The First British Labor Government 1924

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THE FIRST BRITISH LABOR GOVERNMENT

1924

A Thesis
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by
Donald Black
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INTRODUCTION

In 1924, the Labor Party assumed control of Britain's political destinies for the first time. Although its tenure of office was brief, from February through October of that year, it marked an important milestone in the slow, unrelenting progress of democratic socialism in the British political spectrum after the conclusion of World War I. Not only did it reveal that Labor could assume its role as an effective opposition Party, but also that Labor had the capacity to govern in a difficult and perplexing era.
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Prior to the beginning of World War I there had been few indications that the Labor Party would ever assume political power in Great Britain. In the closing years of the Victorian era, the Labor movement had been represented primarily by a small, ineffectual group of trade union M.P.s in the Liberal Party, more commonly known as "Lib-Labs," under the titular leadership of Henry Broadhurst. But with the advent of the twentieth century a new political entity—the Labor Party—was born out of the inspired determination of a Scottish coal miner, James Keir Hardie, and a few fellow visionaries who wanted to see socialists and trade unionists in political alliance. Behind the glittering and illusive facade of Edwardian prosperity, the infant party was able to nourish itself on the existing political abuses of laissez faire economic doctrines, sweating employers, massive working-class poverty, Tory imperialism, and the Taff Vale decision of 1901.\(^1\) Their

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\(^1\)In this case (Taff Vale Railway Co. v. Amalgamated Society of Railway Servants), the House of Lords ruled that a civil action could be brought against a trade union, and it could be sued for damages arising out of the actions of its officers or servants during a trade dispute. Damages of £23,000 were awarded against the A.S.R.S. This decision deprived the trade unions of an immunity they had generally believed themselves to possess and, by making almost any
fear that the right to strike might become nugatory brought about the political alliance with the Liberals and the Irish Nationalists in the election of 1906. As a result of the overwhelming Liberal victory that year, Labor obtained over thirty seats in the House of Commons.

The Party's greatest pre-war triumph was the legislation of 1906 that safeguarded the unions against a repetition of Taff Vale. But the Liberal Party's appetite for political reform diminished after the House of Lords crisis and the Lloyd George social insurance schemes of 1911. Labor's numerical strength in the House of Commons failed to increase substantially, even dropping, after 1910. The Party had to wait several years before it could secure parliamentary reversal of the Osborne Judgment, which threatened its livelihood by making illegal the collection of the monetary levy exacted from affiliated trade unions.¹

This loss of momentum accentuated internal differences. The alliance of socialists, however nondothinaire, with trade

¹Osborne v. Amalgamated Society of Railway Servants (1909). The judgment of the House of Lords declared all political action by trade unions to be illegal, and thus prevented them from either putting forward their own candidates at national or local elections, or subscribing out of their funds to any political party.
unionists - who saw in the Party little more than a political weapon to protect their own interests - was difficult at best. In 1911-1912, parliamentary action was overshadowed by a syndicalist-inspired wave of strikes which ended in substantial wage increases for the striking seamen and transport workers. As a result, many trade unionists began to feel that union cooperation and a policy of direct action in the industrial field would be far more effective than parliamentary procedure. By 1914, the new and powerful Triple Alliance--formed by the miners', transport workers', and railway men's unions for the purpose of supporting each other in disputes with employers--seemed to be a far more potent force than was the stagnating Labor Party. Internally, World War I only made things worse, for along with the old tensions between socialists and trade unionists were added new ones between the pro-war and pacifist Laborites. The main anxiety of the latter was in the Independent Labor Party, largest of the socialist organizations attached to the Labor Party; and for a time there was some danger that the pacifism and socialism of Labor's left-wing followers might have become synonymous with anti-patriotism in the minds of the wartime electorate. Those who say that James Keir Hardie, the Labor leader, died of a broken heart over the internal feuds which were splitting the Party at this time may exaggerate somewhat, but in view
of the situation he had good cause for heartbreak.¹

In 1918 the Labor Party took two important steps toward achieving the status of a national organization capable of bidding for the political right to govern Great Britain. A new Party constitution was drafted mainly through the collective efforts of Labor's new leader, Arthur Henderson, and the Fabians' renowned theorist, Sidney Webb. While it did not end the federal aspect of the Party, it promoted the creation of local branches through which direct membership became possible for any individual voter. The necessity of becoming either a trade unionist or a socialist in the Independent Labor Party, or a political intellectual in the Fabian society, was also removed. It contained another important innovation as well: until 1918 the Party's purpose, expressed in its old constitution was simply "to organize and maintain in Parliament and the country a political Labour Party."² Now the statement of purpose was extended and included the clause:

"To secure for the producers by hand or by brain full fruits of their industry, and the most


equitable distribution thereof that may be possible upon the basis of the common ownership of the means of production and the best obtainable system of popular administration and control of each industry and service."

Thus, for the first time in its career, the Party was committed to a socialistic program although the word itself was not mentioned.

This commitment was reinforced in the same year, in June, with the passage—by the annual Party conference—of twenty-six resolutions based on Sidney Webb's Labor and the New Social Order. These resolutions included a wide range of topics such as Home Rule for Ireland, and complete emancipation of women; but they also contained a definite socialistic program. The Party declared in favor of immediate land nationalization; public ownership of the mines, railways, electric power production and life insurance; and eventual state control of canals, harbors, and steamships. In addition to a general extension of the legal basic wage, they favored government responsibility for preventing unemployment and a heavier taxation program on the wealthy which would include a capital levy on all fortunes exceeding £1,000. The thorny question involving workers' control of industry, over which Guild and State socialists were divided, was passed over. Sidney Webb's document, however, provided a detailed portrait of the new socialist society

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1 Ibid., p. 54.
to which the Labor Party would aspire, once it had acquired a majority from the electorate.

The reorganization of the Labor Party was too recent to have much effect on the outcome of Lloyd George's jingoistic "Coupon Election" of 1918. There was only a small increase from thirty-eight to fifty-nine in the Labor membership of the lower house. More important, however, was the fact that the parliamentary party was shorn of its socialist leaders--Ramsay MacDonald, F. W. Jouwett, Arthur Henderson, Philip Snowden, and others--because they had made themselves unpopular by opposing the war. What was left was a stodgy and uninspired group of aging trade unionists, most of whom owed their survival in the House to having satisfied the demands of superheated nationalism.

Nevertheless, the war had prepared a highly nutritious soil in which the seed of the Party's reorganization efforts could germinate and grow. Not only had the conflict revealed the country's dependence on the common people, but it had also made the people identify themselves more closely with the national interest, while exacting a rough equality of sacrifice. The Representation of the Peoples Act of 1918, which achieved the goal of virtual universal suffrage and for the first time made all women over thirty years of age eligible to vote in parliamentary elections, reflected these changes. Although Labor
gained little at first by this measure, it was a pre-
requisite for the growth of the Party beyond sectarian
limits.

The massive economic demands of World War I had
removed many of the old laissez faire restraints upon
government intervention into the workings of the national
economy. The partial redistribution of income, already
aided by the Liberal government of 1905–1914, had been
continued.¹ All of this provided a powerful political
solvent for the pre-war prejudice against using political
action to achieve drastic social changes.

The postwar prospects for Labor were also improved by
the effects of the war on the two older parties. Liberals
and Conservatives alike were already intimately connected
with the conflict and its horrors, and soon became the
victims of popular disillusionment with the peace as well.
Labor, relatively clear of these tragic events, could reap
the political benefits. Even more to its advantage was the
disastrous split between the Coalition and Independent
Liberals, which marked the beginning of the Liberal Party's
disintegration. By 1920, although the pacifist wing was
unable to overcome its unpopularity sufficiently to get

back into Parliament, the Labor patriots were already preparing their new propaganda campaign to stress the Party's detachment from both the war and the existing peace treaties. As in the continental socialist movements, the pro-war majority was shifting toward what had been the minority view.

The significance of these new factors, however, was not at once apparent in the immediate postwar years. The Party's struggle to seat 100 members in Parliament was still in the future. The results of the "Coupon Election" and the effects of the political hysteria remaining from the war—and "with two million men added to the register, and six million women, no one could tell what the results would be."\(^1\) Ramsay MacDonald, titular leader of Labor's pacifist wing, concluded that the Conservatives had found new strength in the democratic franchise. They, by controlling the press and other means of communication, he felt, could exploit the "unawakened and subordinate minds" among the new electorate.\(^2\)

For a short time the Party's constitutional changes wrought by Mr. Henderson, Labor's new leader, were obscured

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by the experiments in "direct action" that shifted Labor's attention from the incompetent parliamentary party to the trade unions. Not until 1921, with the failure of the Triple Alliance to support the coal miners in their strike against the mine owners, was the threat of a general strike removed from the British industrial scene.

This was 'Black Friday', regarded in the Labour movement as the day of great betrayal, when not only was a general strike abandoned, the Triple Alliance ruined and the miners sacrificed, but the whole structure of united working-class resistance to an expected attack on wages and living standards was demolished at a blow.¹

This event, coupled with the collapse of the brief postwar boom, weakened Labor's industrial arm; but the subsequent fall of Lloyd George's Coalition government and the general election of 1922 gave the Party's political wing its chance. The benefits of the 1918 reforms now became apparent. Labor doubled its representation in the House and polled 4,236,733 votes, raising its proportion of the total from 20.5 per cent in 1918 to 29.9 per cent, and established its claim to be considered His Majesty's Opposition.² For the first time, men of middle-class backgrounds--Attlee, Greenwood, Ponsonby, Buxton, Trevelyan and Greenwood--were elected as Labor M.P.s. Coinciding with

¹Mowat, op. cit., p. 123.
²Cole, op. cit., p. 127.
this event was the paradoxical situation which ensued with the change in personnel of the Parliamentary Party from trade unionist to socialist. The wartime pacifists—MacDonald, Snowden, Lansbury and Jowett—returned in strength, bringing with them their ex-Liberal allies, such as Charles Trevelyan, H. B. Lees-Smith, and Arthur Ponsonby. The domination by trade-union-nominated members thus lessened because of the unions' loss of public support over the Black Friday fiasco. In 1918 only 15.8 per cent had come from divisional Labor parties and other non-trade union sponsors; in 1922 the figure had increased to 40.1 per cent. ¹ A broader, more impressive Labor Party emerged from the 1922 election; and its victories astounded the two older political organizations.

The Party, however, was far from being a completely cohesive and solid unit. Many traces of its federal origins remained. "No Party," wrote Lord Birkenhead, not without malice, "since the Whig-Liberal combines of the middle nineteenth century has been so heterogeneous as the present Socialist-Labour bloc."²

The trade unionists were the greatest interest group in the Party. With their political levy drawn from every

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affiliated union, they dominated Party finance, while the bloc voting system enabled their delegates at Party conferences to swamp the tens of thousands of active socialists with the votes of millions of docile trade union members. This position of dominance they maintained with stolid tenacity; attempts to revise the voting arrangements at the Party conference in favor of the divisional Labor parties and the socialist societies were fruitless. The 1918 reorganization had, in fact, strengthened this influence by removing the direct representation of the socialist societies on the National Executive of the Labor Party.¹ Henceforth, nominations for the Executive were to be made separately for each section, and the entire conference was to vote for all the groups of which the National Executive was to be composed. Despite the prevailing dominance of the trade unions within the Party, however, members of the socialist societies, such as MacDonald, Webb, and Snowden, continued to hold important positions on Labor’s National Executive. This continued membership of prominent leaders from the Independent Labor Party and the Fabians represents the tolerance of the trade-union leaders and their recognition--grudging though it may occasionally be--of the much-

¹Under the revised 1918 constitution, the National Executive was increased from eighteen to twenty-three members. Eleven members were to represent the trade unions and socialist societies as a single group, five members for the local Labor parties, and seven members for the women delegates.
needed vigor and enthusiasm that the socialists provided the Party. As far as a majority of trade-union leaders were concerned, they still saw the Party as an organization for political support of the union's legal rights, and for promoting certain concrete measures of material welfare such as higher wages, unemployment insurance benefits, and pensions.

Among the top Party leaders were several trade unionists who appeared to be moderate socialists, but whose views of the Party were pretty much those previously described. One was Arthur Henderson, a leader in the Party's reorganization schemes, Labor member of Lloyd George's War Cabinet, a man of uninspiring appearance and ponderous words, but a man who had great qualities of loyalty, courage, and patience and a deep streak of idealism which the casual observer might miss.¹ A direct opposite of Henderson was J. H. Thomas, the volatile leader of the railway men, who possessed such personal attributes as a small moustach, a Cockney accent, a love of sartorial splendor and jovial good fellowship. A clever negotiator, he owed his position in the movement partly to the fact that he reflected the instincts and interests of the average nonintellectual, not-too-earnest

British working man. The third major figure was J. R. Clynes—neat, dignified, colorless, serious and hard working—who had been chairman of the parliamentary Labor Party until Ramsay MacDonald's return to Parliament in 1922. By stepping aside, he revealed that quality most treasured in the Party—an unswerving loyalty to the Labor movement—in accepting deputy leadership and rallying the Party behind its new parliamentary chief, Ramsay MacDonald.

The Independent Labor Party, though insignificant in number as compared to the trade unions, continued to play the leading role in the Party after 1918. Within its ranks were gathered the fiery and extremist advocates of the socialist millenium who tended to be far more ideologically motivated than were most of the British Laborites. Many of them had been reluctant to see the 1918 reforms go through because they realized that the local Labor Party units would soon in every sense be rivals of their own. With the entire movement pledged to socialism and with local branches open to all comers, would not the I.L.P. lose its raison d'etre? Such was eventually the case. Temporarily, however, it provided not only emotional and articulate propagandists, but also played a major part in policy formulation, especially in the field of foreign affairs.


One of the most outstanding leaders provided by the I.L. P. was Ramsay MacDonald who now returned from the isolation caused by his anti-war stand, and rose toward the peak of his turbulent career. Handsome, courteous, and gifted with a magnificent speaking voice, he had earlier established himself as Labor's most formidable spokesman, both in Parliament and outside. His opposition to the war had endeared him to the Left; his steady support of parliamentary and evolutionary methods for socialism made him acceptable to the Labor Right. In the brief period between his return to Parliament and the advent of the first Labor government, he worked tenaciously with great success in making Labor a formidable yet thoroughly constitutional opposition. His early speeches were important more from the inspirational than the analytical standpoint. Criticism of his aloofness had not yet become serious in Party circles. In short, this proud, sensitive, courageous, and self-centered man was the natural leader of the Labor Party.¹

Among the few who seem never to have accepted MacDonald, however, was Philip Snowden. A partial cripple since youth, he possessed a certain intolerant self-assurance which sometimes accompanies success in surmounting such handicaps. Snowden was endowed with a keen mind,

although his intellectual powers were not quite as impres­sive as most Laborites took them to be. His somewhat narrow viewpoint, however, eliminated him from being a serious contender for Party leadership. The fact that his wife, Ethel, was a controversial and outspoken figure, not entirely popular within the Party, also seriously hindered his ambitions.¹

Among the other prominent groups within the Labor Party which need to be mentioned is the Fabian Society, which was then passing beyond its period of greatest influence. The Fabians were primarily responsible for impregnating the Party with the collectivist ideals which it would need in formulation of its blueprints for the new socialist commonwealth. Sidney Webb, one of its leaders, was as important a figure in the Labor Party as is a member of the "Big Five." He was invaluable when a resolution had to be drafted or a disagreement has to be glossed over with soothing words. Webb and his wife, Beatrice, however, had achieved academic fame earlier through their independent research on a variety of municipal and trade union problems. But within the Party they had no political support and got along badly with MacDonald and other Party leaders. Webb,

moreover, was not a success in Parliament, partly because he did not speak loudly enough to be heard.¹

Within the Fabian ranks there were prominent individuals who were challenging the Webbs' leadership at this time. On the one hand there was the brilliant, witty, and somewhat eccentric disciple of Bentham--Graham Wallas. On the other was a rising young group of Guild Socialists--G.D. H. Cole, W. Mellor, R. H. Tawney, and Margaret Postgate—all of whom were prominent in the Fabian Research Department. The Guild Socialists opposed the Webbs' dream of a powerful, efficient and well-organized socialist state managed by a professional civil service; instead they wanted the workers, through the expansion of their unions into national guilds, to have control of both the economic and political institutions of society. Part of this opposition was due also to the impatience of youth as Beatrice Webb explained in her diary:

To some of the younger intellectuals our persistence as publicists, using up one subject after another, must be a cause of annoyance which Mrs. Cole freely expressed in her description in The Guild Socialist of Sidney Webb and his irritating "permanence" as a leader of Socialist thought. To a whole bevy of younger Socialists, our energetic survival must be tiresome.²

¹Ibid.
²Ibid., p. 75.
A list of the elements within the Labor Party, the I.L.P., trade unions, Fabians, and local Labor Parties does not fully convey the multiplicity of viewpoints contained therein. There was Stephen Walsh, the sturdy little ex-miner, who had remained in Lloyd George's Coalition even after the war had ended; and Campbell Stephen, a pacifist left-wing firebrand, one of a host of Clydeside M.P.s whose reputation as fomenters of rent strikes and civil disturbances in the Glasgow areas sent shivers down Conservative spines. Yet the Labor Party not only surmounted these obstacles but contained a dozen other difficult alliances: between Guild Socialists and State Socialists; between temperance and beer-drinking social clubs that were in many areas the backbone of the Party; between leftish university professors such as Harold Laski and ex-Tory pacifists like Lord Pamar; between high Anglican churchmen such as Pamar, and religious nonconformists such as Henderson, Snowden, and MacDonald. It is indeed difficult to perceive how the Party, already subjected to the internal stress and strain of rapid political growth, held together such a strange political menagerie as this. As for Ramsay MacDonald, he combined moral idealism with charming personal qualities in a mixture that was devastatingly effective in making the Party's rank and file forget their differences. It was through his
wartime pacifism and fiery socialistic utterances that he convinced the flamboyant Labor left wing to elect him as the Party's parliamentary leader in 1922, when at the same time many influential members of the Party's right wing knew that he was a firm supporter of moderate and constitutional methods for bringing about Labor's socialistic programs. A political follower wrote:

The plain man had a conviction that Mr. MacDonald was somehow different from the other politicians; the more sophisticated were aware in him of an odd and haunting power of connecting the human landscape with the quiet of the sky—a man of fearless rectitude, with the purity and comprehensive charity of good... From other politicians, he was distinguished by something like a halo.¹

Probably Labor’s success in 1922 was due largely not so much to anything its leaders said but to the fact that a larger proportion of the laboring masses had become conscious of their political strength and wanted a Party of their own. But this does not mean that the Labor Party was totally proletarian in membership or that it represented the Marxian version of the British working-class revolution in embryo. Both the Party structure and program revealed that it had been impregnated with the collectivist principles and ideas of the Fabian society, which was made up largely of middle-class intellectuals. The rent strikes

in Glasgow, the syndicalist-inspired strikes of 1914, and
the "Black Friday" fiasco--revealed that certain leftist
factions, such as the Clyde brigade, were not hesitant to
use Marxist methods for direct action. But by and large,
their efforts met with complete failure and they had to
return to the moderate middle-class Party policy of
evolution rather than revolution. For Labor had to have
such a program in order to attract middle-class voters
away from the other two older Parties and establish itself
as a truly national rather than class organization. As
MacDonald summed it up:

The true separation in society is the moral
and economic line of division between the
producer and nonproducer, between those who
possess with serving and those who serve;
whereas the separation between the professional
classes and labor has made the line of division
a purely psychological one which is not without
its reason in the different modes of life of two
classes, but which, nevertheless, is mischievous
and ought to be obliterated.1

Two conclusions can be deducted from this statement. One
is that the majority of the population are members of the
working class by this definition. The second one is that
class antagonism along traditional socialist lines, which
might have threatened the internal unity of the Labor Party,
is expressly deplored in the latter half of the statement
and robbed of its theoretical basis by the first half.

