unemployment Insurance (Agricultural Workers) Act, long overdue, passed its third reading without a division. The Public Order Act, aimed at the Fascist activities of Sir Oswald Mosley's party, prohibited the wearing of uniforms of quasi-military organizations and increased restrictions on public assemblies and parades. Commented the Annual Register: "The Bill as finally passed might be regarded as one which had the assent of

61 Annual Register for 1936, 4, 7, 46. The law was to become completely operative September 1, 1939, but was postponed until after the second World War.

62 This protected industry had become a monster born of economic nationalism; indeed, some people believed that it would have been cheaper for the British taxpayer in the long run to pension for life everyone connected with the sugar-beet industry rather than continue the subsidy which kept them in employment.
all parties. 63

The publication of John Maynard Keynes's mature study, The General Theory of Employment, Interest, and Money, in 1936, brought to an explosive climax the struggle of certain economists against classical economics. The fight, more accurately stated, was one between actual economics and representative economics. Keynes had long been in the van of these iconoclasts. In 1933 the English economist Joan Robinson had meticulously demonstrated that industrial markets were neither purely competitive nor purely monopolistic, but rather a hybrid of imperfect or monopolistic competition, and should be considered as such by realistic statisticians and economists. 64 In making a strong bid for government control of the capitalist system, Keynes wrote in The Yale Review, 1933, that a

policy of an increased national, self-sufficiency is to be considered, not as an ideal in itself, but as directed to the creation of an environment in which other ideals can be safely and conveniently pursued. . . . I have become convinced that the retention of the structure of private enterprise is incompatible with that degree of material well-being to which our technical advancement entitles us. 65

63 Annual Register for 1936, 97.
64 Confer page 88, footnote 38, of this thesis. In the Labor Party's Addendum to the Report on Trusts published in April, 1919, this fact was pointed out, although incompletely. Henry H. Chamberlain, a prominent American economist, reached the same conclusion independently of Robinson in 1933.
65 John M. Keynes, "National Self-Sufficiency," The Yale Review, XXII, June, 1933, 762. The italics are not in the original.
Then in 1936, Keynes's work came out. The mechanism of the classical capitalist system, he wrote, if left to its own devices, is continually finding an equilibrium at a level of vast unemployment of men and resources; hence, it is necessary for the state to intervene to keep the mechanism going in top condition. The basic failure, as he saw it, is the "stickiness" of demand in the mechanism. It is the business of the state to spend public money, i.e., make public investments, to keep income high so as to create demand, which in turn would raise the level of employment. Naturally Socialists were elated with this criticism of capitalism, but Keynes wrote: "Thus, apart from the necessity of central controls to bring about an adjustment between the propensity to consume [demand] and the inducement to invest, there is no more reason to socialize economic life than there was before." After 1936 economists the world over chose up sides. The Keynesian criticism represented the left; the classical economists the right; Socialism and Marxism, snubbed by both parties, began to line themselves up with Keynesianism. In this way, Keynes found his realist ad hoc economic solutions united with

66 John M. Keynes, The General Theory of Employment, Interest, and Money. London, 1936, 378. This is the most discussed and most influential book in economics during the first half of the twentieth century according to many authorities.

67 Ibid., 379.
Socialist theory, which he personally detested. On April 22, 1946, the day after Keynes died, the London Times wrote: "To find an economist of comparable influence one would have to go back to Adam Smith." John McDonald, writing in Fortune, 1950, stated: "In the matter of influence, Keynes has proved to be the dominant economist of the first half of the twentieth century.

The Keynesian theme has numerous variations, yet all groups had accepted the same fundamental feature of Keynesian economics, namely, "the imperative necessity of underwriting, subsidizing, socializing, or guaranteeing, demand, that is, the responsibility of the Government to assure an adequacy of demand." At one extreme was Beveridge and his followers, who desired not only to socialize demand, but also to control distribution of labor and capital, to take strong action to curb inflation, to restrict trade unionism, and even to set up consumption stand-

68 Keynes, Essays in Persuasion, 297-311, and especially 306. Yet Keynes was willing to share his ideas with all; for instance, on February 21, 1940, he addressed the Fabian Society on his plan for compulsory savings.


In foreign policy, there was to be strict control of all foreign trade. At the other extreme was M. Polanyi, who relied exclusively on monetary management, as proposed in Keynes's Treatise on Money published in 1930. In between these two schools lay the large majority of Keynesian followers, relying mainly on monetary expansion and socialization of demand.

The British National Government, in the hands of the Conservative Party, continued to increase the power of the state over the citizens during 1937. It continued to underwrite, subsidize, socialize, and guarantee demand, but cautiously, and not on the vast scale desired by Keynes. Neville Chamberlain found that such an extensive policy was unnecessary for Britain. For already, prosperity had made itself evident, owing chiefly to low prices of imports, the policy of "cheap money," and housing ex-

72 Ibid., 549. Confer Sir William H. Beveridge, Full Employment in a Free Society, London, 1944, especially parts I, IV, V, and VI. The author called for a crusade against want, disease, ignorance, and squalor, without sacrifice of essential liberties. The basis for this crusade was full employment; hence, it was the duty of the state to see to it that all men able to work had jobs. For excellent reviews of Beveridge's book consult the Bibliography of this thesis. A kind of supplement to Beveridge's book was The Economics of Full Employment: Six Studies Prepared at the Oxford Institute of Statistics, London, 1944, compiled by Keynesian economists. Confer particularly chapter III and IV. As an anodyne for critics complaining of the loss of freedom under planned economy, Beveridge wrote Voluntary Action, London, 1948.

pansion. Government policy had inspired confidence in private enterprise so that businessmen were more willing to invest their savings than they had been heretofore.