1Ibid., p. 325.
Class tensions, however, existed within the Party. These often took the form of conflicts between intellectuals and trade unionists. The former were indispensable if Labor was ever to govern, and the movement, to a greater extent, recognized this. But this did not mean that prejudice was kept below the surface of Party affairs at all times. Desmond Shaw who considered himself its victim stated:

What the average Labor leader as the average rank and file wants is the "safe" man—the moderate man, the man he can "understand"—that is, the man who doesn't make him think. The movement today wants men who can talk platitudes... [not a man] who drags them from the hog trough of votes and resolutions, in which they wallow, to show them something of the vision of life.1

Anti-intellectualism probably did some real damage to the Party's efficiency as a fighting political machine. The complaint was often heard from the intellectuals that the Labor benches in Parliament groaned heavily under the weight of the old, unimaginative, and pedestrian trade-union leaders. MacDonald wrote in a more tactful manner of "men chosen by trade unions from officials financed by their unions, but whose training does not fit them to be efficient members of Parliament."2 Of course the historical observer

2Hamilton, MacDonald, p. 367.
has to ask himself whether these uninspired trade-union M.P.'s were any more of a brake on Labor's political efficiency (at least after 1922) than were the "hard-faced" minor business men and major landowners who occupied so many of the Tory benches, an obstacle to Conservative achievement. Anti-intellectualism may have had some serious effects in other areas. G. D. H. Cole, himself a veteran Labor intellectual, has criticized the Party for:

There was also a failure to appreciate brains and a suspicion of "cleverness" which prevented service in the Party machine from offering attractions to the younger people who could have helped to provide it with the driving force that it manifestly lacked. Its propaganda literature, until quite recently, was to a great extent both dully written and most unattractively presented.¹

Yet, whatever divisions arose within the Labor Party during those years, whether of persons, groups, or programs, the sense of unity of movement still prevailed. The influence of the moderates, such as MacDonald and Snowden, was exerted on the one hand to temper the enthusiasms of the I.L.P., and on the other to give preponderance in the Labor Party to the moderate and right-wing sections.² The Party rank and file placed a great reliance upon the

¹Cole, op. cit., p. 124.
character and ability of these leaders. Perhaps this contributed to the great emphasis upon personal loyalty. That observant veteran of continental socialism, Egon Wertheimer, recognized this, and considered that it gave additional strength to the movement, not enjoyed by the companion parties abroad. ¹ While these attitudes preserved a certain degree of unity within the Party, they also provided it with a high degree of flexibility that was indispensable, even though in the 1931 crisis it made the Party more vulnerable than it otherwise may have been, due to the treachery of its leaders.

The fact, remains, however, that Labor was still, on the eve of its accession to office in 1924, a minority propagandist Party, which was attempting to secure a degree of middle-class respectability. "The Conservatives and Liberals at times made this difficult, for it was they who displayed 'class hatred' in the 1923 Parliament--contemptuous in their attitude toward trade unionists and bitter towards middle-class members of the Labour Party, whom they considered traitors."² A noted scholar of this period, Charles Mowat, stated apologetically for Labor, "There were many strong speeches and articles, and they were not

²Mowat, op. cit., p. 155.
insincere; but the big battalions were not behind them."¹

The Party had devised a long-range program of nationalization to be carried out when it obtained an overwhelming majority in Parliament, but it had failed to remove this discrepancy from its Party propaganda. Therefore it was easy for Philip Snowden to state "as the work of production is cooperative,"² while Ramsay MacDonald stated "individual production can be crushed out by mechanized factory production only in a poverty-stricken community where the exigencies of price are so great that the desire for happiness in use cannot be considered."³ That two such mutually contradictory views could exist side by side within the movement, without causing the slightest comment or feeling of inconsistency, suggests that the propagandist stage had not yet been passed. The theoretical generalizations of neither MacDonald nor Snowden were likely to be of much use in tackling the prodigious domestic problems which the Party had to face due to the strange workings of the British electoral system.

¹Mowat, ibid., p. 152.
²The Daily Herald, (London), March 17, 1923, p. 4.
³Ibid., January 14, 1922, p. 8.
CHAPTER II
LABOR'S POLITICAL OPPONENTS

The Conservatives

The year 1923 began with Bonar Law as Prime Minister of the first Conservative government since 1905, a government which had entered into political office under the archaic slogan of "Tranquillity." The election of 1922 had given the Ministry a commanding majority in the House and left the opposition deeply divided; there were 347 Conservatives, 142 Labor, 64 Orthodox Liberals under Asquith, and 53 National Liberals under Lloyd George. The Tories had their divisions, too--most notably between those who had voted at the famous Carlton Club meeting to end Lloyd George's Coalition, and their opponents, the Austen Chamberlain faction. The latter, however, were not the kind of men to seek political revenge by upsetting the government. For all practical purposes, it looked as though the Conservatives would stay in for their full five-year term, time enough for mapping the strategy to hold in check the Labor Party, which had almost doubled its parliamentary representation in the shadow of the Tory success.

Yet by the end of the year Bonar Law was dead, the Conservative majority was shattered, and the government
faced imminent extinction. "Tranquillity" had vanished, and in its place fell the darkening shadow of a Labor ministry, the first in Britain's history.

The course of political events in the first three quarters of the year scarcely serves to explain so startling a change in political fortunes. The Conservative government found several obstinate problems blocking its path; chief among them on the domestic front were the evils of unemployment, and continuing housing shortage. Although some progress had been made in Neville Chamberlain's Housing Act, unemployment remained pressing even if it had not increased during the war.

The most striking change of fortune had occurred with the resignation in May of Bonar Law as Prime Minister, because of throat cancer. His post was taken by Stanley Baldwin, the Chancellor of the Exchequer, who had played a very influential part at the Carlton Club meeting that had ended the Lloyd George Coalition. His chief claim to fame as Chancellor had been the war debt settlement with the United States, which was not especially favorable for Great Britain, but served as proof that her standards of honor were unimpaired, and that her confidence in her own economic destiny were still strong.

The debt settlement problem serves as an ideal way in which to introduce the new Prime Minister. Stanley Baldwin
was, first and foremost, an honorable man. Everyone seems to agree that he was honest, modest and sincere, especially for a politician. He cannot have been unaware that his political strength lay in the public image of him as a pipe-smoking, plain-faced and friendly person—a typical bourgeois politician, practicing the ordinary virtues, but summoned to an important position in a society in which such virtues appear extraordinary. Such was the portrait which Stanley Baldwin sought to present to himself and to the country. There was probably no doubt that many an ordinary disinterested Englishman found it flattering to see one of his own kind guiding from Downing Street the destiny of a diminishing but still proud British Empire. As Lord Derby said—Baldwin was "a man trained in Bonar Law's school of straightforwardness... of business men dealing with business questions in the direct way that every business man wished to deal with his own business."¹

Unfortunately, such plain virtues were not enough, for Baldwin's reconstituted Ministry was without the services of the most brilliant and eminent Conservatives—Austen Chamberlain, Lord Birkenhead, and Robert Horne. The only two men of prominent ability in the Cabinet were the Marquis of Curzon, whose brilliance was not of the

¹*The Times*, (London), November 3, 1923, p. 5.
popular kind, and Neville Chamberlain who was just beginning his career as a national politician. Nor could Chamberlain, prominent Birmingham business man that he was, lend the necessary dash of color to offset Mr. Baldwin's solid but unspectacular plebian virtues.

The unspectacular quality of Baldwin's Cabinet, however, does not give an adequate explanation of its downfall. At their annual conference in October, the first after a successful general election, the Conservatives expected no startling developments. There had been rumors that the Ministry was considering the tariff as a remedy for unemployment; and that the Labor Party was starting a major campaign on the same question. Yet it is safe to say that the Prime Minister's announcement to the delegates at Plymouth on October 25 took the nation by surprise. It was primarily responsible for setting in motion the train of events which led to the Conservative defeat and the formation of the first Labor government.

Baldwin's speech dealt mainly with the question of unemployment, which had risen slightly from 11.2 per cent to 11.7 per cent in October.\(^1\) "It was a characteristic speech: apparently the plain thoughts of a simple man of good will, thinking aloud." He stated,

Mr. Bonar Law's pledge given a year ago was that there should be no fundamental change in the fiscal arrangements of the country. That pledge binds me, and in this Parliament there will be no fundamental change, and I take those words strictly. I am not a man to play with a pledge. But I cannot see myself that any slight extension or adoption of principles hitherto sanctioned in the Legislature is a breach of that pledge [a reference to the Safeguarding of Industries Act]. But at any time that I am challenged I am always willing to take a verdict. . . This unemployment problem is the most crucial problem of our country. . . I can fight it. I am willing to fight it. I cannot fight it without weapons. . . I have come to the conclusion myself that the only way of fighting this subject is by protecting the home market. I am not a clever man. I know nothing of political tactics, but I will say this: Having come to that conclusion myself, I felt the only honest and right thing as leader of a democratic party was to tell them, at the first opportunity I had, what I thought, and submit it to their judgments. (Cheers).

Charles L. Mowat points out that, "His announcement has been often described as a blunder, an 'act of political insanity,' or at best as one of those sudden unpredictable, and illogical jumps which seem, in his career, to have taken the place of deliberate and consistent policy."  

It is difficult to assume, however, that Baldwin was so unskilled a politician as not to have foreseen the inevitable result of reopening the tariff issue, especially at a time when the divided Liberals were in desperate need

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1Ibid.
2Mowat, op. cit., p. 166.
of a rallying point. Nor do Baldwin's protestations of political innocence allay one's suspicions as to his ingenuousness here. The Cabinet had apparently been consulted only briefly, two days before the Plymouth speech. At the time, some of his colleagues—disturbed by the policy and even more so by the prospect of an early election—exact ed a most unorthodox and in fact unworkable pledge from the Prime Minister: that he would make his advocacy of protection a purely personal statement, not ex officio.

Baldwin's ambiguity only made a muddled situation worse. Protectionists worried lest the government go to the country before it had time fully to work out its tariff policy. Austen Chamberlain voiced such fears in his correspondence with his brother Neville, then Chancellor of the Exchequer in Baldwin's Cabinet. W. A. S. Hewins, who was among those called in after the Plymouth speech to help develop a tariff policy, carefully described the shock and consternation on November 13, when it was announced that there would be an immediate dissolution, with polling to be held on December 6. "I do not precisely know how this decision came about," wrote Hewins. "It was at variance

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with all I heard, and it made the Tariff Advisory Committee ridiculous."¹

The Tory Free Traders within the Cabinet (Alderman, Salvidge, and Lord Derby) were equally aghast. Being the ones who would have to bear the brunt of the battle in Free Trade Lancashire, they tried vainly, at a luncheon at Lord Derby's home, to get Baldwin to discuss strategy. The Premier preferred to discourse on the growing of raspberries instead. This luncheon followed a rally in Manchester Free Trade Hall, on November 2, at which Baldwin had outlined his program and Lord Derby had reassured his followers that: "There was no question of an immediate election; there would be time for reflection."² The noble lord went on to make a brave attempt at walking the political tightrope:

I have been, I still am, a Free Trader (cheers), but at the same time I have never been a bigoted Free Trader (cheers), and I hope and trust that amongst Free Traders there are many like myself who feel that exceptional circumstances require exceptional treatment.³

Such a delicate balance was almost impossible, however, and the Party's dilemma reached the crisis stage at the time of the general election announcement. November 12 to 14 was the most trying time in the lives of several

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³The Times (London), November 3, 1923, p. 2.
prominent Tories, including both Baldwin and Derby. On the 12th, the Prime Minister made an attempt to reunite the Party by enlisting the support of the Coalition Conservatives, under Austen Chamberlain and Lord Birkenhead. He promised that they would be brought into the government immediately, because they would not accept probationary status. Insurmountable resistance to the latter by several junior ministers and top officials of the Party organization appeared, and the scheme had to be dropped on the 14th. In the interim, however, both men had performed a vital service for the Prime Minister by persuading Lord Derby and the Duke of Devonshire, whose discomfort over the sudden election had reached a climax, not to resign in protest. Even after the collapse of the scheme for their inclusion in the Ministry, Chamberlain and Birkenhead went on to support the government on the hustings.¹

During the campaign, Baldwin stuck to his original statement that he had turned to protection as the only way out of the unemployment problem; and though he had not intended to have an election at this time, he had been forced into it by the clamor of the Liberals and Labor opposition. But he had told Chamberlain and Birkenhead on November 12 that one of his purposes in precipitating an

election was for reuniting the Party. By fighting side by side, he hoped to heal the breach between the Coalition and anti-Coalition Conservatives and return to rule together. Since Baldwin had already made and badly bungled one attempt to bring the Coalition Tories back into the fold at the time of his assuming the premiership, there is no reason to doubt that such a motive was in his mind.¹

Perhaps, too, Baldwin was afraid of what that small, pugnacious Welshman, Lloyd George, might do upon his return from a North American tour. Thomas Jones, in his biography of Lloyd George, maintains that Baldwin had prevented a possible reunion of the former Prime Minister with the Coalition Conservatives by beating him to the punch. There were rumors at the time that he was contemplating such a move; Jones states that the wizard had "substantially agreed with Lord Beaverbrook in a number of confidential conversations, that some form of Empire economic union was the necessary policy of tomorrow."² On the other hand, Lloyd George was already thinking of a Liberal reunion with the Asquithian Liberals in the spring of 1923 on the old Party plank of unadulterated free trade.³ This rumor

¹The Times (London), November 22, 1923, pp. 3-4.
became an actuality in the subsequent election, but Baldwin still disliked and distrusted Lloyd George. His own feeling that the government he had inherited from Bonar Law was not as strong as it should be, either in personnel or policy, may well have been accentuated by some nervous tension over the Welshman's next move. Probably no simple or clear-cut answer can ever be given for Baldwin's action at this time. "Thinking with him, was not a definite process, but rather the gradual subconscious maturing of vague impressions toward some sudden instinctive conclusion," wrote Amery.¹ He was not a man addicted to intellectual analysis, adds Sir Harold Nicolson. "He regards logical processes as un-English; he preferred to rely on instinct and would sniff and snuff at problems like an elderly spaniel."²

The policy upon which Stanley Baldwin decided to fight was not protection in the old Joseph Chamberlain sense. As it emerged in the five-point program outlined by the Prime Minister at Manchester on November 2, it was a narrowly restricted field that was fenced in by new tariffs. The main proposals brought forth were: (1) The enactment of


new duties on manufactured items, with special regard to those imports that cause the greatest amount of unemployment among young workers. (2) The creation of a special preference program for the British Commonwealth of Nations. (3) The abrogation of taxes on meat and wheat. (4) A thorough investigation of the nation's agricultural problems. (5) An extensive reorganization and improvement of the existing old age, health, and unemployment insurance programs.¹

It may be observed that only the first two points dealt with protection; the third was negative; the rest were vague to the point of meaninglessness. The fourth eventually bore fruit in the form of a proposed subsidy for arable land. An electoral defeat on such a program was not a foregone conclusion. Britain's Free Trade system had already been breached, and free trade sentiment was less strong in the constricted postwar economy than it had been before.² But win or lose immediately, the protection program offered the Conservatives the prospect of a strong, united political party, completely separated from the Coalition or Lloyd Georgian Liberals, which could regain political power in the very near future.

¹The Times (London), November 23, 1924, pp. 3-4.
²Ibid.
The Liberals.

For British Liberals, the dozen years before 1923 had been sad and difficult. The political victory over the House of Lords in 1911 had been gained at the expense of the Party's majority in the House of Commons. This political degeneration had continued into the early years of World War I, culminating with the disastrous split between the Lloyd George and Asquith factions over the control of the Party and the government. From that time on until the eve of the 1923 election, there were two Liberal Parties--the National or Coalition Liberals under Lloyd George, and the Independent Liberals under Asquith. Their final humiliation came in the 1922 election when both factions were overshadowed by the resurgent Tories and emergent Laborites--it made a melancholy chronicle, indeed.

Against such a background, Baldwin's decision to call an election on the favorite battleground of Liberalism seemed to be a parting of the political storm clouds. Reunion between the Lloyd George and Asquith factions became a reality over night. At all levels they plunged joyously into the fray. Asquith led off with a simple but devastating attack on the idea that protection could cure unemployment. He pointed out at Paisley on November 5 that, of the 1,340,000 then unemployed, 140,000 at the most could be helped. Besides, he added, in 1913 when imports had
been at higher levels than in any of the previous three years, unemployment had been a mere two per cent instead of over fifteen per cent as during the recent period.¹

Afterward, a protectionist journal confessed that the Tories "were utterly crushed at the outset by Mr. Asquith's Paisley deliverance."² It had put them on the defensive and there they stayed.

For Liberal journals it was a signal to work up an indictment of protection, supported by impressive batteries of statistics and equally impressive platoons of trained economists. One of them published a special twelve-page supplement entitled The Case for Free Trade, in which it managed to sound like the leading voice of all sensible business men in Great Britain.³ Another followed with an article by J. M. Keynes in his best polemic style. On tariffs as a remedy for unemployment he was disdain itself!