Nevertheless, controls were increased by the state, especially in the private lives of the people. The Matrimonial Act of 1937, introduced by a Liberal Member of Parliament, extended grounds for divorce to desertion, cruelty, and insanity, but prohibited any divorce during the first three years of marriage. The Bill passed its third reading on May 28, 1937, by 190 votes to 37, many M. P.'s obviously abstaining because the matter was contrary to the dictates of their conscience. The Summary Procedure (Domestic Proceedings) Act of 1937, easily passed, provided for the hearing of cases dealing with matrimonial disputes, guardianship of infants, and so on by special benches of three judges and in semi-privacy. The Physical Training and Recreation Act provided for administrative machinery for the National Fitness Campaign in Britain. The National Health Insurance (Juvenile Contributors and Young Persons) Act covered children under sixteen. The Widows', Orphans', and Old Age Contributory Pensions Act of 1937 made the black-coated workers, not yet covered

74 From 1920 to 1930, for example, about 1,500,000 houses were constructed in England and Wales, and of these almost two-thirds were built by state subsidies; however, more than this number were built within five years from 1934 to 1938, and the state subsidized less than one-third of them. Benham, Great Britain Under Protection, 223.
by the insurance acts, eligible for pensions on a contributory basis. The 1937 Coal (Registration of Ownership) Act paved the way for the coming nationalization of coal royalties. The Livestock Industry Act placed the Cattle Fund, first established in 1934, on a permanent basis, and set up a Livestock Commission as a new controlling agency. The omnibus Factories Act of 1937 consolidated all former factory laws and introduced new constructive regulations, e.g., the amount of cubic space allowed for each person working was increased from 250 to 400 cubic feet. In the enactments of all these laws, the Labor Party offered relatively little opposition, especially since such legislation squared fairly well with its socialistic principles. During the summer, however, a portent of future politics was discernible. A large number of by-elections during May and June, 1937, constituted a kind of miniature general election. A marked decline at the polls "was generally interpreted as showing . . . dissatisfaction . . . on the part of the electorate . . . with all the existing parties," commented the Annual Register.76

While the year 1938 witnessed a mounting threnody of warning from British offices in Berlin and the culmination of ap-

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75 According to the Annual Register, Great Britain could boast "that it led the world in legislation for the safety, health, and welfare of its industrial population." Annual Register for 1937, 9.

76 Ibid., 68.
peasement at Munich, domestic regulatory legislation continued
pace through the House of Commons. The 1938 Housing Act, which
passed its second reading 258 votes to 137 and sailed through
easily the rest of the way, provided for large grants for slum
clearance and for the elimination of overcrowding. It was an-
nounced that some eighty thousand persons had already been re-
moved from slums to good housing conditions. 77 The Essential
Commodities Reserves Act of 1938 gave the Board of Trade powers
"to acquire information from traders, to make outlays for the
acquisition and storage of foodstuffs, and to obtain advances
from the Treasury for the purpose." 78 The 1938 Cinematograph
Films Act established a Films Council, the object of which it was
to provide the British industry protection against foreign, es-
pecially American, competition. The Coal Mines Act of the year
nationalized coal-royalties as a first step to a large-scale
state-supervised amalgamation program. Although some Tories be-
lieved that this nationalization law was a betrayal of their
principles and some coal-owners attacked the amalgamation fea-
tures, still the Act was carried through its third reading on
April 5 without a division.

Throughout the early part of 1939, the Labor Party was

77 Annual Register for 1938, 20.
78 Ibid., 31.
preparing for a general election which it considered imminent. The Munich Agreement of 1938, indeed, had done at least two things: it had caused the Labor Party to give a reluctant blessing to rearmament and helped to crystallize Parliamentary opposition to the appeasement policy of the National Government symbolized by Neville Chamberlain, the Prime Minister. However, when Sir Stafford Cripps sought to consolidate the opposition in Parliament by inviting progressive Liberals to join Labor in a "popular front," he was expelled from the Labor Party by the Labor Executive in January, 1939. The Liberals were quite downcast at such an unequivocal rebuff. Under such circumstances, the National Government came back strong. Two days after the Nazis had taken Czechoslovakia, March 17, 1939, Chamberlain made his famous speech officially abandoning his policy of appeasement. The general election which the Labor Party awaited did not come off until after the second World War.

Because of the outbreak of the war, military legislation easily took precedence when it came to extending government controls. However, certain important measures of a non-military nature was passed. The Agricultural Development Act of 1939, for example, provided subsidies, schemes, and grants to protect and

79 "Labour Rejects 'Popular Front'," The Liberal Magazine, XLVII, February, 1939, 53-59; confer also 104-109; 156-169.
aid British farmers; the third reading was passed unopposed. The state moved into the field of medicine by means of the Cancer Act, which set aside grants for research. The Cotton Industry Reorganization Act, unopposed for the most part, established a Cotton Industry Board and an Advisory Committee to regulate the entire industry.

There was a host of measures passed in 1939 based on military exigencies. The importance of these laws in relation to the extension of government controls lay in the fact that very many of them were retained intact or slightly modified for a number of years after the war. The Civil Defence Act of 1939 gave local authorities wide powers in connection with air-raid precaution facilities. The Military Training Bill, first announced on April 27, 1939, met with great opposition from the Labor Party. The leader of the Opposition, Attlee, said in Parliament on that same day: "Only at the last moment was there any consultation with the trade union leaders, and they hold very strong views on this, that in the background of conscription, as every trade unionist knows, there is the danger of industrial conscription."80 The voluntary system Attlee considered adequate enough.81 At this very first reading a division was carried 379 votes to 147, with

80 Clement R. Attlee, CCCXLVI, House of Commons Debates, 5 series, April 27, 1939, column 1353.

81 Ibid., 1359.
138 Laborites and seven Liberals opposing. On May 8, the Bill was read the second time and carried 389 to 147; five Liberals voted with the Government while the rest abstained. In committee the Labor Party forced twenty-four separate divisions, as well as a division at the third reading, 283 votes to 133, on May 18.

When news of the Nazi-Soviet Pact came like a thunderclap on August 20, 1939, the Government moved quickly. On August 24, an Emergency Powers (Defence) Act, giving the Government power to legislate by orders in council instead of parliamentary acts, was carried through in one day. In the single division of 429 to six, only ninety-nine Socialists voted with the Government, five against, and the rest abstained. Germany invaded Poland on September 1, 1939. The National Service (Armed Forces) Act, introduced the next day, made all men from eighteen to forty-one liable for military service. On September 3, Britain declared war on Germany. There was still some hesitation on the part of Labor. When the Control of Employment Bill passed its second reading on September 15 by 224 votes to three, only some forty-five Laborites voted for the Bill, none against, and the rest abstained. To the surprise of all, neither Germany nor the Allies opened active hostilities in Europe until the spring of 1940.

82 The Liberal Magazine, XLVII, September, 431. The Annual Register for 1939, 84, gives the division as 427 votes to four.
Many war-time controls found their way into the statute books; however, little use was made of the greater number of these controls until the "shooting war" began in May, 1940. Among acts typical for 1940 was the Agricultural Wages (Regulation) Amendment Act, which empowered the Agricultural Wages Board to fix a national minimum wage for agricultural workers. The Agricultural (Miscellaneous Provisions) Act extended all kinds of controls on farm quotas, subsidies, and grants. The Trade Boards and Road Haulage Wage (Emergency Provisions) Act gave the Minister of Labor wide powers over wages. The Treachery Act, a powerful medicinal measure aimed at "fifth columnists," provided for the trial and punishment by death of traitors.

Undoubtedly, the most important event of 1940, when it came to reckoning the influence of the Labor Party on the extension of government controls, was the fall of the Chamberlain Government on May 10, and the subsequent formation of the Churchill Coalition Government. Attlee, as the Lord Privy Seal, became deputy Prime Minister; Greenwood and he joined Churchill, Chamberlain, and Halifax in the new War Cabinet. Bevin and Morrison also received important ministerial offices. It was agreed in

83 The Nazis invaded Denmark and Norway in April, 1940. The ineffectual way the Government handled the matter cried out for a change in men and methods. On May 8, a Labor vote of censure, though narrowly defeated, achieved its purpose. Over fifty Tories voted with Labor and many others abstained. On May 10, when the Nazis invaded Holland and Belgium, Chamberlain resigned.
general that the Labor Party ministers of the Coalition were to be responsible for home-front affairs, such as war production and direction of employment. On May 22, 1940, Attlee introduced the Emergency (Defence) (No. 1) Act of 1940 with the following words:

... it is necessary that the Government should be given complete control over persons and property, not just some persons and some particular property, not just some particular class of the community, but of all persons, rich and poor, employer and workman, man or woman, and all property. 54

The entire British Labor Movement, expertly handled by Bevin in his ministerial capacity, backed the new Government. Perhaps Attlee's words took on a special meaning for the British Socialists and workingmen. In March, 1940, for example, the Labor Executive, headed by Attlee, released a pamphlet called Labour's Home Policy which declared that

the war-time controls should be regarded not as temporary expedients to be removed when the war ended, but as foundations for a permanent new social order. ... war-time planning should be treated as a precursor to a post-war planned economy based on the conception of social justice. 85

What the Labor Party was not able to obtain in peacetime it did obtain under pressure of war. Furthermore, it was Labor's most resolute and indefatigable enemy, Winston S. Churchill, who handed over to the Labor Party almost complete charge of

84 Clement R. Attlee, CCCLXI, House of Commons Debates, 5 series, May 22, 1940, columns 151-152.
domestic policy. The experience gained by the Laborites during the war years had tremendous consequences for the future of Great Britain.

What, then, was the influence of the Labor Party on the extension of government controls from 1930 to 1940? All evidence points to the singular fact that Labor had surprisingly little chance to do anything. The small number of Labor seats in the House of Commons never once came even close to threatening the absolute control of Parliament maintained by the National Government throughout the thirties. During the period of the financial crisis from 1931 to 1932, the Labor Party was severely shaken by the three secessions which took place: by Mosley's small group, by the Independent Labor Party, and by MacDonald's party. The defection of MacDonald and his party particularly embittered the Labor leaders. The rancor caused by the "treacherous surrender" to the "aristocratic embrace" was allowed to smolder and grow among the Party Executive, if not among the new recruits of intellectuals.

During the second period, from 1933 to 1935, with only fifty-two seats in Parliament, the Party was rent by internal arguments which prevented the leaders from deciding on a strategy. The leftist influence was extremely strong at this time. Although the election of 1935 increased its Parliamentary representation to 154, the Party was still ineffective in controlling
any legislation through the House. Outside Parliament, the Party was unable to prevent the Communists from taking over the leadership of the "forces of discontent" in Britain.

During the third period, from 1936 to 1940, the moderate Socialists regained control of the Party. The Labor Executive began to plan early for the next general election; hence, in 1937 a more constructive and moderate program, one more acceptable to a greater electorate, was adopted. Simultaneously, the Executive disciplined its extremists and dissentients. The Socialism now put forward was more like the vague, religious humanitarianism that had captured the lower classes before, although Marxist leftists were still quite vocal. As far as government-control laws were concerned, however, it was the National Government composed of Conservatives and conservative Liberals which kept legislating what the Labor Party was promising its constituents.

The reaction against laissez-faire Liberalism in Britain had been greatly accelerated in the 1930's. The welfare state was most clearly discernible. The motive for the reform laws was utilitarian, "the greatest happiness of the greatest number." The mixed economy of state and private enterprise was the result of a search for efficiency. The motive for establishing independent agencies indirectly controlled by the state was also utilitarian. On this principle the Keynesians, the So-
cialists, and enlightened private enterprisers could agree to act together. The trend towards government controls, therefore, was strongly supported on all sides. However, it was the Conservatives who steered the legislation through Parliament during the 1930's and so were largely responsible for the collectivism in Britain.
In the preceding chapters a study has been made of the steady trend toward government controls in Great Britain. This trend arose as a reaction against nineteenth-century laissez-faire Liberalism and pervaded all levels of British life. The problem of this thesis was to investigate what was the precise influence of the Labor Party on the extension of government controls from 1906 to 1940. To what degree did the Labor Party merit its reputation of radicalism when it came to passing government-control legislation? How was collectivism able to dominate British social philosophy so effectually? Was Britain driven towards centralized controls because of economic determinants as taught by doctrinaire Socialists, or were there other factors to be weighed? The conclusions arrived at follow immediately.

First of all, the evidence seems to indicate that the influence of the Labor Party in extending government controls was small and for the most part indirect. The Parliamentary Labor Party never had enough seats in the House of Commons to act independently; the Labor Party outside Parliament, as represented especially by the trade unionists, had a more important part to
play. In other words, it was not the Labor Party, but rather the Conservative and Liberal Parties, acting either separately, in coalition, or as a balance of power in a two-party political system, which decisively promoted the increase of state controls in Great Britain.

Secondly, although the Labor Party defined socialist proposals and even projected them into the British political arena, it was never strong enough to execute its programs. Its weakness was both external and internal. On the one hand, the Party continued to confine itself largely to trade-unionist and Socialist support even after 1918. Undisciplined Socialist spokesmen alienated public confidence by their leftist, Marxist pronouncements. The time honored two-party system of maintaining the previous Government's policies under a different guise was threatened by the intemperate speeches of these doctrinaire Socialists. On the other hand, the internal organization was too unwieldy, flaccid, and uncoordinated to act firmly in a crisis. Trade unionists and Socialists were often hostile towards each other, bringing about a stalemate in activity. Furthermore, the trade unionists, especially the rank and file, who for the most part financed the Labor Party by means of their union dues and who never allowed the Party Executive to forget that fact, were perennially suspicious of the strong leadership that the Socialists were ever anxious to provide. These trade unionists felt their suspicions were justified after the defection of MacDonald.
and his group.