If protectionists merely mean that under their system men will have to sweat and labor more, I grant their case. By cutting off imports we might increase the aggregate of work; but we should be diminishing the aggregate of wages.. Is there anything that a tariff could do, which an earthquake could not do better?⁴

¹The Manchester Guardian, November 6, 1923, p. 2.
³The Economist, November 17, 1923, p. 145.
⁴The Manchester Guardian, December 1, 1923, pp. 3-4
Protection, then, was irrelevant to a consideration of Britain's unemployment woes, according to the Liberal press. It could not solve the instability of exchanges, or the exhaustion and depletion of great areas of post-war Europe. As for the peculiar British weakness of obsolete plant equipment and immobility of labor, protection would do more harm than good. It would coddle the inefficient and merely postpone the day of economic reckoning.¹

There were, however, certain misgivings in the Liberal press over the Party placing all of its campaign eggs in the one political basket of Free Trade. A noted journal had warned at the outset of the campaign: "Liberals want more than Free Trade can give . . . We shall do well to beware of talking all the time on the least positive feature of our programme."² But the lure of concentrating on one really safe common denominator was very strong. The Liberal's positive program concealed behind an impressive facade the fundamental divergences within the Party. It did, however, stress other important issues such as public works, for instance, in no uncertain terms:

The country has made enormous sacrifice to restore the national credit. A bold and courageous use should be made of that credit

¹The Economist, December 5, 1923, p. 12.
²The Liberal Magazine, November 1923, p. 646.
on enterprises that would permanently improve and develop the home country and the Empire; such as internal transportation by road and water, afforestation, the supply of cheap power secured by the coordinated use of our resources of coal and water, reclamation and drainage of land, the development of Imperial resources especially in the Crown Colonies, railway building in the Dominions and India, the facilitation of overseas settlement under the British flag, the cheapening of transportation in order to develop inter-imperial trade and freer use of the Trade Facilities Act.  

But the use that the candidates made of this platform varied greatly. Sir Alfred Mond, a member of Lloyd George's National Liberals, stressed it heavily. Asquith, true to his belief in the tenets of orthodox nineteenth century liberalism, usually acted as if it did not exist; Lloyd George and Winston Churchill, the returning political wanderers, knew the policy existed, but they were too busy attempting to out-scream each other, like two prima donnas in one opera, in the crusade for Free Trade.  

It is not surprising that the Liberals were still suffering far more severely from internal divisions than were either the Tories or Labor. After all, the two wings of the Party had been openly divided until the eve of the campaign. Behind the split was an acrimonious history dating back almost ten years. Aggravating it was the comparative wealth of the Lloyd George element, with its

\[1\text{Ibid.}\]
"notorious war chest."

True, in 1923, some £100,000 was made available to the Liberal campaign by the trustees of the fund. Such generosity was resented, however, when it put the Party in the position of a charity patient.

Furthermore, the tendency toward division is bound to be strengthened in a Party standing between the two extremes of policy and social background. Dissident Liberals, of either faction, could always shift their allegiance to the left or right, whereas Tory die-hards and Labor left-wingers had no resting place outside their own Party. The crumbling process was always in progress to the profit of both the Conservatives and the Laborites. It made Party discipline more essential and, at the same time, more difficult for the Liberals to achieve. It was this seriousness of internal differences that constituted the most severe obstacle to the Liberal Party's chances in 1923. At first glance, they enjoyed many advantages: They

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1 Owen, op. cit., p. 684.

2 Ibid. According to Lloyd George the money for this fund had been collected by party Whips in accordance with practice for over a century. While the National Liberal Coalition Party existed, that is, until 1923, its Whips had themselves administered the fund; afterward, this duty fell to a committee of which the three ex-Whips were members. He also claimed that the list of subscribers had been made up by the chief Whips and that he had no specific information on the persons who had subscribed.
were fighting on their favorite campaign issue. They had a "galaxy of platform talent with which no other Party can ever pretend to compete."\(^1\) Thus, if the electors had been voting solely on the basis of program and the individual abilities of party leaders, the Liberals would probably have won on a clear-cut majority. In addition, the Party also had the "incalculable moral advantage of enthusiasm which had been born of its spectacular reunion."\(^2\)

Yet behind this impressive facade lay the long years of factional struggle and the erosion in the constituencies. The top Liberal leaders, though individually impressive, made a very poor team. The platform contained telltale signs of weakness. As is often the case, a declining party can put up exciting and spectacular programs because it can dispense with the routine compromises that are needed to unite the strong interest groups apparent in the Party ranks. On the eve of election day in 1923, the weary Liberal leader, Asquith, wrote a friend:

> I have been going through the general list of candidates, and I cannot for the life of me see how we are going to come back more than 200 strong, it may be less. Labor is the dark horse. The result which I would welcome would

\(^1\) *The Nation*, November 10, 1923, p. 20.

\(^2\) *The Liberal Magazine*, December 1923, p. 711.
be that we should exceed Labor, and Baldwin
find himself with a majority of thirty or
forty--useless for his purpose but sufficient
to compel him to go on with the Government.¹

¹Herbert Henry Asquith, Letters of the Earl of Oxford
and Asquith to a Friend, (ed. Desmond McCarthy) (London:
CHAPTER III

LABOR AND THE 1923 ELECTION

For the Liberals, 1923 marked a struggle for survival; for Labor, flushed with its victories of 1922, it was nothing so desperate. The one real concern for the latter was that the reunited Liberal Party might overtake it and become the official opposition. Opinions on this point varied greatly, but many Laborites were sustained by a serene confidence that they were the party of the future and that the Liberals were a mere historical relic kept alive by the ancient tariff issue.

Given this situation, it was to Labor's interest to depreciate the importance of protection, and to try to shift the election spotlight to other grounds. MacDonald struck the keynote in his Hotel Belgravia speech on November 1; the tariff issue was

a diversion . . . a magnificent method of side-tracking a serious movement; but Labor would not be trapped into fighting a defensive battle. The fight we are in now is not Protection versus Free Trade; the fight we are in now is Protection versus the Labour Programme.1

This was a difficult position to maintain, however, Labor's electoral campaign not only stressed the impracticability of tariffs as a solution for Britain's post-war

economic ills, but also that the Tories used it as a device to call an election for the expressed purpose of furthering their own political interests at the economic expense of the electorate. A Laborite poster showed a protectionist orator and a laborer with the latter asking, "Will Protection give us work?" The candidate's reply, "Well---er---not directly, but by raising your cost of living, it will increase your need for a job."¹ The I.L.P. saw Baldwin as seeking "sinister protection---not of the lives and well-being of the people, but of the dividends and wealth of the rich."² It also hastily refuted Tory charges that Labor was by nature a protectionist Party. The I.L.P. pointed out further that in fifty-four constituencies Labor faced a Liberal opponent with no protectionist candidate in the field--proving, said a leaflet, that the tariff issue was "all bunkum."³

Clearly there was uneasiness over an issue on which an agreement with the Liberals was unavoidable and a distinc­tively Labor point of view hard to develop. Moreover, Baldwin's taunts were not wholly without foundation; there were elements within the Labor Party not unalterably opposed

¹Review of Reviews, December 1923, p. 375.
²The Daily Herald (London), November 4, 1923, p. 2.
³Review of Reviews, December 1923, p. 376.
to tariffs. But the old radical tradition was still strong in the Party, and it is significant that the top leaders--MacDonald, Snowden, Thomas, and Henderson--were all Free Traders. So Labor gave much time to the defense of free trade, but, however, stressing carefully that its position on the subject was one of pragmatism rather than of principle. Thus a Labor newspaper wrote:

We do not pretend that any sacred principle is outraged because the Premier intends to make Protection the principal plank in his program at the election. The difference between Protection and Free Trade is not, in our judgment, a matter of principle at all. It is a matter of convenience. This country, which cannot feed itself and which depends for its living upon the export of its manufactured products, would find Protection extremely inconvenient.

Throughout the entire campaign, Labor attempted to keep the public's attention focused on their exclusive remedies for solving such pressing domestic problems as unemployment and depressed trade conditions, such as the capital levy on all incomes exceeding £5,000 and the nationalization of key industries. In some constituencies the battle was fought over socialism, and protection was ignored by both sides, especially where Labor was strong. This is true of Attlee's fight in Limehouse, and Kirkwood's in Dumbarton burghs. It grew more common in the closing

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1 The Times (London), November 28, 1923, p. 6.
2 The Daily Herald, (London), October 27, 1923, p. 4
3 Ibid., November 13, 1923, pp. 4-5.
weeks of the campaign, as these remedies—under the label of socialism—were singled out for violent attacks by Conservative candidates beginning to worry about the effectiveness of the protectionist appeal.

Programs alone, however, do not win elections. Capital levy and nationalization aside, there was not much difference between the Labor and Liberal platforms. The former made no public works proposals that were not also made by the latter; indeed, the Liberals actually suggested a few projects, chiefly in imperial development, not included by Labor. Even in such matters as women's rights and local option for the liquor trade, the two platforms were in agreement. As for the general approach to economic and social problems, it is difficult to find a MacDonald pronouncement more "advanced" than the following from a Liberal periodical:

Liberals want to reform the haphazard and unjust contributions that prevail in industry; they want to readjust the present absurdly disproportionate distribution of the products of industry; they want to see working people getting more out of their work, and idle people getting less out of their idleness; they want to establish security of livelihood for every willing worker. These are the things that matter. These are the topics that occupy, and justly occupy the minds of millions of actual living people who are toiling to make ends meet in grubby, noisy, overcrowded houses.¹

Given the similarity between Liberal and Labor programs, it is amusing, though scarcely surprising, to hear Labor

¹Liberal Magazine, November 1923, p. 647.
spokesmen proclaiming the Liberal Party's bankruptcy of ideas. Of course there was much more to it than that. The steady, inexorable, forward march of Labor, as contrasted with the incipient disintegration of the Liberal Party, could not be ascribed to rhetorical differences. Partly, it was a matter of Liberal instability. A prominent convert from Liberalism, Dr. Christopher Addison, later the Labor Party's leader in the House of Lords as Viscount Addison, went through the Liberal platform item by item, contrasting each promise in it with the actual performance of the Lloyd George government.\(^1\) His conclusion was not that the policy was a bad one, but that the Liberals could not be trusted to put it into effect. The real difference lay in the fact that the Liberal Party was not based on a solid social group committed by interests to these policies, but, in fact, contained considerable opponents to such policies; Asquith was one of the outstanding examples. When a Labor leader called for higher taxes on the rich, vast programs of public works, or increased social insurance schemes, there was no business section within the Party to oppose him. In 1923, there was as yet no clear indication that there might be other obstacles within the Party to the enactment of its large ideas; whatever else the Labor Party

\(^1\)The Daily Herald, November 30, 1923, pp. 8-9.
was held to be, it was considered a Party with the will to act.

Labor, of course, did its best, during the campaign, to draw more closely the distinction between itself and the rival Free Trade Party by pushing the Liberals toward the Tory camp. There were quotations from Churchill on the community of interests between Liberals and Conservatives and the need for a coalition against Bolshevism. I.L.P. pamphlets cited the achievements of protection, such as the Safeguarding of Industries Act that had already been put on the statute books with the aid of National Liberal votes. "Both Tory and Liberal capitalists," it concluded, "wanted to keep capitalist control." "That is the fundamental plank in their programme; and all the rest was intended to deceive the workers into thinking there is some difference between Tory and Liberal."¹

It is not difficult to see, therefore, that there was going to be little Liberal-Labor cooperation to avoid splitting the progressive vote in 1923. A Conservative newspaper could find but one instance of an explicit arrangement: in Eastbourne Sussex, a firmly safe Tory seat. There were, however, a few scattered examples of local Liberal-Labor cooperation in the election of 1923;

¹The Times, (London) November 20, 1923, pp. 3-4.
one was at Newcastle-upon-Tyne where the local Liberals decided not to oppose the fiery radical Colonial Josiah Wedgewood, an ex-Liberal turned Laborite, and the other at Preston, a two-member constituency in which Thomas Shaw, the Labor candidate, advised his supporters not to waste their second vote, implying that they should vote Liberal.

On the national scene the bare statistics offer some rough estimate of the net results of Liberal-Labor cooperation and antagonism. In forty-six cases where there had been a three-way fight in 1922, either the Liberal or the Laborite withdrew in 1923 to leave the other a clear field against the Conservative. Of these, twenty were Labor and twenty-six Liberal withdrawals. On the other hand, in seventy-three cases where there had been straight party fights in 1922, either a Labor or a Liberal candidate was now entered to make it a three-way contest. On the whole, these figures suggest a distinct form of political antagonism between Labor and Liberal candidates. This was accentuated by the Liberal-Conservative pacts against Labor in many electoral constituencies in the 1923 election. Outstanding examples occurred at Accrington-in-Newcastle East, where C. R. Buston and Arthur Henderson, respectively, were the victims of such anti-socialist pacts. In Scotland,

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Tories were reported to have attempted a general agreement with the Liberals in regard to the constituencies in which it was felt that the only hope of defeating the socialists lay in avoiding a split in the moderate vote. Apparently, the Scottish Liberals, though reported to be far from confident, refused—in spite of the fact Conservative headquarters continued to give ex-National Liberals a free run.¹

At the same time where the Tories and Liberals had split the two-member constituencies of Bolton, Oldham, and Stockport, the Conservatives now entered second candidates, as a Tory newspaper stated, "to make the challenge to all other Parties unmistakable."² All told, the Tories abandoned sixteen contests to give Liberals straight fights with Labor, while intervening in twenty-eight cases where straight fights had taken place in 1922.²

At the dissolution, Labor had but 239 adopted candidates. By polling day, almost 200 more had been added, "an effort which almost may be regarded as unique in the history of British politics," said the Party's national agent, R. C. Wallhead.⁴ Labor's total of 428 candidates,

¹The Times, (London) November 24, 1923, pp. 5-6.
²Ibid.
compared with 413 the previous year, resulted in only a fair coverage of the nation's urban areas. A major increase was achieved on the periphery of London; here forty Laborites stood where there had been but twenty-seven in 1922. Otherwise, the only significant gains were seven candidates in Scotland, resulting partly from Labor's electoral victory there in 1922, and a loss of seven in Lancashire and Cheshire, the stronghold of Free Trade, where the impulse to avoid conflicts with Liberals may be assumed to have been common.

Despite its electoral achievements, the Party was still plagued to a certain degree by a number of political deficiencies. In the rural areas, Labor's struggle was to achieve recognition, let alone power, against the stifling machinations of the local gentry. The press, too, on the whole remained hostile. A leading journal calculated the space given to a major MacDonald speech by the leading opposition newspapers: one had given ten inches, a second four and three-quarters, and a third two and one-half. Besides having a small circulation of less than 400,000, the leading Labor newspaper in the country, The Daily Herald, was constantly teetering on the brink of financial

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1The Daily Herald, (London) November 27, 1923, pp. 4-6.
2Ibid., November 13, 1923, pp. 4-5.
Nevertheless, the exuberance of youth in the Labor Party made every routine electoral struggle seem fraught with significance and opportunity. Moreover, whenever non-Labor people fell to elaborating schemes for solving Britain's postwar problems, they found—as Lloyd George had demonstrated at the war's end and as the Liberal's 1923 election platform proved again—that their proposed solutions looked very much like the Labor Party proposals. The Coalition of 1918 had projected postwar plans for national reconstruction (public works, afforestation, reorganization of the coal and electrical industries), but it lacked the determination—in face of economic depression, chaos abroad, and the self-imposed fiscal onslaughts of the "Geddes Axe"—to put them into effect. Since the search for financial and productive stability through deflationary financing had nearly excluded (by definition) both plans and executions—who, then, was the most likely to tackle these problems boldly? Was it Baldwin, with his tariff, or half tariff? Or the serene, classical, parliamentarian Asquith? It could hardly be doubted that it was the earnest, eager forces of Labor who were most likely to move boldly, if expensively, towards the new Utopia, should the electorate give them the chance.
The 1923 Election Results

The election results revealed that the nation as a whole rejected Baldwin's protection program as a remedy for its economic problems. The Conservative government had slipped from a majority of seventy-seven to a minority of ninety-seven in the New House of Commons. It had won fifteen seats from the Liberals (largely by contesting successfully in Lloyd George's National Liberal strongholds) and three from Labor. These gains, however, were poor compensation for the losses—sixty-seven to the Liberals and forty to Labor. The Liberals were elated over their exchange with the Tories, but with Labor their score was less satisfactory than anticipated—eleven gains against twenty-one losses. From these statistics it becomes evident that Labor's increase was at the expense of everyone else, a new addition of thirty-seven from the House of Commons representation reflected the following changes from the previous year:

<table>
<thead>
<tr>
<th>Party</th>
<th>1922</th>
<th>1923</th>
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<tbody>
<tr>
<td>Conservatives</td>
<td>346</td>
<td>259</td>
</tr>
<tr>
<td>Liberals</td>
<td>112</td>
<td>159</td>
</tr>
<tr>
<td>Labor</td>
<td>114</td>
<td>191</td>
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government, and ten from the Liberals.  

There was little change in parliamentary personnel, however. Sir Montague Barlow, Minister of Labor, was the major Conservative casualty; Arthur Henderson, frequently unlucky in general elections, no matter how successful his planning had been for the Party, was alone among the Labor leaders, in being out of Parliament until returned in a by-election in January. Only among the Liberals were there serious losses, and those almost entirely from Lloyd George's wing. They included Winston Churchill, Sir Alfred Mond, Sir Hamar Greenwood, Hilton Young, Charles McCurdy, and others. Another change to be noted was the rise in the number of women M.P.s from two to eight.

The substantial losses among ex-National Liberals meant a shift toward the left in that Party's political attitudes. A similar trend was also apparent in the parliamentary Labor Party. While the number of members sponsored by trade unions went up from nineteen to thirty-five,

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1Despite the general upheaval in parliamentary representation, the popular vote showed remarkably little change from 1922.

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<thead>
<tr>
<th></th>
<th>1922</th>
<th>1923</th>
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<tbody>
<tr>
<td>Conservatives</td>
<td>5,599,122</td>
<td>5,483,277</td>
</tr>
<tr>
<td>Labor</td>
<td>4,113,012</td>
<td>4,299,121</td>
</tr>
<tr>
<td>Liberals</td>
<td>4,235,457</td>
<td>4,356,767</td>
</tr>
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Thus the Tories lost 115,845, the Liberals gained 186,109; and Labor gained 121,310 in the difference of the total number of popular cast votes, respectively, between the 1922 and 1923 elections. (Annual Register, 1923, p. 167).
candidates sponsored by the socialist societies increased from thirty-four to fifty-two.\textsuperscript{1} This change also represented a strengthening of the middle class and intellectual wing of the Party, as opposed to the traditional mass of retired, apathetic, trade union secretaries. Thus was continued the process which had been a surprising feature of the 1922 elections—a definite shift toward the left in the electorate's attitude, as a way of finding a solution for the nation's pressing economic problems.

Labor's most substantial gains came in the London area, as they had come in Scotland in the previous year. In the County of London the number of members increased from nine to twenty-two; in the suburbs, from seven to fifteen.\textsuperscript{2} These represent close to half the total Party's gains.

Labor showed other unmistakable signs of achievement: a national Party status plus six-member increases in each of the eastern counties and five in the Lancashire and Cheshire areas, as well as in Scotland. The only losses were recorded in northeastern England where their representation slipped from seventeen to fourteen members as a result of Conservative-Liberal pacts.\textsuperscript{3}

\begin{itemize}
\item \textsuperscript{1}Cole, \textit{op. cit.}, pp. 153-4.
\item \textsuperscript{2}Ibid.
\item \textsuperscript{3}Ibid.
\end{itemize}
Labor now had a commanding lead over both opposing parties in Scotland and Wales, especially in the urban boroughs. It was competing on almost equal terms with the Tories in London and in the English boroughs, and with the Liberals in the Welsh counties. Only in the English counties (where the Conservatives still numbered 112, the Liberals 67, and Labor 59) and in the universities and northern Ireland (where Labor counted for almost nothing) did the Party remain at a severe disadvantage. In looking at the results one could conclude rather humorously that the Celtic Fringe was on the verge of reconquering their lost political power from the dominant Anglo-Saxons.