Thirdly, a key to the Labor Party's influence was the role played by the Liberal Party during this period. The disintegrating Liberal Party not only held the balance of power during the Labor Governments of 1924 and 1929-1931, but also greatly influenced the Conservatives to accept socialistic measures during the Coalition regimes of 1918-1922 and 1931-1940. The radical wing of the party was in control when Labor was in office, the conservative wing compromised with the Conservative Party.

Fourthly, the political leaders opposing the Labor Party again and again outmaneuvered the less canny Socialist politicians. These foes of Socialism succeeded in springing general elections upon the people in the midst of crises, e.g., in 1918, in 1921, in 1931, and in 1935, when international affairs made national unanimity imperative. The people, under the circumstances, always voted Conservative.

As a fifth conclusion it might be mentioned that whenever Socialist agitation grew or the collective "forces of discontent" among the trade unionists began to churn formidabley, the foes of the Labor Party disarmed it of its great potential power by coalescing their efforts in a common front against Socialism in one way or another, and then adopting modifications of Labor's own socialistic proposals. Thus these non-Socialist leaders seized upon several of Labor's constructive ideas, pared them
down to fit immediate needs, and so grafted a species of British Socialism onto the organic political tradition.

A sixth conclusion which must not be overlooked is the fact that government controls were not imposed according to any preconceived plan, as the Labor Party desired, but by fitful and uncoordinated adaptations, experimentations, and compromises that frequently exposed the contradictions between the action taken and the policy announced. This disorganized utilitarianism was carried out in the best British tradition. Such a policy of trying to square the circle produced an unsystematic mixed system which was a middle course between the two extremes of individualism and socialism. The various commissions, boards, agencies, and public corporations were designed to be independent of a centralized control that was largely political; and yet all were somehow under the control of the cabinet. Both the structure of the welfare state, as embodied in the manifold social services, and the structure of the mixed economy, as incorporated in these independent agencies operated by private businessmen though government controlled, were based upon this hit-or-miss policy.

A seventh conclusion which ought to be pointed out is the fact that the Labor Party, which was founded in 1900, fell heir to the radical or new-liberal program of the Liberal Party. As early as 1885 Joseph Chamberlain told the workers that, with the extension of the franchise in 1884, they could now take a greater share in the control of the nation which would now have
to look to their interests. This was a Socialism which the British laborers knew and understood because it was based upon a broad humanitarianism as reflected in Nonconformist and Methodist sermons. In 1889 Sidney Webb of the Fabians urged Socialists of a more scientific frame of mind to be at one with radical Liberals in their political methods. In 1906 Nonconformism obtained a strong grip on the Liberal Party. Yet, the Liberal Party was unable to carry out this radical or new-liberal program effectively. The Liberal Party was essentially the party of middle-class commercial interests and so could not organize the British working classes politically. Furthermore, when the new-liberal leaders began to espouse the interests of the working classes more and more, a growing number of the middle-class commercial interests, as early as 1906, deserted to the Unionist Party, which was being newly organized into the future commercial-minded Conservative Party. What the Liberal Party could not do, the Labor Party did successfully, aided by a vociferous Socialist minority that eventually captured the leadership of the Party.

It should be apparent, therefore, that the most important positive contribution of the Labor Party to the extension of government controls was to organize the enfranchised British working classes. The progressive extension of the franchise to "the greatest number," which the working classes were in fact, made all British politicians, whether Liberal, Laborite, or Con-
first voiced vaguely by early radical Liberals and Socialists, strengthened by Fabians like Webb and Hobson, and firmly established by non-Socialist Liberals like Keynes and Beveridge. The reaction against *laissez-faire* Liberalism, therefore, cut across party lines and was primarily based upon a utilitarianism that was typically British. The emphasis of this new utilitarianism was more on the common good and less on the individual good. It seems to be an application of the ethical principle that the common good has precedence over the individual good under certain circumstances, provided that the essential individual rights and human dignity are not lost.

Finally let it be said that the principle of utilitarianism is of paramount importance in any analysis of the extension of government controls in Britain. The influence of the Labor Party lay mainly in the fact that the lower classes were politically organized and consequently could effectively demand legislation more favorable to their interests. Nevertheless, every socialistic measure adopted by the British Governments had to sell itself on the basis of utility. That was both the Keynesian point of view and the point of view of the vast majority of British politicians, whether Liberal, Laborite, or Conservative. In 1933 Keynes wrote in the *Yale Review* that he had "become convinced that the retention of the structure of private enterprise is incompatible with that degree of material well-being to which
our technical advancement entitles us." He seemed to write that, if "the greatest happiness of the greatest number" were ever to be achieved, the old individualist capitalist system would not be capable of bringing it about alone. Government control and direction would be necessary. As far as most of the British people were concerned, the conditions when the common good of all British citizens should take precedence over the private good of a few wealthy citizens were at hand. Since it was up to the government to insure the common good of all, the extension of government controls naturally followed.

The pendulum of reaction was soon to swing to the opposite extreme. It became only too clear that government controls were not the panacea which, as many politicians and economists believed, would solve all social evils. A state of planned economy overlooked the human factor; like laissez-faire capitalism, government controls tended to become too impersonal, too dehumanizing. A reaction against collectivism became apparent early in 1951 when the British people voted in a general election to check the policy of nationalization. That, however, is the beginning of another story.
CRITICAL ESSAY ON AUTHORITIES

I GENERAL SOURCES

The author of the thesis received helpful advice and material from the British Information Services, the British Consulate, 39 South La Salle Street, Chicago 3, Illinois, and 30 Rockefeller Plaza, New York 20, New York. In the search for material the following libraries have been consulted: Cudahy, Newberry, Public Library, and Crerar, in Chicago; Indiana University Library in Bloomington, Indiana; West Baden College Library; The Chronological Table and Index of the Statutes, 1235-1942, 65th edition, 2 vols., published by His Majesty's Stationery Office, 1943, gives all the bills introduced in Parliament from 1235 to 1942. In a highly technical code, it identifies legislation similar in content through the years and shows when such laws are superseded by new legislation. British Civilization and Institutions is a book list compiled by the American Committee of the British Council and published by the American Library Association, Chicago, 1946. The most helpful source for parliamentary divisions on measures passed, and for an account of the reaction of public opinion on various events, is The Annual Register, which is a review of public events for each year since 1759. The Encyclopaedia Britannica Book of the Year is a popular survey of the principal persons, events, and developments in various spheres of knowledge and affairs during each year. For a quick reference to political data see The Statesmen's Year Book published since 1864. Whitaker's Almanack is a ready source of information since 1868. Hansard's Parliamentary Debates, House of Commons Debates, is the official publication of some of the speeches made in Parliament. Two fairly recent semi-official publications are Parliamentary Affairs, The Journal of the Hansard Society, a quarterly, and PEP (Political and Economic Planning) of the British Civil Service obtainable through Macmillan, London.

Sources for Labor Party information are numerous. The Encyclopedia of the Labour Movement is a secondary source for the less critical reader, as is The Labour Year Book. The official speeches and statements on policy see Trades Union Congress, Report of Proceedings, and Labour Party Conference, Report of
Proceedings, which are published annually. The author of the thesis could obtain only a few. For an excellent list of publications on the Labor Party before World War I consult G. D. H. Cole, British Working Class Politics 1832-1914, London, 1941; similarly, for a complete chronological list of Labor Party program, reports, pamphlets, and so on from 1914 to 1947, as well as books on the Party, see G. D. H. Cole, A History of the Labour Party from 1914, London, 1948, which includes works of the New Fabian Bureau of Research, a propaganda organization.

For an accurate report of contemporary political events, such as the breakdown of parliamentary divisions, speeches within and without Parliament, official programs and manifestos often given verbatim, complete of the year's enactments, consult The Liberal Magazine and The Liberal Year Book. For the most accurate daily account of official news interpretation consult The (London) Times and the Manchester Guardian. For the Laborite point of view use the Daily Herald. The (London) Economist is an influential Liberal weekly which holds to a relatively moderate line, very much so in the middle thirties and throughout the twenties. A more radical weekly existing since 1931 is The New Statesman and Nation. Some British weeklies which do not hinge to any particular political point of view are The Fortnightly Review, The Contemporary Review, and The Nineteenth Century and After. The author of the thesis has consulted only a limited number of these publications.

II PUBLIC DOCUMENTS

The most important source for the extension of government controls during World War I is The Official History of the Ministry of Munitions, 8 vols. London, 1918-1922. For the first volume of the official history of World War II see W. K. Hancock and M. M. Gowing, British War Economy, History of the Second World War, United Kingdom Civil Series, London, 1949.

Some of the official reports used in the thesis were found in booklet form, some whole or partial in books; for example, the Addendum to the Report of the Committee on Trusts, (Cmd. 9236), 1919, was found as appendix IV in Hermann Levy, Monopolies, Cartels and Trusts in British Industry, London, 1927. This Addendum was a minority report encouraging greater state controls signed by Bevin, Hobson, Watkins, and Webb. A study which paved the way for the extension of the 1911 unemployment insurance benefits to almost all workers in 1920 was the Unemployment Insurance Bill, 1912; Report by the Government Actuary on the Financial Provisions of the Bill, (Cmd. 1498), 1919. The Report on National Unemployment Insurance to July, 1923, 1923,
tried to breech the gap created by "extended benefits." The Ministry of Labour's Report of the Unemployment Insurance Committee (Lord Blanesburgh, Chairman), 2 vols. 1927, attempted to make the system actuarially sound. For statistics on the unemployment conditions in Britain up to the middle of the twenties consult the Ministry of Labour's Nineteenth Abstract of Labour Statistics of the United Kingdom, (Cmd. 3140), 1928. For further information on unemployment, especially antecedent to the crisis of 1931, confer the Ministry of Labour Gazette, XXXVI, 1929, XXXVII, 1930, and XXXVIII, 1931. For the Board of Trade's Final Report of the Committee on Industry and Trade, (Arthur Balfour, Chairman), (Cmd. 3282), 1929, John N. Keynes was a witness in an individual capacity for the years between 1924 and 1927. Keynes was also a member of the committee and signatory of the Report on British Finance and Industry (Macmillan Report), (Cmd. 3897) 1931, and author of the Addendum I, which gave consent of the most influential economists in England to the abandonment of the gold system and the establishment of a managed monetary system for Great Britain.

III PRIMARY MATERIAL BEFORE 1900

There are undoubtedly many works which could be consulted to obtain first-hand data on social conditions prior to 1900. The following, however, besides secondary sources, would seem to be adequate.

Adam Smith, An Inquiry into the Wealth of Nations, (1st edition, 1776), London, no date, heads the list of influential books of the nineteenth century. Data on the work was mostly culled from secondary sources. This book set the classical interpretation of capitalism or economic liberalism. It taught that enlightened selfishness, self-help, and competition without restrictions would automatically produce the common prosperity of all. Jeremy Bentham's The Principles of Morals and Legislation, London, no date, fixed the pattern of legisatory social reform. His works proposed utilitarianism as a norm of action and strongly urged the few rulers to see to "the greatest happiness of the greatest number." Charles Dickens, Oliver Twist, (1st edition, 1836), New York, 1940, was an influential novel that awakened the people to the plight of the destitute in the poorhouses of England. The impact of the theory of evolution in non-biological fields became evident in a popular publication by a noteworthy authority on politics, namely, Walter Bagehot, Physics and Politics, (or Thoughts on the Application of the Principles of 'Natural Selection' and 'Inheritance' to Political Society), 2nd edition, London, 1873. The single work which more than anything
else revived and popularized Socialism in Britain according to Sidney and Beatrice Webb, who are themselves the foremost historians of trade unionism and socialism in this period, was Henry George, *Progress and Poverty*, (1st edition in 1879), London, no date. Henry George was an American who cared little about socialism but much about the redistribution of wealth, his single tax doctrine, and the effects of wide-spread poverty. Rev. William Reaney, a Nonconformist minister, published his *Bitter Cry of Outcast London*, London, no date, in 1883, a work which graphically depicts in print the horrors which Henry George was then lecturing about in England. The discontent of the working classes found utterance in the *Speeches of Right Hon. Joseph Chamberlain, M. P.*, edited by Henry W. Lucy, London, 1885, which was based on Chamberlain’s Radical Programme of a new kind of liberalism. Among many inflammatory pamphlets by certain Socialists newly arrived from the continent was Tom Mann’s *What a Socialist Hour—Working Day Means to the Workers*, London, 1886. The *Fabian Essays in Socialism*, London, 1890, first published in 1889 on the heels of the first successful large-scale strike by unskilled workers, the dockers, raised new hopes and new horizons for the laboring classes. The collection of essays by George Bernard Shaw, Sidney Webb, and others, was the first widely-circulated description of Fabianism or gradualist Socialism. Sidney Webb *et alii*, *Socialism and Individualism*, London, 1891, a reprint from *The Economic Journal*, June, 1891, is a pamphlet of the Fabian Socialist Series, number three. An extremely important work which passed through many editions is *Charles Booth, Life and Labour of London*, London, 1892, which came out in the first edition as *Labour and Life of the People*, London, 2 vols., 1889-1891. Booth was a wealthy shipowner who attempted to prove that the Socialists were exaggerating the destitution of the common people; his work confirmed the allegations with facts and figures. Finally, Robert Blatchford, *Merrie England*, New York, 1895, is a violent Socialist propaganda book which had a phenomenal circulation, especially in England.