The only compensation, if any, the Liberals received from the election was the fact that much of the Party's weakness was concentrated in Lloyd George's wing. Supporters of Asquith could attribute this to the recent collaboration of the National Liberals with the Tories. Thus reasoned those who were anxious to see in the phenomenon of National Liberalism a cause rather than a symptom of the Party's ills.

The most obvious gesture of the slaughter of the National Liberals was that Labor played the chief role of executioner. Of the fifty-two members of the 1922 Parliament who were National or Coalition Liberals, exactly half (26) lost their seats in 1923. Nineteen of the twenty-six lost to Labor. Perhaps many Liberals thought that the
amputation of this wing, infected with the gangrene of coalitionism, was necessary for the Party's survival. The operation, however, left Liberalism in a serious condition, just when it needed all its strength to fight the opposition in Parliament.
CHAPTER IV

THE FORMATION OF THE CABINET

The Post-Election Party Maneuvers

It is rather difficult to recapture the horror and panic to which certain elements of the upper classes succumbed at the prospect of a Labor government coming into power. Some naively believed that it would tamper with the armed forces and the civil service. Some professed the belief that under Labor the institution of matrimony would be abolished in favor of free love, "a revealing misunderstanding of the British working man and the Labour Party."\(^1\) Thus one prominent journal was not alone when it stated in apocalyptic terms:

> We stand now at a moment when the sun of England seems menaced with final eclipse. For the first time in her history the party of revolution approach their hands to the helm of state, not only as in the 17th Century, for the purpose of overthrowing the crown or altering the Constitution, but with the design of destroying the very basis of civilized life.\(^2\)

A passage from a book by J. H. Thomas caused some to expect that people's savings would be in danger of confiscation.

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Asquith, the Liberal leader, received by every mail "appeals, threats, prayers . . . to step in and save the country from the horrors of Socialism and Confiscation."⁴¹

The press leaders who were responsible for undermining Baldwin's campaign by supporting Lloyd George—were now bewailing the political situation which they had helped to bring about. The Conservative Daily Mail enlisted the aid of J. H. Morgan, a professor of constitutional law in the University of London, to write on what a Socialist government could do to subvert the state by administrative revolution without ever resorting to legislation. Of course, the professor intimated blandly that the anti-socialist majority in Parliament might stop this administrative nightmare "if a concerted effort was made by the two older parties to turn a Labor ministry out."²

It was as much the complete uncertainty of the situation that produced the fear and uneasiness as any concrete worries about Labor and its capital levy. Britain suddenly found herself confronted with two unknown factors: a new and untried political Party was within close range of political office for the first time; and, simultaneously, an absolutely unparalleled constitutional situation had to

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¹Annual Register, 1924, p. 7.
be faced. Governments had lacked majorities before, but never had there been a situation so close to equilibrium among the three clearly defined national parties. Was the Baldwin Ministry to resign immediately, considering itself repudiated because it had lost its majority, even though it remained the stronger political party of the three in the House of Commons? If it did resign, or was defeated in the House, what would take its place? Would it be succeeded by a coalition despite the Britishers' obvious distaste for one at this time? If not, how was a minority government, formed by any one Party, going to carry on its business without some formal arrangement with at least one of its rivals? Was such a minority government to be in possession of all the normal powers and prerogatives of His Majesty's advisers, including, for instance, the right to be granted dissolution whenever it chose?

Baldwin's first impulse was to resign immediately. From this, the King and various colleagues dissuaded him. Constitutionally, this action was based on earlier practice, for before Disraeli's resignation in 1868, no government had ever abandoned office immediately upon defeat at the polls. Some Conservatives felt that Labor should be detained from office until Parliament was in session in order to keep tabs on the government. Retention of office would also give the country time to adjust itself to the change and
regain its sane political composure. In addition, it would also place the full political responsibility upon the Liberal Party for putting Labor into office and voting the Tories out.

During the interim, a significant amount of pressure was brought to bear upon both Tories and Liberals to form a coalition in order to keep out socialism. Lord Balfour suggested that Baldwin should negotiate for Liberal support to remain in office. Churchill, the defeated Liberal candidate, denounced in venomous tone the "faction and manoeuvre," and proposed an ingenuous move of his own. The House of Commons, he suggested, should send an address to the Crown, incorporating both Labor's motion of censure on the Baldwin government and a further motion repudiating socialism. This, said Churchill, would extricate the Crown from any charge of improper intervention against Labor, yet in refusing to endorse a Labor government under these circumstances, the King would simply be following the recommendations of Parliament.¹

There were, however, behind the scenes numerous political manoeuvrings to form a political coalition. One would be headed either by a Conservative who had not been associated with the ill-fated Baldwin regime, or by the

¹The Times (London), December 23, 1923, pp. 6-7.
veteran Liberal leader, Asquith. Some of the Conservatives proposed to form such a government were Balfour, Lord Grey, and Austen Chamberlain. Some journalists even envisioned a three-party arrangement that would retain political power until the serious domestic and foreign problems of the nation were settled.

All such schemes were ephemeral, however. Neither the public nor the existing political Parties wanted any return to coalitionism. Experienced political observers in the House, who were familiar with the personal qualities and characteristics of the men who would be on the front bench of Labor--men like Snowden, Clynes, Thomas, and MacDonald--knew perfectly well that little risk was involved in their accession to Cabinet rank. Behind the scenes, Neville Chamberlain put it more bluntly: a Labor government "would be too weak to do much harm but not too weak to get discredited."¹ The shrewd politicians within the Conservative Party, such as the younger Chamberlain, realized that their Party was bound to be the beneficiary when the discrediting of a weak minority Labor government took place. Furthermore, some extremist elements within the Party preferred this situation to the return to office of that

pugnacious little Welsh wizard, Lloyd George.

As for the Liberals, avoidance of a coalition had become the price of maintaining the Party's individual identity. As one Liberal journal stated:

There are no conceivable circumstances in which the Liberal Party would enter into a coalition alliance, partnership, understanding, or other collusive arrangement of any kind or for any purpose, with the Conservatives. Liberals are not separated from Conservatives merely by a difference in the way of doing things, nor by divergent judgments as to how far it may be safe or practicable to go at a particular time. They are separated in their fundamental aims, in thought, in idea, in principle; and there is neither any event, nor any formula that can even bridge this gulf.¹

In any case, for the two opposing parties to join hands after a bitterly fought election would have been objectionable to both sides. Furthermore, the individual political personalities in the two Parties would have paralyzed the new coalition government from the start. How could such bitter political antagonists as Lloyd George and Stanley Baldwin get along under such conditions? To be sure, there still were die-hard supporters of a coalition, such as the bitter defeated Liberal politician Winston Churchill, who did not view the death of Party as too high a price to pay for safety from the "socialists."

¹The Manchester Guardian, January 4, 1924, p. 3.
The supporters of "keeping Labour out at any cost," however, began to wilt under the strongest argument of all—that in the long run it was Labor who would benefit from such martyrdom on the altar of political expediency. The mere rumors of such a coalition elicited quick retorts from Labor's leaders. Ramsay MacDonald, speaking at Elgin on December 22, 1923, voiced his suspicion that "between then and January 8 there was going to be a serious attempt made to wrangle the Constitution so that the democracy of this country might not have fair play given to them."¹

All doubts, however, were set aside by Asquith when he addressed the Liberal Parliamentary Party at the National Liberal Club on December 18.

The Tories, he remarked, had got in the habit of considering him 'a back number, an extinct volcano, an effete and discredited dotard; in view of this,' he continued with a twinkle, 'It is, I will not say a gratifying, but it is an exhilarating experience for me to find myself now acclaimed (cheers) from the same quarters (cheers) as a potential saviour of society.' (cheers).²

But those who saw him in such a role were doomed to disappointment. He poured scorn on the idea that the Liberals would be used by Labor as "patient oxen to drag its cart

²The Times. (London) December 18, 1924, p. 2
before slaughtering them."1 Besides, he had received no overtures from any other party. When Parliament met, the Baldwin government would go, "and they will go with short shift."2 He presumed that the King would summon Ramsay MacDonald and a Labor government would be formed.

There were those who feared this development, Asquith continued:

This may reassure some trembling minds outside—if a Labor government is ever to be tried in this country, as it will be, sooner or later, it could hardly be tried under safer conditions. For, whatever Party is in office during this Parliament, it is we, if we really understand our business, who really control the situation.3

Nor would that control remain an informal, behind-scenes matter. Here Asquith lifted the constitutional curtain a trifle and allowed his followers a glimpse into the future.

'The Crown,' said he, 'is not bound to take advice of a particular Minister to put its subjects to the tumult and turmoil of a series of General Elections so long as it can find other Ministers prepared to give it a trial.'4

The power of dissolutions, therefore, did not rest with a Ministry controlling only thirty-one per cent of the House of Commons' membership. In Asquith's view, Labor was

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1Ibid.
2Ibid.
3Ibid., pp. 4-5.
4Ibid.
to have its chance of guiding the nation's destiny, but if it failed, then the government of the country would devolve into his hands, and then the nation could breathe a sigh of relief after this hazardous experiment. Labor, in the meanwhile, was merely antagonized by Asquith's tactless reminder that the new government could exist only by being tied to Liberal support.

Many Laborites would have welcomed a Tory-Liberal coalition. Before the election, Beatrice Webb had considered it the best possible outcome for Labor. Philip Snowden had written that the Party should "force a Liberal-Conservative Coalition."¹ This was the implied goal of all those Laborites who, after the election, were opposed to the Party taking office under existing conditions. Perhaps this can be explained, partially, as being due to the youthful and inexperienced condition of the Party at the time. Such disparate figures as David Kirkwood, Robert Smilie, and Petnick Lawrence were initially opposed to taking office. No doubt their idea was not to avoid political responsibility but to clarify the issue between Labor and the rest. But this view, however, did not prevail. From the start, Arthur Henderson urged acceptance

of office. At a dinner at the home of the Webbs, the six top leaders cast the die. Beatrice Webb noted: "Sidney reported that they have all, except Henderson, 'cold feet' at the thought of office, though all of them believe that J.R.M. ought not to refuse."¹ Snowden's account agrees. Labor, he felt, "had no choice but to accept office, despite all the hazards, for to do otherwise would obviously have been regarded as an act of cowardice."²

Having decided on the course of action, the leaders lost no time in carrying their point of view to the movement. Resolutions in favor of taking office if asked were published by both the National Executive of the Labor Party and the General Council of the Trades Union Congress. There was little indication that the top leaders experienced difficulty in persuading their lieutenants to accept the present course of action; many, such as Petnick Lawrence, were converted at a meeting in London addressed by MacDonal. Besides, as the weeks went by, the enthusiasm of the rank and file increased at the prospect of a Labor government. The culminating point came at the tumultuous victory


²Snowden, op. cit., p. 118.
celebrations held by the Party at Albert Hall on January 8, 1924. There was no longer any doubt at this time that there would be a Labor government. But just what sort of government, on what terms, and for what purpose, remained far from clear.

The MacDonald Cabinet

When Parliament met in January, the only business to be transacted was passage of the formal motions removing the Baldwin government and putting the new Labor government in its place. On January 14, Lord Haldane, soon to be Lord Chancellor, held a dinner for the leaders of the Party, which he described in a letter to his aged mother:

The King’s Speech dinner went off remarkably well. At Bay's [his sister's] suggestion I provided both lemonade and orangeade [in place of wine]. The unofficial cabinet meeting which followed was a remarkable display of competence and also of conservatism. I never attended a better cabinet meeting.1

In the debate on the address that opened the next day, the political inevitability of Labor's accession to office quickly came to dominate the proceedings. MacDonald on behalf of Labor asked for a fair trial, and Baldwin promised that he would have it. Neville Chamberlain warned the Liberals of their responsibility for throwing

out a government with which, for the most part, they agreed and putting in "a Government whose socialistic aspirations are directly contrary to everything for which Liberalism stands."¹ Even if Labor's leaders were moderates, how could the Liberals control their extremist followers? It was beginning to become painfully clear to both Liberals and Labor that the Tories were going to attack both their foes unceasingly from the new tactical position they now enjoyed.

The Liberals provided what interest the debate had. Their leader, Asquith, followed immediately after Clynes, had moved a "no confidence" amendment to the address. The former's speech was a definitive apologia for removing the Baldwin government:

> There may be many theories—I have no doubt there are—why we have been sent here by the electorate in such strange proportions. But there is one theory which will not hold water at the moment; and that is, that we were sent here to maintain the present Government in office. It was their election, not ours. It was they, not we, who invited the judgment of the electorate. They have got it...

> After a somewhat prolonged experience of public life, though I have known Administrations that I dislike more and Administrations which have done more actual mischief, I have never known any administration that, when it had to

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¹Great Britain, Parliamentary Debates (Commons), CIXIX (1924), p. 426.
surrender its stewardship to the Crown, had such a small balance to its credit, either of achievement or of authority. It would be a waste of time to indulge in the thankless task of replaying the suicide. On the issue raised by this amendment, judgment goes by default.¹

On January 21, the vote finally came. The record revealed that 138 Liberals had joined with 188 Laborites and 2 independents in voting against the government, and only 10 Liberals deserted their ranks to vote with the Tories. Baldwin resigned the following day, and Ramsay MacDonald, son of a farm laborer, who had supported himself almost all his life by journalism, who had been one of the most hated men in wartime Britain because of his pacifism, and who had dreamed of a Labor government coming into being some day, kissed hands as Prime Minister and First Lord of the Treasury. He had to be sworn in at a special session as a member of the Privy Council in order to take his office. King George V wrote in his diary that night (January 22, 1924):

I had an hour's talk with him, he impressed me very much; he wishes to do the right thing. Today twenty-three years ago dear Grandma [Queen Victoria] died. I wonder what she would have thought of a Labour Government.²

¹Ibid., pp. 310-11.
At a meeting at the Webbs' home in December, the top leaders had agreed, at Webb's suggestion, according to Snowden, that MacDonald should have free reign in selecting his Cabinet. "Following this meeting MacDonald retired, as was his wont, to Lossiemouth, his birthplace on the remote shores of Morray Firth; whence came, during the Christmas Season, faint sounds of his joinery."¹ There were some indications that Henderson had certain misgivings about leaving the job entirely to MacDonald. Snowden reports that both he and Henderson felt that MacDonald should have been doing the job in London, in consultation with his colleagues, instead of in seclusion. But he says nothing of any effort to persuade MacDonald to do this.² Labor behaved in the same manner concerning Cabinet appointments as their Conservative and Liberal predecessors had done, rather than attempting to reform the procedure as had been hoped by certain elements within the Party.³

It is not certain how MacDonald approached the matter, nor how much advice he obtained from friends. General C. B. Thompson, who became Secretary of State for Air, was his

¹Mowat, op. cit., p. 170.
²Snowden, op. cit., p. 121.
golfing companion at Lossiemouth at the time and perhaps was consulted, at least informally.\(^1\) Lord Pamoor, "an ex-Tory and a devout Churchman and ecclesiastical lawyer,"\(^2\) who had come into MacDonald's orbit through Beatrice Webb, his sister-in-law, had had a letter from MacDonald on Christmas Day, offering him the Lord Presidency of the Council, or, if he preferred, "a more active office like, say, India," in the event a Labor government were formed. MacDonald had added by way of reassurance: "I want to gain the confidence of the country and shall suit my policy accordingly."\(^3\) Pamoor had accepted the Lord Presidency.

Sidney Webb himself had received no communication until New Year's Eve. MacDonald's letter stated:

> Would you take the Ministry of Labor and shoulder the unemployment difficulties? As little legislation as you can do with, please, though you will need some... I should in the ordinary way be inclined to offer you another office, but Labor and the Foreign Office are the two arduous and most important jobs we have to face. I pray you consent."\(^4\)

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4. Ibid., p. 57.
The Webbs had heard nothing more for over two weeks. None of the recommendations which Mrs. Webb had written in her diary bore fruit, which suggests a definite lack of communication with the future Prime Minister. On January 17, MacDonald finally sent for Webb and told him that some of the top people, whom he had not named, had objected to his getting such a minor post as Labor, explaining that he had not conceived of it as the "Cinderella of Government Offices."¹ Webb said that he was perfectly willing to stay, especially since he had heard that Colonel Wedgwood wanted to be at the Board of Trade. MacDonald had insisted, however, that Webb take the latter post, and had added, "If they were all as considerate as you have been there would not be any difficulty in making the Cabinet."²

In the case of Lord Haldane, however, the picture was far different—for Haldane would be an invaluable asset to a Labor Cabinet which needed both prestige and political experience at the highest levels of government, especially in the Lords where it had no representation at all. As early as December 12, Haldane wrote:

Later on (December 11) Ramsay MacDonald telephoned me urgently for a meeting. In the evening he offered me anything I chose if I would help him: the leadership of the House of Lords, the

¹ Ibid., p. 59.
² Ibid.
Soon afterwards, Haldane reports having received "a message from Baldwin begging me to join the Labor government and help them out. I will come in on my own terms and have not yet told MacDonald what these are." Many of the Party's rank and file, the left wingers in particular, were perturbed over rumors of the noble lord's important political influence on the Prime Minister. Sidney Webb was left for two weeks to consider taking an office which he was never to hold, and Snowden was left with no more than Henderson's verbal assurance that he would be Chancellor of the Exchequer. Haldane, however, was consulted on several occasions, and allowed almost complete freedom to choose his own office. But had the movement known what was going on MacDonald's task would have assuredly been much more difficult.

If statesmanship had required MacDonald to consult Haldane, surely politics should have moved him to consult Arthur Henderson, the energetic and skillful Secretary of the Labor Party. Yet a serious misunderstanding developed over Henderson's own position.

1 Maurice, op. cit., p. 152.
2 Snowden, op. cit., pp. 606-607.
In a first draft, MacDonald had omitted Henderson altogether—an odd reward to the Party's secretary and his faithful colleague from the early days, though one Henderson was ready to agree to, believing he could help the Party best, and from outside. In a second draft, MacDonald even more insultingly offered Henderson the post of Chairman of Ways and Means—an elective office like the Speaker's and not part of the government at all. When Henderson angrily refused, MacDonald offered him the War Office, equally inappropriate to both Henderson's position in the Party and his status as a leader of international socialism; after some insistence, he received the Home Office.  

The whole incident suggests a dangerous lack of communication between the leading figures in the movement. It also suggests on the part of MacDonald a certain aloofness and sensitivity which was to have serious forebodings for the Party in the future. It also seems, however, that MacDonald had in mind a short term of office, in which it would be desirable for Henderson to devote much of his time in preparing the Party machinery for the next election.

The Ministry as a whole was anything but revolutionary. It was a moderate political mixture made up of upper- and middle-class intellectuals and ex-Liberal recruits who had just recently joined the Party. "Only five of the twenty members of the Cabinet were trade unionists." Inevitably, MacDonald had to look beyond the trade unions for his Cabinet Ministers. Haldane and Henderson were the only

1Mowat, op. cit., pp. 171-172.

2Mowat, Ibid., p. 173.
ones with Cabinet experience; Clynes had served for a time as Food Controller during the war. A few Ministers had been parliamentary private secretaries—Walsh, Trevelyan, Lord Arnold. The Prime Minister himself had, of course, no experience of office at all.

Labor’s opponents tried to prove that the Cabinet was riddled with nonworking class elements; it has "no claim to call itself Labor," wrote C. F. G. Masterman, a Liberal M.P. Of the twenty members, eleven at most could claim proletarian origins, as could fourteen of the twenty-four junior members. Here again, protests were relatively few. The biggest stir came over Lord Chelmsford. This stemmed mainly from his imperialist record, however, rather than from his social origins. MacDonald, in looking for men of respectability and experience, probably went too far in this appointment. Attlee says that MacDonald thought Chelmsford "would be able to deal with admirals; others, that he was brought in for the sake of his knowledge of India." But Lord Sidney Oliver, the old Fabian administrator, went to the India Office, and we are told that Chelmsford confined himself in the Cabinet, to his own sphere at the Admiralty, though he occasionally spoke on India in the House of Lords.

3 Ibid.
Most observers have agreed that the Cabinet of 1924 was about as good as any that could have been formed by Labor at the time.¹ The trade unions were represented about as well as the available personnel permitted, with Shaw as Minister of Labor; Jowett, Minister of Works; Walsh at the War Office; and Henderson at the Home Office. Practically all the important elements within the Party were represented in the Cabinet, though not always in proportion to their strength. The Left had John Wheatley as Minister of Health, and F. W. Jowett as Minister of Works. No one ever thought of denying that the ex-Liberals were well represented, with Haldane, Wedgewood and Charles Trevelyan at the Board of Education, and Noel Buxton as Minister of Agriculture. If there were too many of the ex-Liberals as some alleged, it can be said in MacDonald's defense that he was selecting from the more able and articulate members of his Party and from those whose capacity for work he himself knew best.

Most frequently greeted with sighs of relief was the Prime Minister's own assumption of the burdens of the foreign secretaryship. It had been rumored that J. H. Thomas was being pushed by the trade unions for the post; "this leaked out and was killed by the scorn of the Manchester Guardian, and Thomas, after rejecting the Colonial Office as lacking in prestige, found that it

¹Fortnightly Review, March 1924, p. 341.
outranked the service ministries in order of precedence and accepted."\(^1\) The only doubters were perhaps the few Union-for-Democratic-Control members who mourned the exclusion of that uncompromising crusader for open diplomacy and fairness to colonial peoples, E. P. Morel; and such far-sighted observers as King George V, who feared lest the Prime Minister be overtaxing his strength.

The advent of the MacDonald ministry, despite its considerable dilution with elements of the traditional ruling classes, was seen as a revolutionary change in the personnel of government. Among working people there was "a naive and rapturous pride" in the fact that men of their class occupied the two posts of Empire;\(^2\) many would gloat with David Kirkwood that although:

Kings and potentates petition Ramsay MacDonald, Park Lane can no longer get cushy jobs for its sons in the colonies. Bishops, financiers, lawyers and all polite spongers upon the working classes know that this is the beginning of the end.\(^3\)

On the crest of all this excitement, MacDonald charted the new government's course modestly:

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\(^1\)Mowat, \textit{op. cit.}


\(^3\)Ibid.
We hope to continue only so long in office, but certainly so long in office as will enable us to do some good work that will remove many obstacles which would have hampered future Governments if they face the problems that we now face.1

One of the particular storms of disapproval MacDonald had to handle within the movement was the refusal of certain ministers to follow established practices regarding ceremonial occasions and the wearing of court dress. The controversy lasted as long as the government. An I. L. P. propagandist was heckled at a crowded meeting of shipyard workers by a voice crying, "A workers' Government, ye ca' it! It is a bloody lum hat Government like a' the rest."2 Some Laborites viewed this retention of royal pageantry as a symptom of decay which was beginning to worm its way into the Party fabric. As late as October, the month in which the government fell, the editor of The Daily Herald maintained that the government had failed to realize the importance of a "foundation of social equality," without which no amount of political or economic reforms would make any real difference.3

On the other hand, Laborites were reminded of Lenin's alleged telegram to his Berlin ambassador: "Put on a

1Ibid.
3Ibid. October 4, 1924, p. 3.
petticoat if it will help to get peace."¹ MacDonald counterattacked with characteristic sublety:

I have known people who showed vanity by the clumsiness of their clothes. A tattered hat and a red tie, a tone of voice and religious repetition of Marxian phrases, may be indications of a man who has sold himself to appearance as the possession of a ceremonial dress to enable him to attend ceremonies which are historical parts of his duties.²

This incidental uproar may seem trivial and naive to the contemporary political observer, but it may have served as a beneficial example at the time, in removing from petty upper-class minds the illusion that the Labor Party represented the British Revolution in embryo. To a fellow whom Beatrice Webb liked to call "the average sensual man," disillusionment was probably minimal; a prominent journal noted that those Labor members holding posts in the King's household were returned to Parliament that autumn with increased majorities.³

³Annual Register, 1924, p. 119.
CHAPTER V

HOUSING: LABOR'S FIRST SUCCESS

During the debate on the censure of the Baldwin Ministry, Ramsay MacDonald cited housing and unemployment as the two most important domestic issues facing the new government. Both had taken on a new seriousness since the war; both were problems for which a Labor government, especially, would have to find adequate solutions in order to maintain the allegiance and enthusiasm of its supporters.

The housing shortage had developed out of the disruption of the building trade and the suspension of its activities during the war. Various efforts since 1918 had been made to deal with the problem, notably those of Dr. Christopher Addison, the first Minister of Health, in the early years of Lloyd George's Coalition government. His efforts, however, contributed more to inflating the cost than to increasing the number of housing units, and in June 1921 they had fallen before the fiscal onslaughts of the "Geddes Axe."

Neville Chamberlain, the Minister of Health in the Baldwin government, had attempted to find a new solution to the vexing problem in 1923. His plan had proposed an annual subsidy of £6 million for a twenty-year period, to construct houses meeting certain specifications as to
size. These were to be built by private enterprise whenever possible. They could be undertaken by local authorities nevertheless, if the latter could satisfy the Ministry that the need could more appropriately be met in this way. The Chamberlain Act avoided attacking the problems of labor and material shortages directly, the theory being that the more the government interfered in the actual workings of the industry, the more its recovery was hampered.

The Chamberlain scheme was designed primarily to be a temporary expedient, and was to terminate on October 1, 1925. The vast majority of dwellings constructed under the Chamberlain provisions had been built for sale. This had suited the Tories, who felt that home ownership was a desirable social institution. Both Liberal and Labor critics argued, however, that the Baldwin Ministry's plans failed to meet the real need—a large number of houses for rent to working-class tenants. Despite the substantial amount of housing construction accomplished under the Chamberlain Act, it had failed to fulfill this vital requirement adequately.

Under the Labor government a competent ministerial team took up the housing challenge. John Wheatley, the

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1 The Economist, June 5, 1923, pp. 5-7.
portly publisher of religious calendars and a member of the Party's flamboyant Clydeside group, was Minister of Health. He was a complex individual whose courteous manner and lucidity of expression were mixed with biting wit and violently radical opinions as well as a shrewd business competence and a strong streak of practicality. By 1929, Wheatley was to drift with the I.L.P. as a strong critic of the MacDonald leadership; and he was to be relegated to the lonely role of a back-bencher shortly before his death in 1930. But in 1924 he was provided with the opportunity of attaining prominent Party position if he found a positive solution to the housing problem, and he made the most of it. His able lieutenant in this venture was Arthur Greenwood, a competent young politician who had made his reputation with the T. U. C. and the Labor Party's Joint Research Council.

This able pair lost no time in getting down to business. On February 6, together with Tom Shaw, the new Minister of Labor, they met with representatives from the building trades. As a result, a thirty-four man committee was created--nineteen representing the employers and fifteen the employees, respectively. The duties were:

To report on the present position in the building industry, with regard to the carrying out of a full housing program, having particular reference to the means of providing adequate
supply of labor and materials.¹

While the committee was engaged in its difficult assignment, the three parties in the House of Commons established the general positions from which they were to argue the question in the ensuing months. Each had its particular reason for uneasiness. The Laborites, who were suddenly responsible for dealing with the problem and uncertain as to what their policy might be, may have been somewhat disillusioned by Wheatley's move in creating a committee largely composed of business interests. Certain members of the Party continued to talk as if they were in opposition: "We Scots," cried David Kirkwood, "have made up our minds, as far as it is humanly possible, to make it impossible for private individuals to own the homes of the people."² For the most part, however, the I.L.P. sat silently listening as Mr. Wheatley defended himself (for all the world like his Conservative predecessors) against the charge of permitting overcrowding in housing developments newly approved by local authorities.³

¹Great Britain, Parliamentary Debates (Commons), CLXIX (1924), p. 2224.
³Great Britain, Parliamentary Debates. (Commons), CLXXII (1924), p. 1447.
The Tories' political attack against the new Labor Ministry on this issue was blunted somewhat by the fact that the Chamberlain Act was still in operation, pending the introduction of a new government measure. Unlike the Liberals, they could not criticize the new Minister of Health for the overcrowding that was permissible under the Chamberlain Act. Certain elements within the Conservative Party supported the trickle-down theory of attacking the problem. Under this scheme, wealthy citizens would purchase the new housing units constructed under the Act, thus vacating their older homes for occupancy by working-class families and relieving the shortage. Another segment of the Party favored a broad government housing program which would attack this serious domestic problem directly and act as a stimulant to the depressed building industry trades.

The Liberals, whose support the Labor government had to obtain for its measures, were divided on the issue, as on most others. In the latter part of 1923, two prominent members of the Party—Major Harry Barnes and E. D. Simon—published separate studies on the housing problem. Barnes concluded that private enterprise could not do the job, since the people in need could not pay an economic rent. Simon felt that the private contractor could do it, if taxation on houses was reduced, special protection was given against unemployment hardship, and building rings were
prevented from inflating the prices of materials by deliberately maintaining a short supply on the market. Although the Liberals revealed an interest in the problem, their responses to specific proposals were unpredictable and likely to prove diverse. Add to this the natural Liberal tendency to find shortcomings in the Labor program, and it becomes clearly evident that Wheatley would have to be extremely skillful in his manoeuvres in order to succeed.

On April 10, the industry's report appeared. It consisted of three subcommittee findings: General Purposes, Labor, and Material. Based on estimates received at meetings with representatives of the building materials industries, it was a concise analysis of the problem, short and clear enough for inspection by the busy M.P.s. The disastrous decline in the home building labor force was analyzed, with figures. There were serious shortages of bricklayers, masons, and plasterers. Carpenters and plumbers would also be in short supply as soon as industries, such as shipbuilding which used these skills, had revived from their depressed condition. The causes of the shortage were the casual nature of employment, due to the seasonal shifts and irregularities of demand; drafts on the available labor force by other industries; the building depression of 1914; the wartime disruptions; postwar disturbances; and emigration. Since the first of these causes was most
susceptible to treatment, it was here that a program should be launched. The report recommended a fifteen-year program, in order to provide the industry with the necessary stability that it needed. Meanwhile, the report suggested spreading contracts for housing construction as widely as possible, designing them to suit the smaller employer. This, it was believed, was the best way to make use of the existing labor force. This force was to be expanded by raising the maximum age from sixteen to twenty years; by shortening the apprenticeship period from five years to four; and by a certain amount of upgrading of unskilled building labor.

The remaining major recommendations of the committee were for surveys of housing proposals and the state of labor and materials across the country; and for the creation of a statutory committee to be composed of experts from within the industry, with broad powers to help in the course of the program. All these recommendations were shelved, however. Perhaps the memory of the expensive Addison surveys was still too fresh. The statutory committee idea came under immediate attack from C. F. G. Masterman who led the Liberals during the housing debates. He criticized it as a government-sponsored super-monopoly, and was echoed by Sir Kingsley Wood and Lord Percy on behalf of the Tories. But the core of the program lay in the
suggestions for the solution of the labor shortage, the advocacy of a long-term plan, and the general advice to the government not to intervene directly itself. The report did not estimate the number of laborers that could be obtained by the dilution policy; instead, it set forth the number of houses which could be built, year by year, in the course of the fifteen-year scheme.

John Wheatley's idea was to mobilize the industry, offer government support, and do everything possible to inspire confidence in the building trades. He even went so far as to let the contractors and local authorities draw up a scheme of their own, with a minimum of government interference. The latter provided for the organization of an alliance among the interested parties. Wheatley followed up the publication of the report with a series of meetings with representatives of the local governments, for purposes of ironing out the terms of the proposed legislation. He then was able to come to the House of Commons with a plan based on the ideas of the industry and the administering authorities. No one could deride it as a doctrinaire socialist blueprint. His statesmanship proved, contrary to the opposition's contention of the incompatibility between socialism and capitalism, that Labor could formulate beneficial public programs in cooperation with private business interests.
It was not until June 3 that the finance resolution for the Wheatley Housing Bill was introduced in a speech of solid moderation by the Minister of Health. Here, as throughout the arduous process of getting his program enacted, Wheatley provided the House with a splendid example of ministerial leadership which was far removed from the flamboyance of Clydeside. The details of the plan were set forth in a memorandum.¹ There was to be a new subsidy of £9 per year for thirty years, £12/10 in agricultural districts, to be paid for houses meeting certain specifications. Such houses had to be rented to tenants who would live in them and there was to be no subrenting without the consent of the local authority. The houses were not to be sold except with the permission of the Minister of Health (on the Scottish Board). If the construction of the proposed housing units proved to be too expensive to be covered by the proposed rent, plus both the exchequer subsidy and aid from the local authority equal to half the exchequer subsidy, then the rents could be raised.

Besides these conditions of eligibility for help, the program as a whole was subject to review every three years. If at such a time production over the previous years was

¹Great Britain, Parliamentary Debates (Commons), CLXXIV (1924), pp. 1291-1312.
found to be less than two-thirds of the total predicted by the government-sponsored Building Trade Committee, the program could then be terminated. It could also be ended in the event of the cost being found after full inquiry at any time to be unreasonable, due regard being had for whether or not the rise in costs was due to factors outside the control of either the building trade or the building materials industry.¹

In its final phase, the memorandum offered some figures on the anticipated cost of the program. It began at £278,000 from the exchequer and £135,000 from local authorities in 1924–5, rising to £23,156,000 and £11,250,000 per year from 1940–1 to 1963–4, and declined to a final payment of £645,000 and £314,000 in 1979–80. For this fiscal outlay, the nation was to get 2,500,000 houses; 90,000 in 1925, then an increasing number every year, reaching its peak production of 225,000 per annum from 1934 through 1939, when the Wheatley plan would come up for renewal or abrogation by Parliament.²

The importance of this program lay in its creation of a system of government aid for the construction of working-class houses, aid which had several important conditions attached to it. Some of the restrictions pertained to

¹Ibid., p. 676.
²Ibid., pp. 1333-4.
individual homes, their construction costs, the terms on which they were to be rented; and some of the general production of homes. The proposals for controlling production and costs were not an attempt by the government to manage the trade directly, but to strike a bargain with industry and leave it up to the interested parties on the spot to manage ways and means of living up to the agreement.

The housing bill had a turbulent and dangerous journey before becoming law. The Tories actively challenged every provision in it. They felt the scheme would be too expensive; it was foolish and dangerous to promise a fifteen-year program; the provisions for increasing the supply of labor were inadequate; and rising costs in building materials might swamp the program. But Wheatley and Greenwood were not to be denied or put off. Thus, for every Tory argument they retaliated with a more effective one. On the whole the Conservative attack lacked vigor and determination. Often it was left to minor Tory M.P.s and they performed badly. Perhaps "the brilliant effort of municipal socialism," as G. F. C. Masterman called it, can be taken as evidence that the opposition did not expect to advance its fortunes very far in opposing the Wheatley Bill.¹

The similarity in approach between the Chamberlain Act and Wheatley's proposed bill also made further opposition difficult for the Tories, many of whom would have like to attack the whole principle of state subsidies had it not involved disowning their own legislative record. On the third reading of the bill, only 128 of them divided into the "nay" lobby.¹

The Liberals, on the other hand, were under no special obligations to spare the Chamberlain measure, and they denounced the subsidy as "a thoroughly vicious form of dole ... demoralizing to those who received it."² But on the whole they were much more timid than were the Conservatives when it came to voting against the bill. In some cases it appeared as though they did not want to be held politically responsible for its defeat; in others, there was probably a sincere desire to give Wheatley's proposals at least a fair trial. Above all, there was the necessity of preserving the government from a major defeat or being ready to go to the country against it. Thus, the Ministry bill had little to fear from political opponents, although it was faced with a few attempts at whittling it down by amendment.

¹Great Britain, Parliamentary Debates (Commons) CLXXVI (1924), p. 167.
²Masterman, op. cit., p. 344.
There were attempts made to change the complicated clause governing rents for the new houses. Neville Chamberlain criticized these provisions on the grounds that, whereas in his Act any burden resulting from unexpectedly high costs of construction was placed upon the local authority, in the new measure it was to fall on the tenant through an increase in his rent. A concerted effort to remedy this came with E. D. Simon's proposed amendment to equate the rents of the new houses to those of existing houses of similar size, type and amenity in the same area. This was supported by other Liberals partly on the grounds of justice and partly because of the complexity of the clause as it stood. The fate of the amendment was interesting and typical. After being moved and vocally supported by Liberals, and attacked by John Wheatley as striking at the core of his measure, it was deserted by its backers who joined with the government to defeat it by a vote of 216 to 116. The votes favoring this Liberal proposal were in the end largely Tory. But many such instances can be found in the House proceedings; and the Tories poured scorn on the

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1Great Britain, Parliamentary Debates (Commons), CLXXVI (1924), p. 2170.
2Ibid., p. 2171.
3Ibid., p. 2261.
Liberals for lacking the courage of their convictions. As a result, only occasionally was Wheatley forced to give in.

Other changes pressed on the Minister of Health by the Liberals were less important. Amendments were passed to safeguard the interests of town planning; to limit the number of houses per acre; and to require the use of any proved new methods of construction that might be developed. Beyond these no significant alterations took place. Of the Lords' amendments, the only important one—to cut the time between the review of progress from three years to two—was accepted.