IV THE OXFORD SCHOOL

While there were protests for redress of social evils in the lower echelons of the British society, the upper classes of intellectuals were also stirred up by the degrading social conditions of the poor. During the 1860’s at Oxford University a Nonconformist Liberal named Thomas H. Green was teaching a new political philosophy which has since become part of British tradition. The author of the thesis has not studied each of the works cited below minutely, although he has made himself acquainted with their contents. Thomas H. Green, *Prolegomena to Ethics*, 
London, 1883, is a re-evaluation of the moral duties of the state which is expected to provide the conditions of a good life. Although the obstruse language discourages lengthy reading, still Thomas H. Green, Works, 3 vols. London, 1888, demands attention because it argues for the most utilitarian effects on Hegelian idealist principles. In the light of this idealist utilitarianism, D. G. Ritchie, Principles of State Interference, London, 1896, further develops the duties of the state. H. Sidgwick, Lectures on the Ethics of Thomas H. Green, London, 1902, shows Sidgwick, perhaps the most influential ethician of his time, laying down the principles of Green as his own. J. H. Muirhead, The Service of the State, London, 1908, is a series of lectures on the political teaching of Green by one of his pupils.

The two foremost writers of the Oxford School of political philosophy today are Ernest Barker and Alexander D. Lindsay. Ernest Barker's Political Thought in England from Spencer to the Present, London, 1915, early manifests the influence of Green. Barker's British and the British People, London, 1942, is a small book meant to describe the traditions, feelings, and government of England for foreigners. This book and his Reflections on Government, London, 1942, are based solidly on Green's concepts of the state. Alexander D. Lindsay, I Believe in Democracy, London, 1941, is a booklet which grew out of a series of talks given over the British Broadcasting Corporation radio. It helped to fortify the faith of the people during the worst years of the war. Lindsay's Religion, Science, and Society in the Modern World, London, 1943, comes to grips with the application of Green's principles today. The Modern Democratic State, London, 1947, is the first of a series of volumes to be published by Lindsay under the auspices of the Royal Institute of International Affairs. The book reflects current tendencies in that Lindsay explains that he is not proposing a philosophy of state, but expounding rather a theory of concrete, workable liberal democracy. This liberal democracy has a remarkable kinship with what the Socialists call social democracy. Bertrand Russell, What is Democracy, London, 1946, is a slim best-seller which seems to oversimplify Green's concepts; for example, it defines democracy as a rule of the majority, a concept incipiently totalitarian. Russell is not of the Oxford School ex professo. A book which has arrived at a conclusion similar to Lindsay's and Barker's but from the point of view of the British liberal tradition in collectivist form is John Parker's Labour Marches On, London, 1948. Finally, a recent attempt to knit the Oxford School with modern economic methodology is I. M. D. Little, Welfare Economics, London, 1950. The young Oxford University author has produced an original work in trying to achieve a confluence of the two great streams of thought in Great Britain.
V PRIMARY MATERIAL: 1900-1914


VI PRIMARY MATERIAL: 1914-1930

An important work which helped to amalgamate the forces of labor even during the war was Arthur Henderson, J. Ramsay MacDonald, and Sidney Webb, *Memorandum on War Aims*, London, 1917. *Labour and the New Social Order*, London, 1918, written largely by

Among some of the electioneering pamphlets used by the author of the thesis was the Labor Party's election program of 1929, drafted by J. Ramsay MacDonald, *Labour and the Nation*, London, 1929, a manifesto of extremely moderate socialism. A Liberal Party pamphlet which was widely circulated is J. M. Keynes and D. H. Henderson, *How to Conquer Unemployment*, London, 1929, together with the following: Can the Liberal Pledge Be Carried Out? (Mr. J. M. Keynes says "Yes."), (pamphlet), London, 1929, which was reprinted from *The Evening Standard*, March 19, 1929, and J. M. Keynes and D. H. Henderson, *Can Lloyd George Do It?* (pamphlet), London, 1929, a reprint from *The Nation and Athenæum*, May 11, 1929.

1935, which also spills over into pre-war politics. Winston Churchill, Amid These Storms: Thoughts and Adventures, New York, 1932, supplies a successful politician's point of view. One of the most influential English economists, with a great reputation for orthodoxy, is A. C. Pigou of Cambridge University, who wrote The Economics of Welfare, 3rd edition, Cambridge, 1929. This is a standard work, which came out for the first time in 1920. The author of the thesis, interested in Pigou's attitudes on government controls, was surprised to find that in his Socialism Versus Capitalism, London, 1937, Pigou counsels the adoption of Fabian gradualness.

However, the most influential personality in more ways than as an economist only during the twenties was John M. Keynes, ex-professor of economics at Cambridge, editor of The Economic Journal, Britain's most influential economic periodical, from 1911 to 1945, chairman of the periodicals, The Nation, Speaker, The Athenaeum, and The New Statesman and the Nation, and adviser, witness, or member on various Government committees. A complete bibliography of Keynes's writings, books, official reports, and articles in periodicals can be easily found in Seymour E. Harris and Margarita Willfort, "Bibliography of Keynes' Writings," The New Economics: Keynes' Influence on Theory and Public Policy, edited by Seymour E. Harris, New York, 1947, 665-685. John M. Keynes, The Economic Consequences of Peace, New York, 1920, which was published first in 1919, was a best seller that made an attack on the hard peace policy of the Allies and also warned of a revolution in economic thought. Other short books by Keynes were: A Revision of the Treaty, London, 1922; A Tract on Monetary Reform, London, 1923, which called for a managed currency instead of an unmanaged gold standard; The Economic Consequences of Sterling Parity, London, 1923, which attacked Churchill for re-establishing the gold standard at the expense of coal miners and other workers; The End of Laissez-Faire, London, 1926, and Laissez-Faire and Communism, New York, 1926, both of which attacked Marxism but insisted that a new interpretation of capitalism, not based on a gold standard, could alone bring prosperity to Great Britain. Excerpts from these writings and other essays were published in book form as John M. Keynes, Essays in Persuasion, New York, 1932, a most important key to an understanding of the twenties and thirties. J. M. Keynes, A Treatise on Money, 2 vols. New York, 1930, is a scholarly technical study which advocated a managed monetary system. This book was extremely influential in raising the concept of money to a new science of finance.
VII PRIMARY MATERIAL: 1930–1940