So the most important of the Labor government's domestic achievements finally reached the statute books on August 1, 1924. It was a proud triumph for the left winger from the Clyde—John Wheatley. Praise was showered upon him from all sides. Masterman wrote:

The House has found a new favorite in Mr. Wheatley. He has been the one conspicuous success in the new Parliament. A short, squat, middle-aged man, with a chubby face beaming behind large spectacles, he trots about like a benign Pickwick or a sympathetic country solicitor to whom the most reluctant would be glad to confide the darkest secret. But he possesses without arrogance a perfect Parliamentary manner; a pleasant voice without arrogance, a quick poser of repartee, a capacity of convincing statement, and, above all, the saving grace of humor.1

1 Masterman, op. cit., p. 355.
Partly because of Wheatley's reputation with the Left, and partly because his scheme was a suitably ambitious one, the government was considerably less embarrassed by its own supporters during the progress of this legislative measure than by others. Only once did a Labor member make a speech criticizing its major purpose. Keir Hardie's brother, George, clinging to the old single tax doctrine, deplored the lack of attention to "land and rating which today form the one real obstacle to the production of the houses at economic rents." He longed for a "Bill that would wipe out once and for all the national system of bloodsucking of the nation's life by the landlords." In the context of Wheatley's scheme, the remarks had an archaic ring.

The Minister of Health's Housing Act went on to do good work under the Tory administration that assumed power in late 1924. E. D. Simon, a stern critic of the bill during its passage, later gave it full credit for the expansion of the trade which resulted in steady progress from 86,210 houses in 1924 to 238,914 in 1927-28. The special subsidy for agricultural laborers' cottages was less successful; by March 31, 1928, only 10,915 houses were constructed under this part of the program. It was also true that the rents

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1Great Britain, Parliamentary Debates, (Commons) CIXXI (1924), p. 2718.
for Wheatley houses far exceeded the target of nine shillings per week announced by MacDonald in 1924. Simon estimates the early rents at about fifteen shillings, and only when the depression struck did nine shillings become a possibility. This was due to the miscalculation of rentals in relation to costs, for the average cost per house exceeded MacDonald's estimate of £500.1

Perhaps it was ironic that the Wheatley scheme actually resulted in substantial relief by the operation of that very theory of "filtering down," so scorned by its proponents. The pressure for living accommodations was lessened, even though the people most in need probably had to settle for the houses vacated by the former tenants who moved into the new Wheatley units. But had his scheme been continued in full force during the depression years, instead of being dropped by the Conservative government after 1927, it is entirely probable that it would have produced over two million homes, and that the majority of them would have been rented at the predicted nine shillings.

The Labor government's success in the housing venture revealed what could result from careful and intelligent planning, free from the shackles of a doctrinaire approach.

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1The Times, (London) (August 8, 1925), pp. 8-10.
The Wheatley program had not been foreshadowed by the political opposition, due to Labor's propagandistic attitude before assuming office in 1924. Through the lucky circumstances that it could be paid by future generations rather than by the taxpayer of 1924, it was also free from the fatal barrier that curtailed so much that the Labor government might have done—namely, Philip Snowden's orthodox financial policies.
CHAPTER VI

UNEMPLOYMENT: LABOR'S DILEMMA.

The housing shortage was a difficult problem for Labor, but unemployment was a much greater one, more deeply rooted and complex. It baffled both Labor governments between the World Wars, and had important effects on the history of the Party and the nation.

Britain's brief postwar boom collapsed in 1921. Unemployment rose from 2.6 per cent in June, 1920, to 23.4 per cent in May, 1921. It increased gradually, but upon reaching 10 per cent in 1923, it seemed to level off and shifted only seasonally thereafter, until the great depression.\(^1\) In 1924, it was not realized by the British people that this was to be a permanent, rather than temporary problem on the postwar scene. Recovery was still naively expected to be just around the corner; but while waiting for its return, unemployment remained the greatest issue of the day. Compared with men still in work, it is calculated that only one-fifth as many were "in poverty" in 1924 as in 1913; yet two-thirds of this very considerable social gain was counterbalanced by the increase in unemployment.\(^2\) This

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concentration of the unemployed in certain industries meant that there were regions—the notorious "depressed areas"—where, economically speaking, the sun of prosperity never shone, and even hope began to be abandoned.

The causes for unemployment were several. The initial collapse in 1920-1 came largely as a reaction from the soaring inflation of 1914-20. But more important as an explanation of the stubbornness of the unemployment problem and the depressed condition of specific trades—was the tremendous dislocation of former export markets, caused by the war. Britain's absorption in war production meant abandoning many former outlets which, as a result, were taken over by the United States and Japan. Even more disastrous was the unprecedented drop in its total level of international trade.¹ Because she was dependent upon foreign sales, Britain suffered more than any other country, even though she at first maintained her relative share of the total trade by supplying the war-ravaged continental markets. By the mid-1920's, however, when the continental European economy began to recover in earnest,

¹British Trade £ Millions:

<table>
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<tr>
<th>Year</th>
<th>Exports</th>
<th>Imports</th>
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<tr>
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<td>634</td>
<td>768</td>
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<tr>
<td>1919</td>
<td>963</td>
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<td>1920</td>
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<td>1921</td>
<td>810</td>
<td>1,085</td>
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Britain began lagging behind. This was partly because the pound was over-valued in relation to the dollar by about 10 per cent by the return to the gold standard in 1925, and thus British exports were made relatively expensive. But it also reflected the most important factor of all—the acceleration of the decline of British economic predominance, not caused necessarily by the war. Her industrial plant was paying for its early nineteenth century headstart by suffering from technical obsolescence in the twentieth century.

National pride and past economic successes kept the people from facing the problems realistically. The economy was becoming less flexible at a time when flexibility was most needed. Partly, as in the immobility of the labor forces resulting from price rigidity, this stemmed from war-time social changes. The population at all levels sought economic salvation in defensive measures, such as protection or a restricted imperial trading bloc, rather than in reorganization and expansion of the national economy.

Ramsay MacDonald's predecessors in office had done little to cope with the problems of which unemployment was a symptom. The Coalition at first allowed inflation to continue unchecked after the war, postponing for a time the strong deflationary measures recommended by the Cunliffe
Committee as steps towards restoring the gold standard and Britain's position as financial center of the world.¹ Then in the 1920 budget, on the virtual eve of collapse, deflation was begun. After that, the economic policy of the two Conservative governments which followed the Coalition can by summed up as deflationary monetary measures plus doles for the unemployed. Beyond this, the only other economic policy suggested to cure the nation's ills was Baldwin's ill-fated protection campaign.

The Labor Party poured scorn on these governments for the manifest inadequacy of their proposals. Their public works programs were too modest, and left whole sections of the unemployed (such as women) unaided; much of what the government did was in the form of guarantees under the Trade Facilities and Export Credit Schemes, and did not represent real expenditure at all. In contrast, Labor promised vigorous action in the form of massive public works programs and the nationalization of important sectors of the industrial economy which would rid Britain of the

¹A small Treasury committee headed by Lord Cunliffe, then Governor of the Bank of England, reported in August 1918 that the restoration of the gold standard was "the only effective remedy" and implied that along with the restoration of the pound's pre-war gold value there was to be a deflation of prices and wages and a fluid labor market which responded automatically to monetary pressures. Keith Hutchinson, The Decline and Fall of British Capitalism. (New York: The Macmillan Co., 1949), p. 141.
inequities of capitalism. "The mere fact of having Labor in office, men and women whose proletarian background enabled them to understand the viewpoint of the unemployed, would, it was suggested, work wonders."

It was not so surprising, therefore, that hopes and expectations ran high when the Labor government was formed, despite its minority position. In the early weeks there were some successes, at least, in the manner of liberalizing unemployment benefits. A one-clause bill was quickly passed without real opposition, ending the notorious "time-gap"--a three-weeks' period after twelve weeks of uncovenanted aid, during which benefits were withheld as a deterrent to sickness. After this mild legislative success, the government passed its first test in the field of poor relief. Before meeting with Parliament, John Wheatley, the new Minister of Health, had rescinded an order issued in 1921--by Sir Alfred Mond, former Minister of Health in the Lloyd George Government, 1921-22--but never effectively enforced, placing restrictions on relief grants issued by the Borough of Poplar. The Council, led by George Lansbury

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2Great Britain, Parliamentary Debates (Commons) CLXIX (1924), p. 863.

and others, had been guilty in Liberal and Tory eyes, of extravagance as well as of obstreperousness in its efforts to get a reform of the poor law. Asquith, the Liberal leader, on February 2 delivered an ultimatum to the new Labor government:

I wish to say in the plainest and most unequivocal terms that unless the Government can see its way, as I hope it will, to reconsider its action . . . I do not think there is the least chance of that administrative act receiving the countenance or approval of the House of Commons.¹

Had the Liberals stuck to their political guns, the Labor government might have fallen within a week. But when the debate came, Wheatley pointed out that the Mond order was a dead letter; that all he had done was to remove the discrimination against Poplar and to place that borough on the same legal ground as all others. He insisted that extravagance which was punishable elsewhere in the country would still be punishable in Poplar. When the Tories moved to censure the government, nevertheless, only ten Liberals deserted Party ranks to join them. The Labor Ministry emerged triumphant from this major test, and Asquith, who had boasted earlier of having the supreme political power over the new government's actions, was exposed to the jeers of Tories and Laborites alike.

¹Great Britain, Parliamentary Debates (Commons), (1924) CLXXVI, pp. 108-109.
The Ministry moved on from these minor victories to the eventual passage of an important Act amending the existing Insurance Acts of several places. Payments were raised from twelve to fifteen shillings per week for women; from fifteen to eighteen shillings for men; and the children's allowance was doubled to two shillings.\(^1\)

Benefits also came under the renovating schemes of the new Labor government during this session. After a difficult struggle, the Ministry managed to retain a provision whereby uncovenanted benefits became the right of all insured persons, not dependent upon the decision of the Minister of Labor. There was a difficult and protracted struggle over the extension of unemployment payments to workers who were thrown out of work by a strike in which they were not the principal participants. At the bill's second reading, Labor Left-Wingers attacked their own government's proposal to maintain workers' unemployment payments for a period of six days,--as inadequate, and they demanded that it be extended to twelve days. As a result of this Party defection, Tom Shaw, the Minister of Labor, had to acquiesce to a humiliating Liberal amendment in the final measure, which shortened the number of days for claiming unemployment benefits from six to three. He also

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\(^1\)Great Britain, Parliamentary Debates (Commons) CIXX (1924), pp. 1343-5.
was forced to withdraw a clause extending unemployment aid to children between the ages of fourteen and sixteen. The Liberals had attacked it as a reactionary measure which would encourage parents to take children out of school. The National Conference of Labor Women had also condemned it, and Lady Astor had urged the new Labor Ministry to raise the school-leaving age instead.¹

In the field of unemployment insurance benefits, therefore, the government did accomplish something for its working-class supporters. But liberalized benefits were not enough. The Labor Party had criticized its predecessors severely for relying on doles and temporary expedients, instead of providing massive public works programs; now Labor was given the opportunity to act where its opponents had failed.

In his first speech to Parliament on unemployment, MacDonald sought to calm the people's fears of socialist extravagance. He said,

The first need was to put men to work. Consequently, we shall concentrate, not first of all on the relief of unemployment, but on the restoration of trade. We are not going to diminish industrial capital in order to provide relief . . . I wish to make it perfectly clear that the Government has no intention of drawing

off from the normal channels of trade large sums for extemporized measures which can only be palliatives.  

In specific terms, he announced that the government would "speed up the Trade Facilities Act," extend the Export Credit Schemes, and intensify public works projects, such as drainage, railways, and highways. This was all the Prime Minister said about public works, except for a non-committal reference to the special needs of unemployed women, and his confidence in the ability of Margaret Bonefield, parliamentary secretary to the Ministry of Labor, to meet them.

MacDonald's proposals and formulas left his administration wide open for attacks by both the Liberals and Tories. The opposition was not slow to point out that Labor was reneging on its campaign promises, and that their theoretical programs were a failure once they had been put to the test of economic reality. The leading Labor journal in the country attempted to repudiate the charges by stating: "What will be novel will be the scale and the driving force behind it." But already troubles had arisen. The first

\[1\text{Great Britain, Parliamentary Debates (Commons), CLXIX (1924), pp. 759-60.}

\[2\text{Tbid.}

\[3\text{The Daily Herald. (London) March 4, 1924, p. 2.}
measure aimed at providing employment was the extension of the Trade Facilities Act, passed in 1921, under which the government undertook to guarantee loans to British firms for various purposes. The main change proposed by the government was to raise the maximum permitted from £50 million to £65 million. The Ministry, however, was soon in difficulties with its left-wing supporters when it became clear to them that a portion of the loan was to be used for the purpose of covering another loan which already had been raised for a cotton-growing syndicate in the Sudan. In the eyes of many doctrinaire left-wingers such as James Maxton, this proposal had definite capitalistic overtones. They began to ask many embarrassing questions of the ministers connected with the project: Who would control the syndicate's profits? How much would Sudan cotton cost? Was African labor being exploited; and had the natives been dispossessed under this program?

William Graham, the Financial Secretary of the Treasury, defended the Sudan guarantee, but with obvious misgivings and discomfort. It was true that the syndicate had at one time made large profits, but recently it had made none. The government had been committed to the program by its predecessors and to withdraw was to risk up to £10 million

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1Great Britain, Parliamentary Debates (Commons) CLXX (1924), pp. 2003-5.
in guarantees already granted. But Maxton and several other backbench Laborites had led a venomous attack on the proposals, dubbing them as colonialism and profiteering. The government carried the second reading of the bill by 297 to 43, but thirty of the minority were its own supporters.

Disillusionment continued to mount during the government's first six months of office, as one unemployment debate after another went by without the announcement of any new radical program. This feeling was partially reflected in a speech Tom Shaw delivered before a T.U.C. deputation, in which he stated that

So far as he was concerned, the problem of finding adequate suitable work for unemployed women baffled him. Suggestions of any kind would be very welcome.

On March 10, taunted by jeers from the opposition benches, Shaw uttered a remark that was to haunt him for the rest of his ministerial career: "Does anybody think that we can produce schemes like rabbits out of a hat?"

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1Great Britain, Parliamentary Debates (Commons), CLXXVI (1924), pp. 169-170.
2Ibid., p. 2082.
4Great Britain, Parliamentary Debates (Commons), CLXX (1924), p. 2446.
The opposition, meanwhile, continued its slashing attacks on the government's failure to fulfill its election promises. On May 21, a leading Labor journal stated:

It is no secret that the whole Party is deeply anxious over the delay in undertaking or even announcing anything much beyond the schemes which the late government has set in motion.¹

By May 29, when Tom Shaw's salary was to be debated, there seemed some chance that the government would fail to survive the combined political onslaught. To meet the challenge, the Prime Minister was called in. He managed to score some effective gains against the Conservatives who were now so brash, but who had done so little when they were in office. At the same time MacDonald revealed his own government's disillusionment, stating:

Until you have been in office, until you have seen those files warning Cabinet Ministers of the dangers of legislation, or that sort of thing, you have not had the experience of trying to carry out what seems to be a simple thing, but which becomes complex, an exceedingly difficult, and a laborious and almost heartbreaking thing when you come to be a member of Cabinet in a responsible Government.²

Thus the wheel of political fortune had turned a complete circle with all three political Parties having experienced failure at trying to solve this vexing problem.

¹The Daily Herald, (London) May 21, 1924, p. 3.
²Ibid., p. 4.
When the vote actually came, however, Labor did somewhat better than before; the Liberals were disinclined to reveal their divisive tendencies further, and the public mood was not attuned to another general election. Rather than eject the government, The Times suggested that the two older Parties should go on prodding it and holding it responsible.

On July 30, the Board of Trade announced a modest but constructive step—the appointment of a committee, under Sir Alfred Balfour, chairman of the Associated Chambers of Commerce—"to report upon the conditions and prospects of British industry and commerce with special reference to the export trade."\(^1\) Also on July 30, the last full-scale debate was conducted on Labor's unemployment policies. Yet the debate was a paradoxical one for the government, for on the one hand it demonstrated that it was planning certain public works projects, yet on the other that the Ministers were becoming disillusioned with solving the unemployment situation by such means.

Philip Snowden took the lead, and he stated early in his speech that "you are never going to settle the unemployment problem, you are never going to mitigate it to any

\(^1\)The Times, (London) July 30, 1924, p. 4.
extent, by making work."¹ This did not mean that public works were to be abandoned. For one thing, the Chancellor of the Exchequer pointed out that inefficiency and antiquated machinery had lowered Britain's productive capacity. He also felt that public works could help to raise productivity and place the country in a more favorable position to win its share of any future developments in international trade. With this in mind, the government was undertaking a major program in the development of electricity. It would perform the task of standardizing frequencies all over Britain, which would take three years and cost £10 million.²

Next, the government hoped to plan, in cooperation with the producers of electric power, a main transmission system, or "grid" for the nation. There would also be the development of a full-scale rural electrification program, details of which were to be developed at a later date. Finally, there was the long-discussed Severn Barrage program for harnessing the tides of the Severn to produce electricity; the government would set up a committee "to seek advice as to the nature and scope of the inquiries that will be necessary" to see whether or not the project was practical.³

¹Great Britain, Parliamentary Debates (Commons), CLXXVL (1924), p. 2098.
²Ibid., pp. 2101-2103.
³Ibid.
It is probably not unfair to conclude from the previous remarks that the government's electricity program was brought forth hurriedly in order to silence parliamentary critics. Its recommendations were somewhat similar to those proposed by Lloyd George in his latest book, Coal and Power, which had appeared earlier in July. These factors, however, were not wholly coincidental, for both had had their origins in the abortive Coalition project of 1919.

In any case, this debate on July 30 marks the end of an episode in Labor thinking about unemployment. The following week, a leading Labor newspaper sadly concluded that public works were inadequate to the magnitude of the postwar problem; though they sound imposing and provide material for excellent speeches full of figures and solid arguments, they do not amount to much when tested by the light of experience and practical administration.\(^1\)

The Ministers had become painfully aware of the gap between paper programs and administrative realities. They were learning, too, about previously unsuspected obstacles in their path. Faced with an outcry for more afforestation projects, government leaders claimed they had discovered that the Forestry Commission was an independent body, beyond their direct control. "Then bring them under control," cried the backbenchers. Ah, yes, but that would

\(^1\)Great Britain, Parliamentary Debates (Commons), CLXXVL (1924), p. 2098.
require legislation, and the calendar was already full to overflowing.

It must be admitted, however, that the first Labor government gave just cause for complaint by its unimaginativeness in developing public works projects, and its stinginess in spending money on them. It also has to be noted that the Ministry lacked adequate time; Ministers had quite enough on their hands to learn their jobs and to take care of emergencies in their own bailiwicks, such as the series of strikes that Tom Shaw had to deal with as Minister of Labor.

There is some evidence that the stream of ideas was also drying up at the local level. Over three years prior to February 1924, schemes for exchequer aid towards paying the wages and bills for the local public works projects through the Unemployment Grants Committee had been approved at an average rate of £350,000 per month. In the first four months of the Labor government, the figure was only £106,000 per month, although it must be noted that the Ministry later raised the limit upon this form of aid, in order that the money provided would be more adequate in financing local needs. The number of schemes submitted and

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the number approved also dropped, both for this type of aid and for government grants towards interest and sinking fund charges on loans for local projects.

It is clear that finding acceptable schemes was difficult, that the government showed little imagination along these lines, and that it did not organize itself effectively to carry on the search. Snowden, Sidney Webb, at the Board of Trade, and Shaw, had the most to do with unemployment. When a Cabinet Committee was set up, Snowden was its chairman. But as George Lansbury complained, "no one Minister had responsibility in the matter." No "economic general staff" (such as William Beveridge recommended) was established. The expedient of leaving the problem in the hands of Ministers not heavily burdened with other departmental matters, tried in 1929-31, was not introduced. Imagination and initiative may have been stymied, however, by the financial orthodoxy of Philip Snowden.

Sir Robert Horne's and Stanley Baldwin's budgets of 1922-3 and 1923-4 had each anticipated a small surplus. Each, however, had produced a fairly large one, and it was

\[1\text{Postgate, op. cit., pp. 155-156.}\]
automatically applied to debt redemption. Snowden could have used this surplus to pay for several modest install­ments of social services, or as a substantial direct attack on unemployment. Instead, he took the indirect road, moving towards freer trade and lower taxes in hopes of stimulating expansion, while keeping a small over-all surplus and continuing to whittle away at the national debt. The sinking fund established by Baldwin was maintained intact. The duties on sugar, tea, coffee, cocoa, were reduced 50 per cent. The entertainment tax was lowered slightly. The inhabited house duty, a disguised income tax of some nuisance value, was abolished, and so was the corporate profits tax. Finally, the McKenna Duties, taxes placed on the importation of several items during the war, were ended.

Thus, while no taxes were increased, indirect taxes were cut by £29 million, and direct taxes by £14.5 million. This was a mild enough shift in incidence, especially since the two preceding budgets had reduced direct taxes by £88.5 million and indirect only by £22 million.

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<tr>
<th>Budget</th>
<th>Estimated Surplus</th>
<th>Realized Surplus</th>
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<tr>
<td>1922-3</td>
<td>£706,000</td>
<td>£101,516,000</td>
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<tr>
<td>1923-4</td>
<td>£7,884,000</td>
<td>£48,329,000</td>
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<tr>
<td>1924-5</td>
<td>£4,024,000</td>
<td>£3,659,000</td>
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2Annual Register, 1924, p. 47.

3Great Britain, Parliamentary Debates (Commons), CLXLI (1924), pp. 401-405.
socialist chancellor had gone only one-fourth of the way towards making up this discrepancy, and he had done so, moreover, not by raising taxes on the rich, but merely by giving them somewhat less tax relief than he gave the poor. Why such kindness?

Clearly it was not due to Labor's dependence on the Liberals alone that produced such a Cobdenite Budget. Philip Snowden was far too courageous a man to coddle the rich for the sake of a few extra weeks in office. He once had written:

Public requirements and social reform ought not to remain unsatisfied so long as there is untaxed rent, interest, and profit appropriated by individuals.¹

But at the same time he expressed concern over the threats to the precarious income of the hardworking business man. More recently, but still in his opposition days, he had called for an abolition of the corporation profits tax as a hindrance to investment. He had also announced that Labor would lower the income tax on earned income, and would do nothing by taxation to hinder the development of useful trade and employment, or to discourage a man from working hard to increase his income, to save for a modest competence, or to restrict saving for capital investment.²

When the private investor joined the ranks of the socialist club, the circle of persons whose wealth it would

²New Leader, May 2, 1924, p. 2.
be necessary to redistribute would be small indeed. The Chancellor did promise, as a sop to the parliamentary Labor Party, that "this Budget is a prelude to the next, it is a preparation for bigger things." The "bigger things" he probably had in mind were a certain group of taxpayers who still remained outside of Labor's charmed circle—the landowners. In preparation for his assault, Snowden promised a short bill to restore powers of the Land Valuation Office so that they could formulate new rates of assessment on property holdings.

A significant proportion of the Labor commentators were content with this. Labor's leading newspaper voiced a momentary doubt as to whether the Chancellor had left himself enough money to pay for the government's social program, including public works; but it went on to praise "this skillful and popular Budget" unstintingly. The question of whether or not it was beneficial for employment to maintain a balanced budget, coupled with a persistent effort at debt reduction, never arose. The basic assumption maintained by all sides was that Britain's financial honor required it, and that recovery to be obtained only in a return to the gold standard as

1The Times, (London), May 17, 1924, p. 4.
soon as possible. For the most part the budgetary problem was considered to be a separate financial topic, completely divorced from the unemployment situation. Throughout the entire budgetary speech of Philip Snowden, only three or four references can be found dealing with unemployment. One Labor newspaper criticized the government on many occasions for not providing massive public works programs, while in other instances it praised the budget for "courageous reduction of taxation." \(^1\) Nowhere did it reveal a clear understanding of the fact that to achieve both goals simultaneously would have meant an unbalanced budget.

It is not surprising, therefore, that when Labor speakers declared "Socialism is the only cure for unemployment," they meant a bewildering variety of things by it. Sometimes it was sincerely believed that unemployment was a dirty trick played on the laboring masses by greedy capitalists for the purpose of maintaining wages below subsistent levels and thus protecting their own wealth and property. This was a convenient theory, for it did not necessitate a significant degree of mental concentration on such complicated economic matters as balance of trade, capital outlays, and long-term investment. But it was of little help to Ministers dealing with the immediate

realities of the situation, or to potential critics of ministerial behavior either.

To a vocal minority of Laborites, Oswald Mosley among them, socialism would mean a chance to control credit and thus regulate the business cycle. But although Laborites were prone to suspect the worst of those who control credit under capitalism, there was no significant agreement among them as to what kind of controls a Labor government would introduce and support.

John Maynard Keynes, the brilliant Liberal economist, who published his book Monetary Reform in 1924 and supported it by strong articles in leading newspapers, was not in touch with Labor opinion. He had campaigned against Labor in 1923. MacDonald, commenting on Keynes' pet project, the Liberal summer school,¹ and presumably on Keynes' own address on the dangers of deflationary finance, heaped abuse on "every mad thing said . . . at Cambridge by Liberal schoolmasters." He described their deliberations as "very wordy, very academic, and very feeble."² Articulate Laborites had welcomed Keynes' literary tirade against the Treaty of Versailles, but they foolishly derided his precocious economic doctrines with taunts and

²Ibid.
jeers. Through intimate association with Lloyd George, Keynes had eagerly voiced his call for a massive public works program in the spring of 1924, which was certain to cause distrust among most Laborites. Two years later, Beatrice Webb considered briefly the possibility that Keynes might be the one to "discover how to control the wealth of nations in the public interest." There is still more significance in a later statement: "The new result is Agnosticism--and I simply do not know what is happening in finance, still less what ought to happen." 

There were also those within the movement who argued that socialism would cure unemployment by having the State acquire the key industries. Here, perhaps, was the forerunner of modern planning, but in 1924 it was merely a platform phrase. "The State should have absolute power of control over all its resources, so that in time of need they can be used for the greatest advantage of the greatest number of citizens," one election address had put it. A much better forecast of the government's attitude, however, was contained in Ramsay MacDonald's warning against "wanton


2Ibid., p. 45.

3The Daily Herald (London), October 18, 1924, p. 3.
interference . . . however good its paper justification, with the delicate mechanism of international trade.\textsuperscript{1}

It is not necessary, therefore, to press this point further. The fact is that in 1924 the Labor Party was alive with conflicting views, not only on what socialism meant, but also on how to cure unemployment. There was no agreement on setting up a definite code of socialist economics; indeed, the study of economics was viewed with suspicion by such Party supporters as Maxton, Lansbury, and David Kirkwood. Or, alternatively, economics was considered an entirely neutral subject from politics by such Party politicians as Graham, Snowden, Henderson, and MacDonald. Thus William Graham, the Financial Secretary of the Treasury, could rationalize his own mixture of socialistic politics with laissez faire economics by saying that "there was a vast field, especially in finance, which did not lend itself to Party politics."\textsuperscript{2} Snowden, in his autobiography, expresses his admiration of Montague Norman, Governor of the Bank of England, in terms which again suggest this belief in the complete separation of economics and politics:

\begin{quote}
I know nothing at all about his politics.
I do not know if he has any. A man's real
\end{quote}

\begin{footnotes}
\item[1]\textit{Ibid.}, April 16, 1924, p. 5.
\item[2]\textit{The New Leader}, June, 1924, p. 8.
\end{footnotes}
politics arise from his temperament and feeling. And the Governor's nature is essentially democratic. I should say that he hates snobbery and class distinctions.¹

That the Party was in this predicament was not, of course, widely admitted at the time. Labor supporters might be disappointed, even seriously troubled, by the fact that the unemployed still numbered over a million, when the Labor government fell in October 1924. Mrs. Webb had already confessed, privately, the leadership's fault, in implying, if not asserting, that the prevention of unemployment was an easy and rapid task instead of being a difficult and slow business involving many complicated transactions and far more control of capitalistic enterprise than anyone has yet worked out.²

But for most Laborites, the natural tendency was to cling to familiar ideas, while blaming the government's shortcomings on its minority position and the uncooperative attitude of the political opposition. Far too little questioning was directed at the soundness of judgment and socialist convictions of Philip Snowden, the Chancellor of the Exchequer. For all his air of the cold, scientific calculator, he had at the same time the unsurpassed reputation of being Labor's chief evangelist. He played a key role in adhering to the Party's fondness for confusing


²Cole, British Trade and Industry, p. 190.
ethical with economic questions—a habit which makes for strong political morale, but which also can be a deterrent to clear political thinking.

On the whole, Labor seems to have benefited little from its 1924 experience. Its failure to grasp the inadequacy of its unemployment policies paved the way for the Party's humiliation in 1931. At that time the Party was deserted by its influential leaders in Parliament—MacDonald, Snowden, and Thomas—who felt that the regressive and financially orthodox unemployment policies of the 1924 Labor regime (which were closely akin to those of the post-war Conservative governments) were far more preferable than those progressive schemes advocated by certain Left-Wing groups within the Party's ranks.
CHAPTER VII

PROBLEMS OF MINORITY GOVERNMENT

The most obvious weaknesses of the first Labor government were the inexperience of its members and its minority position in the House of Commons. The former, however, seemed to bear little relation to success in its legislative accomplishments. J. R. Clynes, among the more experienced, did badly as deputy Premier; John Wheatley, the fiery Clydesider who had never held office before, did so well that for a while Beatrice Webb thought him a possible rival of MacDonald's for the Party leadership.¹ Not one of the trade unionists made a distinguished record as a Cabinet member, but neither did Lord Olivier, Sidney Webb, nor Colonel Wedgewood. However, some of the new Ministers were forceful men and seem generally to have got on well with their officials; an inexperienced and sober civil servant has called Snowden "the ideal of what a Minister should be, clear and decisive in matters of policy, yet careful not to meddle in matters of administration."²

Where then did inexperience hinder the government? It was in the failure of the Ministers to reserve a sufficient portion of time free from their official routines to devise effective long-range policies. By the time MacDonald got through opening all mail marked "Personal" or "Private," and answering the calls on his private telephone, he was exhausted. Add to this the point that the Labor program contained "no real focusing point for action on any one thing because of the multitude of things attempted,"\(^1\) and it is not surprising that the official policies were neither very original nor well coordinated.

The lack of a substantial parliamentary majority placed the government in a somewhat precarious position when it attempted to manage its business in an orderly fashion. Many Laborites hoped for the resurgence of the private member, free from the tenacles of Cabinet domination. Instead, the lack of a majority merely resulted in the Ministry's having to plead, wrangle, and manoeuvre for support in expediting its business in the House of Commons. Another significant factor was that the administration was inadequately served on the technical side of Parliamentary management--MacDonald, laboring under a double ministerial

load, was absent most of the time, and Clynes made a weak deputy leader. The chief Labor Whips were either absent or ineffectual during the government's tenure of office. The nadir came in August when the Laborites suffered the rare humiliation of being "counted out" during the second reading of an appropriations bill.

For a government facing a hostile majority in Parliament, the need for disciplined political support from its followers was vital if it were to survive. At the Cabinet level, the record was good enough, although Snowden embarrassed his associates by publicly allowing his coolness toward the Russian treaties to be known, and by earlier publishing critical articles in an American magazine. This led to reports that MacDonald would ask Ministers to cease writing articles for periodical journals. From Beatrice Webb's Diary one obtains the impression of a reasonably harmonious, though not especially friendly, Cabinet in which "the Prime Minister stood head and shoulders above the rest,"¹ of his colleagues, despite a tendency to aloofness and inaccessibility. Haldane left a similar impression of MacDonald's conduct in Cabinet meetings, comparing it favorably with Asquith's conduct before the war.²


But the Parliamentary Party had within its ranks a substantial group of individualists and rebels who on more than one occasion were a thorn in the government's side. When the Clyde Brigade first descended on Westminster in 1922, a political opponent noted their attitude of antagonism to Parliament itself, some of these new Ministers address the whole House as a culprit, almost an alien oppressor. Their manner of speech implies that they are themselves not so much ordinary members of that assembly as advance agents of a hitherto unrepresented public, carrying with them some special authority of a new and final order.¹

Out of this group, not one but four were suspended—for calling Sir Patrick Banbury, cruelest of the City Tories, a murderer. In 1924, one of them called L. S. Amery "a swine and a guttersnipe," and got punched in the nose for it. Their attitude towards their colleagues who became Cabinet members was summed up by David Kirkwood's comment on John Wheatley: "He was a magnificent success as Minister of Health, but we felt that he had left us."²

Of course, not all the members of the Parliamentary Party were as irresponsible as some of the Clydesiders. There were always sober voices to recall the immense difficulties under which the new Ministers labored. Groups of M.P.s could send deputations to wait upon members of the

government and express their views, though the results were not always effective. On one occasion MacDonald "resplendent in evening dress" asked the Secretary of the I.L.P. group: "Well, Brockway, what commands have you brought me today?" and then could not remain to hear the answer.¹ Beatrice Webb attempted to organize a pattern of social life for Labor members and their wives that would bring them closer together and at the same time inoculate them against the germ of aristocratic embrace. Some of the Left resisted this, apparently fearing that any such activity was debilitating to a true socialist.²

The lack of cohesive discipline in both Labor and Liberal ranks became the chief stumbling block in the way of establishing a sound basis of cooperation between the two Parties. The more radical members of both were prone to suspect an imminent betrayal of their Party by its leaders into the open arms of the other. To the woes of the moderates within each Party was now added the difficult situation of how to deal effectively with each other. Neither side began this delicate experiment in cooperation


very realistically. Asquith's "It is we who govern,"1 chafed at Labor's sensitive political nerves. Behind the Liberal leader's benign countenance lay the deep political divisions of his Party. Some were the expression of differences in philosophy; others were the expressions of differences between the Liberal who had won his seat against a Conservative with local Labor support, and the one who had beaten a Labor candidate with Tory support. The Liberal Party, therefore, was unable to cooperate effectively with either the Labor Ministry or the opposition. As long as the struggle for control went on within the Party ranks, the only road open for the Liberals was to shun the embraces of both rivals. This was accomplished by repeated Liberal declarations of independence and by castigating the government for its failures, while exercising extreme caution not to vote it out of office. Thus the Party put itself in a precarious position from which it could scarcely share credit for the government successes yet it could not avoid incurring responsibility for its failures.

From the beginning, therefore, relations between the government and the Liberals were strained. On the eve of

1The Times, (London) December 24, 1923, p. 3.
taking office, MacDonald attacked them in venomous tones. He described the Baldwin government, which had not yet resigned, as a "corpse waiting for a coffin." Some newspaper accounts indicated that he had applied this metaphor to the Liberal Party, thus adding to the bitter feeling. A few Liberal leaders were optimistic about the chances of a positive progressive program being achieved during Labor's tenure of office; but there was from the start a small junta of ten Liberal M.P.s who voted consistently with the Tories—a nucleus around which an effective opposition movement could form against the government.

This opposition movement, however, did not increase through the succeeding months. Winston Churchill's support of the Conservative candidate at Burnley caused no great stir in the Party, from which he was beginning to extricate himself. But a month later, at a meeting of the Liberal

1Ibid., December 19, 1923, p. 2.


3Churchill, standing as a Liberal candidate, had lost his seat in Parliament in the 1923 election. Thus, exiled from Westminster, he has written that "to make an independent and unbiased judgment of the situation, the Liberals most unwisely and wrongly put the socialist minority Government for the first time into power." Keith Hutchinson, The Decline and Fall of British Capitalism. (The Macmillan Co., 1949), p. 48.
Parliamentary Party, Lloyd George complained officially about the Laborite attacks in the constituencies. Through most of April, this partisan bitterness was intensified by the pugnacious little Welshman's savage attacks on government policies, both on the floor of the House of Commons and in the daily editions of the Beaverbrook-Rothmere press.

Philip Snowden's free trade budget removed some of these political resentments by fulfilling to perfection the Liberal fiscal hopes. At the annual meeting of the National Liberal Federation in May, the leading spokesman for the Party reaffirmed the intention of keeping the government in office. Lloyd George vigorously attacked the Tories; and Lord Grey praised the government's foreign policy and reiterated his approval of the Liberal's decision to put Labor in office.

The Liberals had good reason for not pursuing their opposition further at this time. First of all, they were too divided internally to challenge the government effectively and face a new general election. Secondly, there was the danger of arousing public reaction against themselves for bringing on a hasty general election, the third in three years. Finally, the outcry against Labor's ill treatment of the Party would seem to be undignified whining—"grovelling for consultation by the Socialist Government,"

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Besides, the whole problem of Liberal strategy was meshed in with the struggle for control within the Party. On the one side was the traditional leader, Asquith, who faced the future with resignation and despair; on the other there was Lloyd George who was determined not to lose the future to Labor. The belligerent little Welshman was ill-suited either for the subsidiary role of a faithful lieutenant or for the Liberal's patient acceptance of responsibility without the power of initiative. Whether or not he was consciously plotting the downfall of Asquith's leadership is hard to judge, but he easily became the spokesman of the Party's dissidents. As early as April, Sir Robert Thomas, M.P. told a meeting in Wales:

If you are not satisfied with the Liberal leadership today, remember this: Our great fellow-countryman is submerging his personality at the present time, and he is loyal to the man who has been appointed leader of the Party. We are as certain as the sun will rise tomorrow to be led, and led well before we are very much older.¹

Lloyd George finally succeeded in bringing the Party around to his view when the Labor government foolishly provided him with an issue that he could exploit—the Campbell case—and which eventually led to its downfall.