lantic Monthly, CLV, January, 1935, 97-101. For a good study of
one of the Labor Party's greatest weaknesses see C. B. Burns,
"Can Labour Govern?" The Fortnightly Review, CXLVIII, (new series
CXLII), October, 1937, 395-403. For an excellent analysis and
first-hand information of another element which tended to dis-
rupt party strategy see H. R. Williamson, "Labour and the Fascist
Spectre," The Fortnightly Review, CLI, (new series, CCCXLII),
February, 1939, 147-155. For the Liberal Party's attitude on
Labor's rebuff on the subject of the "popular front" consult "La-
bour Rejects 'Popular Front'," The Liberal Magazine, XLVII, Feb-
uary, 1939, 53-59 (cf. also 104-109, 155-159). Harold J. Laski,
Where Do We Go From Here? New York, 1940, is a fervent attack on
capitalist profiteering and a declaration in behalf of a more
militant socialism to effect a true social democracy. The mes-
sage smacks of Marxism throughout. An important book, which
unfortunately emphasizes the international issue but which provides
acute estimates of the personalities of the period, is Winston S.

VIII CONFIRMATORY MATERIAL: AFTER 1940

An adverse criticism of the thesis is Joseph A. Schum-
peter, Capitalism, Socialism, and Democracy, New York, 2nd edi-
tion, 1947. Nevertheless, this work brilliantly exposes the
weaknesses of laissez-faire or classical economics and explains
the new concept of democracy, the control of the masses from
above, better than any other study the author of the thesis could
Socialism, London, 1942, is an excellent recent interpretation of
gradualness, spiced with Marxist-like ethical considerations, by
one of the chairmen of the Fabian Executive Committee. Social
Insurance and Allied Services: Report by Sir William H. Beveridge,
(Cmd. 6104), (pamphlet), London, 1942, is a declaration, written
in a clear and readable style, for a comprehensive consolidation
of all social services in Great Britain. Lord Halifax, "The
Future International Structure: The Beveridge Plan," Vital Speech-
es of the Day, IX, February 15, 1943, 258-261, gives an excellent
account of the impression left by the Beveridge Plan upon Con-
servative opinion. Winston Churchill, "Post-War Councils on
World Problems: A Four Year Plan for England," Vital Speeches
of the Day, IX, April 15, 1943, 386-391, is perhaps the most impor-
tant wartime speech Churchill made on postwar domestic policy.
William H. Beveridge, The Pillars of Security, New York, 1943,
explains how the Plan happened to be born. William H. Beveridge,
Full Employment in a Free Society, London, 1944, is an extreme
interpretation of the Keynesian remedy for unemployment. The
book, which is admirably lucid in its exposition despite its highly technical theme, calls for a crusade against want, disease, ignorance, and squalor with no sacrifice of essential liberties. It is a sequel to his earlier Report. A kind of supplement to the latter work is Six Studies Prepared at the Oxford Institute of Statistics, London, 1944. The studies were authored by Bur-

hardt, Kalecki, Schumacher, Warschitz, Balogh, and Mandelbaum, all Keynesians of varying degrees. The work provided a national economic-financial program to fit the exigencies of the complete Beveridge Plan. Sir William H. Beveridge, Why I Am a Liberal, London, 1945, is a small book designed perhaps to allay fears that Beveridge had become a Socialist; he is, in fact, a vice-


Tawney, "English Politics Today: We Mean Freedom," The Review of Politics, VIII, April, 1946, 223-239. The essay was destined ex-

clusively for the members of the Labour Book Service of London.

Labour's Home Policy, (pamphlet), London, 1940, advised the re-
tention of government controls after the war to build up a new social order. Lord Beveridge, Voluntary Action, London, 1948, was probably written to calm critics of the author's plan. The most successful book against undue state controls is John Jewkes, Ordeal by Planning, London, 1948, which produces telling argu-
ments for moderation. Jewkes, however, seems to be a Keynesian himself. Quintin Hogg, The Case for Conservatism, (Penguin), London, 1947, stands firm for a vague Christian disposition under trying times and a willingness to face the fact that the past cannot return and new solutions to modern problems must be sought. The book lacks force.

Finally, the latest trends in state controls are clari-

fied in a series of articles under the title "The Left Road for Brita

in?" The Nineteenth Century and After, CXLVII, May, 1950, 295-317, authored by the following: Eric Siepmann, "How Many? What For?" who is a non-Socialist leftist; G. L. Arnold, "Socialism in Perspective," who is a Socialist; and Christopher Hollis, "A Future for Socialists," who is a Conservative Member of Parlia-

ment. The concluding article of the series is David C. Williams, "The Left Road for Britain? IV: An American View," The Nineteenth Century and After, CXLVII, June, 1950, 393-408, a sympathetic ap-

praisal of the problem from America.
IX SECONDARY PHILOSOPHICAL MATERIAL


X GENERAL SECONDARY MATERIAL

Two short histories which give a general history of England are Frederick C. Dietz, A Political and Social History of England, New York, 1934, and the more recent Goldwin Smith, A History of England, New York, 1949, which includes an excellent bibliography. These two works were used by the author of thesis to keep the broader aspects of English history in focus while he was concentrating on domestic issues.

One of the most helpful guides to the author of thesis was G. D. H. Cole and Raymond Postgate, The British People, 1714-1914, (1st edition in 1938), New York, 1947. This scholarly volume, written by two outstanding socialist writers, is published in England under the title of The Common People, 1714-1914, which explains the content of the book. It news closely to the labor movement and the working classes. Despite its slightly biased interpretation, it is still the best book in its field, full of hitherto undigested details of the British common people's social and economic life. David C. Somervell, English Thought in the Nineteenth Century, London, 1917, is an excellent study of the evolution of English ideas in almost every sphere of activity. The author, incidently, held a junior office in the Cabinet under the National Government in the early 1930's. Edward F. Cheyney, Modern English Reform: From Individualism to Socialism, Philadelphia, 1931, is the product of lectures on the early British
labor movement. It was quite helpful, even though limited in its scope.


A hard-hitting anti-Keynesian work which highlights the failure of government controls or protection during the thirties is Frederic Benham, *Great Britain Under Protection*, New York, 1941. It is well-known. William T. Morgan, *The British General Election of 1935*, is a reprint of an article from *The South Atlantic Quarterly*, XXXVII, April, 1938. It is done well. John W. Wheeler-Bennett, *Munich: Prologue to Tragedy*, New York, 1948, is primarily a history of foreign affairs, nevertheless,
it is also a good study of the extension of government controls due to the fear of war in Britain in the 1930's. Leland D. Baldwin, God's Englishman, the Evolution of the Anglo-Saxon Spirit, Boston, 1944, is a satisfactory study of British patriotism, looking to the underlying forces of religion and the rising labor movement. It is a sprawling work well seasoned with poetry and poetic prose. A good history on the subject it proposes to study is Sir Henry Slesser, A History of the Liberal Party, London, 1944, important in the light of the Liberal Party's gradual acquiescence in a type of moderate Socialism. Charles E. Bellairs, Conservative Social and Industrial Reform 1800-1945, (pamphlet), London, 1947, is a valuable index of the Conservative Party's opinion of itself, because the pamphlet originated at the Conservative Political Centre. A highly recommended study of the conditions which led up to the adoption of nationalization, as well as the present state of nationalization, by a very scholarly author is Bertrand de Jouvenal, Problems of Socialist England, trans. by J. F. Huntington, London, 1949. David C. Somervell, British Politics since 1900, London, 1950, is an extremely interesting study of recent events. It tends to belittle the Labor Party and ends in an encomium on Winston Churchill. On the other hand, Ernest Watkins, a British Broadcasting Corporation commentator, in his The Cautious Revolution, New York, 1950, has written a very favorable account of the Labor Party and its effects upon the people. This compendium of facts and figures on British Socialism was primarily written for foreign consumption.

XI SECONDARY MATERIAL: LABOR MOVEMENT

study of the Fabian group. Labor's point of view of the last attempt at a general strike in Great Britain is to be found in R. Page Arnot, The General Strike 1926, Labour Research Department, London, 1926.


Dean E. McHenry, The Labour Party in Transition, 1931-1938, London, 1938, is a very good study on the structure and problems, the personalities and programs, of the Labor Party between 1931 and 1938. A propagandist publication, achieving widespread popularity, by an adviser on Public Relations to Attlee is Francis Williams, Socialist Britain, New York, 1949, which holds that a genuine, socialist revolution has already happened. It subscribes to the moderate Labor Party approach. Francis Williams, Fifty Year's March: The Rise of the Labour Party, London, no date (but presumably 1950 since the Labor Party was born in 1900), is a lively narrative of the Labor Party's history, not intended as a scholarly work. An excellent study of the internal machinery of the Parliamentary Labor Party, how it rules, and who runs it, can be found in James MacGregor Burns, "The Parliamentary Labor Party in Great Britain," The American Political Science Review, XLIV, December, 1950, 855-871.

XII SECONDARY MATERIAL: ECONOMIC INFLUENCES

periments in Public Ownership and Control, New York, 1938, is an excellent study of the trend towards state controls. The best volume the author of the thesis could find on the Keynesian influence in economics is The New Economics, Keynes' Influence on Theory and Public Policy, edited by Seymour E. Harris, New York, 1947. It is a collection of essays on Keynes and his work by such distinguished economists as Alvin H. Hanson, Albert G. Hart, Wassily Leontief, R. F. Harrod (Managing Editor of The Economic Journal), J. E. Meade (Director of Economics Section, Cabinet Secretariat, His Majesty's Government), Joan Robinson (Cambridge, England), Joseph A. Schumpeter, and many others. The bibliography is itself invaluable. A vitriolic attack on Keynes and his principles is Philip Cortney, The Economic Munich, New York, 1949, which accuses Keynes of distorting facts and expounding a species of totalitarianism.

XIII SECONDARY MATERIAL: SOCIAL SERVICES

Perhaps the best study of the state's participation in social welfare during World War I and after is William Beveridge, The Public Service in War and Peace, London, 1920. George A. N. Lowndes, The Silent Social Revolution, London, 1937, is a good account of the expansion of public education in England and Wales from 1895 to 1935. Henry Clay, Post-War Unemployment Problem, London, 1929, is a standard work by an acknowledged expert in the field. Another important work is R. C. Davison, The Unemployed, New York, 1929, which demonstrates a scholarly approach and is replete with statistical data. William H. Beveridge, Unemployment: A Problem of Industry, London, 1930, must not be overlooked for a full picture of the trend in England. An excellent American study filled with detailed analytic statistics is Mary B. Gilson, Unemployment Insurance in Great Britain, Industrial Relations Counselors, Inc., New York, 1931. Eveline M. Burns, British Unemployment Programs, 1920-1938, Committee on Social Security, Social Science Research Council, Washington, D. C., 1941, brings the previous work up to date, that is, to just before World War II. E. Wight Bakke, Insurance or Dole? (The Adjustment of Unemployment Insurance to Economics and Social Facts in Great Britain), The Institute of Human Relations, Yale, New Haven, Conn., 1935, is a critical study of the increasing control of the state of British lives through the medium of compulsory social services. The last chapter is excellent. John A. Millett, The British Unemployment Assistance Board: A Case Study in Administrative Autonomy, New York, 1940, is an excellent analysis of the authoritarian overtones of British independent agencies. A more recent standard work on the welfare services by a foremost authority is


XV BIOGRAPHICAL WORKS

A BOOKS

Elmer L. Kayser, The Grand Social Enterprise, New York, 1932, is a study of Jeremy Bentham in his relation to liberal nationalism and his social reforms. Elsie E. Gulley, Joseph Chamberlain and English Social Politics, New York, 1926, is a good study of the principles emanating from the Radical Programme of 1885. J. M. Robertson, Mr. Lloyd George and Liberalism, London, 1923, is an interesting study of Lloyd George's early career as a reckless radical. An interesting reflection on the decline of liberalism and the rise of the welfare state is found in Maisie Ward, Gilbert Chesterton, New York, 1943.


B ARTICLES

The thesis submitted by Walter J. Kapica, S.J., has been read and approved by three members of the Department of History.

The final copies have been examined by the director of the thesis and the signature which appears below verifies the fact that any necessary changes have been incorporated, and that the thesis is now given final approval with reference to content, form, and mechanical accuracy.

The thesis is therefore accepted in partial fulfillment of the requirements for the Degree of Master of Arts.

Sept. 1, 1951
Date

Herman J. Muller, S.J.
Signature of Adviser