¹Jones, op. cit., p. 179.
On July 25, 1924, there appeared in The Worker's Weekly (a British Communist organ and a successor to The Daily Worker) an article exhorting soldiers to "let it be known that, neither in the class war nor in a military war, will you turn your guns on your fellow workers." At first, such sentiments from such a source caused little excitement. It was at a later time, when the Russian Treaties were being revised, that the obscure outcries of The Worker's Weekly began to share the political spotlight in the House. In answer to questions, the Attorney General, Sir Patrick Hastings, announced that the government was prosecuting the editor of the paper under the Incitement-to-Mutiny Act of 1795. Much to Sir Patrick's surprise, a barrage of angry questions arose from the Labor backbenchers. James Maxton stated that the article in question "contains mainly a call to the troops not to allow themselves to be used in industrial disputes." Dickson, another Clydesdie left-winger, stated that if sentiments such as those in the article were to become cause for prosecution, the government would find half of its Party in the dock.

1Quoted in The Daily Herald, (London), August 8, 1924, p. 4.
2John McNair, James Maxton: Below Hutchins
3Ibid.
The summer adjournment intervened in this brief uproar. On August 13, however, the government suddenly dropped the case of prosecution against the editor, J. R. Campbell. In so doing, the Treasury Council stated:

It has been represented that the object and intention of the article in question was not an endeavour to seduce men in the fighting forces from their duty... but it was a comment upon armed military forces being used by the State to repress industrial disputes. It has been possible for the Director of Public Prosecution to accept that alleged intention of this article more easily because the defendant is a man of excellent character with an admirable military record.¹

The Campbell Case, as it was not called, came into prominence again when Parliament met in special session at the end of September to deal with an Irish boundary dispute. This time it was the Conservatives' turn to attack the Attorney General. How had it happened that the prosecution was dropped? Who had made the representations to which the Treasury Council had referred? The harassed Sir Patrick flatly denied that anyone had influenced his decision in the matter. The representations were those made by Labor M.P.s in the House on August 6. The prosecution had been dropped when it was learned that Campbell had been maimed for life in the war, and decorated for bravery. It was

¹Great Britain, Parliamentary Debates (Commons) CLXXVII, (1924), p. 634.
evident that he was merely the active editor of the paper and that its editorial policy was controlled by a political bureau. Under further questioning the Attorney General stated that the Communists were simply trying to make a political martyr out of Campbell.

On September 30, MacDonald stated, in answer to a parliamentary question:

I was not consulted regarding either the institution or the subsequent withdrawal of these proceedings. The first notice of the prosecution which came to my knowledge was in the Press. I never advised its withdrawal, but left the whole matter to the discretion of the Law Officers, where the discretion properly rests.¹

He also repudiated the idea that he had acted to quash the proceedings out of fear that the Communists might subpoena him as a witness, with the intention of confronting him with seditious utterances from his own past.

When the Conservatives asked for a debate on the issue, MacDonald decided not to wait until the regular reconvening of Parliament, but to hold it on October 8 during the special session. This action precipitated a hectic week of maneuvering by the Parties for better strategical positions. On October 1, the Liberals, in a special meeting, decided to support Lloyd George in his opposition against

¹Great Britain, Parliamentary Debates (Commons) CLXXVII (1924), pp. 8-12.
The Russian Treaties. Asquith said that his Party would support "a reasonable motion" on the Campbell Case.\(^1\) Some political observers felt that this action did not mean a censure of the government specifically, but on the Attorney General alone. But Sir Henry Slesser, the Solicitor General, discouraged any Liberals who might have hoped to avert a political crisis by this means; he stated publicly on October 2 that the government would stand by the Attorney General.\(^2\)

By the 3rd of October it became clear that the Conservatives would move a vote of censure against the faltering government. The Liberals, however, would counter with an amendment calling for a select committee. But rumors were in the air that the Tories would turn around and support the Liberal amendment, thus forcing the government either to swallow its pride and accept a major humiliation or to dissolve Parliament. The Communists added more fuel to the political fire by vehemently denying the validity of all the Attorney General's excuses for withdrawing the prosecution.

For the Liberals the political situation now became acute. To eject the government because of the Russian

\(^1\)Ibid.

Treaties was one thing, but to do it on such a specialized political question as the Campbell Case was another matter. Yet, having made the demand for an investigation, the Liberals could not very well abandon it simply because the Tories had come around to their viewpoint. Besides, many Liberal M.P.s were impatient; it had taken all of Asquith's political finesse to get them to agree to his select committee of inquiry rather than to outright censure. Few of them maintained any hopes that the government would accept their proposal and avoid a political crisis. As the last hope for a compromise diminished, many Liberals grew more and more bitter against the government. In the end those who voted against it without conviction, could at least do so with animus. ¹

Labor, on the other hand, was in a fighting mood. It is important to stress this fact, because many of MacDonald's opponents charged that he himself brought on the Campbell crisis. He was accused of doing so either because he was worn out and wished for a general election as a way of escape from his troubles, or because the imputations of the opposition were "a personal humiliation, the one thought he could not tolerate."² There is no doubt that MacDonald was

¹The Manchester Guardian, October 10, 1924, p. 4.
²The Times (London), October 11, 1924, p. 3.
weary at the time. He had recently had to fight off charges of corruption arising from his acceptance of an automobile (together with a fund to cover its expenses) from Sir Alexander Grant, a wealthy biscuit manufacturer and a boyhood friend. Grant, in turn, had received a baronetcy, not for this act, but as a reward for his public philanthropy. Although nothing came out of the affair, hecklers could make the sensitive MacDonald uncomfortable simply by shouting "Biscuits!" in the middle of a parliamentary speech. This, coming after months of overwork and being the mainstay of the Ministry, was enough to make him nervous and irritable. On September 24, Mrs. Webb reports of his telling the Cabinet he was "sick of it" and thought the Party with its dissensions and its criticisms was not "fit to govern."¹

Those critics who blame MacDonald for his hasty acceptance of the Tory challenge, or even of plotting the downfall of his own government, should keep in mind that the Party was in no mood for compromise or delay at the time. The fiery Clydesider, Dickson, wrote concerning the Prime Minister's insistence upon immediate debate:

Never have I seen MacDonald put in so sure a stroke. His back-benchers cheered him to the

¹Cole, op. cit., p. 45.
echo; they do not find apologetics to be pleasing fare.¹

P. C. Hoffman, who was regarded as a moderate within Labor circles, wrote in a similar vein at the time.² The Parties' mood was one of pugnacity not unmixed with relief that the uneasy game of three-party politics was drawing to a close.³

The Cabinet's decision to fight both Liberal and Tory motions, and to dissolve Parliament if defeated, was taken on October 6. Mowat relates in a detailed manner how MacDonald explained the decision at the annual conference of the Labor Party, in the Queen's Hall, next day, damning the Liberal amendment as worse than the Tory censure, since it would put the government on the rack and expose it to a 'packed Committee...[with] a roving commission of unjudicial inquiry'--referring to the fact that a select committee, reflecting Party strength and appointed by the party whips, would consist of three supporters of the government and seven opponents.⁴

The Prime Minister, however, coupled his frontal assault on the opposition with a strong bid for the support of conscientious individual Liberals and Tories:


³Ibid.

It remains to be seen if the inheritance of principle and tradition, which still retains for the Liberal Party the allegiance of many worthy people, is to regard small acts as Liberal principle and partisanship as Liberal tradition. It also remains to be seen how the decently minded members of the Conservative Party will relish being made tools of in this kind of strategy by opponents whom they profess to hold in contempt.¹

Thus the political stage was set for the final struggle between the government and the opposition in the House of Commons.

On October 8, the crucial debate took place. As Mowat relates,

It began badly for the Ministry, when MacDonald offered a clumsy explanation of a reply he had given to Sir Kingsley Wood on September 30 which had implied that he had not interfered with the Attorney General over the prosecution of Campbell. Sir Robert Horne, moving the Conservatives' motion of censure, argued that it was pressure from rank-and-file Labour members of Parliament which had caused the Government to withdraw the prosecution and give the Communists a triumph over the normal course of justice.²

At this crucial juncture, Sir Patrick Hastings, the Attorney General, evened the score by delivering a detailed account of the affair. He made it perfectly clear that the final decision had been his own, but that MacDonald and Henderson

¹Great Britain, Parliamentary Debates (Commons) CLXXVII (1924), p. 641.
²Mowat, op. cit.
had given him their opinion of the unwisein of the prosecution before he decided to withdraw it. "It is necessary," he concluded, "to have a vote of censure in order to challenge a Minister who makes a mistake."¹

Sir Patrick's explanation, although it revealed the inaccuracy of MacDonald's previous claim that he had not been consulted, impressed the Liberals greatly. A Liberal journal defended the Attorney General's right to consult his colleagues on questions of "political expediency," and judged it "preposterous if for no better reason than they should be driven from office."²

In the meantime, MacDonald insisted on making the Liberal motion a matter of confidence. "If this House passes either resolution or the amendment now," he concluded, "we go. It is the end; it will be the end of... a high adventure."³ Asquith expressed surprise at this 'funeral oration' before the doctor had even pronounced life extinct; and argued that a select committee had not, in the past, been unfair, nor need acceptance of one be grounds for resignation."⁴ Meanwhile, there had been

¹Great Britain, Parliamentary Debates (Commons) CLXXVII (1924), p. 644.
²The Manchester Guardian, October 9, 1924, p. 3.
³Ibid.
⁴Ibid.
consultations among Conservative leaders, and when Baldwin spoke, it was to announce that the Conservatives would support the Liberal amendment.¹ Thus, the government, taking the affair as a matter of confidence, sealed its own doom. The Liberal amendment was carried by 364 votes to 198. Fourteen Liberals and two Conservatives sided with the Ministry.² The Liberal Party, still suffering from factional quarrels and a divided leadership, faced dissolution without enthusiasm. They could claim that the first Labor government had willed its own demise by rejecting compromise; but would the voters accept this rather than Labor's claim that it was a preconceived Tory-Liberal plot?

Labor, for all its enthusiasm, entered the election from a rather weak position. Despite his brilliant defense, Hastings had blundered in not regarding the serious consequences that might result from authorizing such a prosecution. Furthermore, the government's explanation of cessation of prosecution activities against Campbell was rather weak. The excuse that Campbell's article merely opposed the use of troops in industrial disputes was

¹Ibid.

²Great Britain, Parliamentary Debates (Commons), CLXXVII (1924), p. 744.
certainly naive on the face of it. Perhaps worst of all, however, was the fact that the Prime Minister had appeared in a bad light as a result of his denial of being consulted by the Attorney General on the affair. The question still remains, however, as to whether the Campbell Case raised fundamental issues, important enough to justify precipitating a government crisis. King George V reluctantly granted a third dissolution and regretted that "the appeal to the electorate cannot be made upon a more vital issue."¹ The next day MacDonald concluded that it was certainly justifiable for an Attorney General to consult his colleagues about initiating a prosecution; however, he should never consult them concerning the withdrawal of one.

Sir Patrick Hastings' misfortune was not one of having dared to consult other Ministers about the prosecution, but of having failed to do so in time to avert the withdrawal of one already under way. It appears the Attorney General's mistake was used by the opposition to bring down the government without allowing him to rectify it in time; and it seems that this maneuver was nothing more than a case of

¹Quoted in *The Times* (London) October 10, 1924, p. 2.
"contemptible party tactics." 1

CHAPTER VIII
THE "RED LETTER" ELECTION CAMPAIGN
AND THE AFTERMATH

On October 9, Parliament dissolved, and the third
general election in three years was announced for October
29. The mood of the three political Parties, on the eve
of the dissolution, gave indications that the election
campaign would not be characterized by calm and sobriety.
The fact that the battle was to be fought over the issue
of Communism, both in the Campbell Case and the Russian
Treaties, completed the picture. The opposition, which had
been angered over the government's moderate political
course, now had its chance to link the Labor Party once
more to the "Red Menace."

Labor attempted to keep its traditional appeal on
domestic issues from being overshadowed. This time, how­
ever, its effectiveness was blunted somewhat. Unemployment,
which had been Labor's chief issue in the preceding election,
now became a favorite topic of the opposition. The Party's
election manifesto no longer boasted of having the "only
remedy for unemployment;" its tone was subdued. ¹ The I.L.P.,
on the other hand, continued talking as if unemployment were

¹ The Times, (London), May 3, 1924, p. 2.

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a problem in military organization. Thus, on the whole, 
Labor's defenses were not very much stronger.

Snowden's budget obtained its share of campaign 
popularity as having the "most excellent effect on trade."¹ 
Nor did the campaign lack the usual statistical conflict. 
The gist of one Labor attack was that the Liberals, by 
using February 11 instead of January 28 as a base--made it 
appear that unemployment had risen under a Labor government; 
whereas actually it had declined slightly.

In housing, Labor had a legitimate boast in the success 
of the Wheatley Act. However, since the benefits of the new 
program did not appear immediately, it was possible for the 
Conservatives to speak of the Wheatley Act as a "typical 
example of a grandiose Labor failure."² The Laborites, on 
the other hand, glossed over their own political ineptitude 
in handling the opposition, and castigated them for their 
delaying tactics on enacting government proposals.

Fortunately for Labor, their political opponents were 
in a poor position to take advantage of their political 
weaknesses. The Conservatives taunted the government with 
having failed to solve the unemployment problem. But the 
Tory attack was blunted somewhat because their remedy--

¹The Daily Herald (London), May 5, 1924, p. 3.
²The Times (London), October 11, 1924, p. 2
tariffs—had been rejected in the previous election. In mid-June, the Party had declared that

Proposals for a general tariff will not again be submitted except upon clear evidence that on this matter public opinion is disposed to reconsider its judgment.¹

Conservatives, therefore, had to be content with such moderate suggestions as the Safeguarding-of-Industries Act and the restoration of the McKenna duties.

On other domestic issues, the Conservatives' electoral program advocated widows' pensions; an all-party conference to be held on agriculture; and the formation of a royal commission for the purpose of studying food prices. Thus the Tories revealed that they had little to offer in the way of new constructive programs for solving Britain's postwar problems.

For the Liberals, the general election was another desperate attempt to find a stable foothold on the shifting grounds of moderate politics. They tried to appear more progressive than Labor. Every effort was made to picture themselves as having striven in vain to push the government into "schemes of national development" to ease unemployment. Labor's attempts at social reform were described as "halting, ineffective, and unimaginative."²

¹Ibid., June 20, 1924, pp. 4-5.
²The Liberal Magazine, October 1924, pp. 174-182.
Also included in the Liberal platform were the main ideas of Lloyd George's new book, *Coal and Power*, on electoral reform and a strong temperance plank.

In general, however, the Liberals found themselves hemmed in between two hostile political camps. They had to face the charges of abetting socialism by putting Labor into office, and those of plotting with the reactionaries to put it out again. The raging political storm coming from the Left and the Right threatened to dash the Liberal campaign ship to pieces on the rocks of political oblivion. For how was a good Liberal to vote in a constituency where the contest was between a Conservative and Laborite? Should the Liberal Party abandon three-way Party fights where Liberalism could not hope to win? If so, for whose political benefit would it be?

A leading Liberal periodical argued for "mutual support" between Liberals and Tories, since Conservatism was "a less immediate danger than Laborism." At the same time it advocated that no Liberal voter should consider voting for a Tory where there was a Liberal candidate standing.\(^1\) Another urged Liberals in an opposite direction, to vote "against Tory candidates without exception." It even suggested it to be a Liberal's duty to vote Labor in

\(^1\)Ibid., p. 769.
those "rare cases" where supporting a Liberal candidate was similar to voting for a Conservative.¹

Which of the two positions should a faithful Liberal take? Of the two, probably the first was easier to defend, given the fact that the Liberals had cooperated with the Tories in bringing the government's downfall and subsequent election. Asked whom he would put into office next, if the election failed to alter Party relationships in the House, Asquith humorously exclaimed, "Wait and see."² But the same obstacle which had made it impossible for the Liberals to cooperate with the Tories after the 1923 election now stood in their way of cooperating with Labor.

Political tempers rose to a fever pitch during the campaign over the issue of nationwide Tory-Liberal pacts against Labor. This was a futile debate. Asquith gave his political approval to the withdrawal of Liberal or Conservative candidates when this competition with each other

might have confused the issue, given to the Socialists a wholly delusory advantage and in some cases even have enabled them to capture a seat to which on democratic principles they had not title.³

¹ The New Leader, October 1924, p. 3.
² The Times (London), October 21, 1924, p. 2.
³ The Times, (London), October 20, 1924, p. 5.
The Liberals, in desperate financial straits, abandoned ninety-six contests which had been three-way fights in 1923; in only seventeen cases did they intervene to create three-way fights in 1924. The bitterness between supporters of Lloyd George and Asquith was increased by the wizard's stinginess and tardiness in making available the fabled riches of his fund. Yet Labor, for all its financial difficulties, abandoned only eight three-way races.¹

Liberalism's gloom was increased when it became clear that an election fought on the Communist issue was bound to be a "wild and embittered struggle, in which all the mud of ancient prejudices will be stirred up to confound counsel."²

So it proved to be. Labor's defense was often vigorous; the Party literature on the Russian Treaties was impressive and factual. The Russian loan question, however, continued to be a troublesome issue during the campaign. It was probably difficult for Labor's Party lieutenants to decide on which course of action to pursue. Should they point out to the electorate that the loan was contingent


upon satisfaction of future Party demands? Or should they stress the conditions and safeguards which were attached to the proposal? MacDonald's explanation of how he had changed his mind about the loan was not very convincing:

In June the proposals put before me were proposals just to guarantee the loan of the Russian Government. They wanted to borrow money, and wanted us to guarantee it. I said 'Certainly not.' What happened since? There was a steady evolution in the nature of the proposal that grew and grew, until in August it was this—that if Russia could borrow—upon the market, we would guarantee the loan it would borrow—not that we would give the loan, but if the Russian Government found, say, a million pounds on the London market free from investment in Russia and got the investment we could guarantee that sum.

The political debates, however, were not carried on in a calm and sober atmosphere. Instead, the air was polluted by frantic opposition appeals and hysteria, which carried far beyond the state of legitimate controversy over the wisdom or un wisdom of the government's policy towards the Soviet Union. Many of the opposition candidates failed to back up with accurate factual data their reckless charge that the government was infiltrated with Communists. In fact, as the campaign continued, they attempted to convince the electorate that the only issue before them was whether they wanted a government of a free democracy or a Bolshevist

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1 The Daily Herald (London), October 23, 1924, pp. 3-4.
minority which would usurp all of their democratic liberties. But for those who cared to investigate the case further, it was plain that the Communists were losing ground within the Party. The annual conference, on the eve of the campaign, confirmed, by a vote of 3,185,000 to 193,000, the Party's refusal to accept the Communists' bid for affiliation.\(^1\) It then proceeded to declare individual Communists ineligible for endorsement as official Labor candidates (2,456,000 to 654,000) or even for Labor Party membership (1,808,000 to 1,540,000).\(^2\) Here and there, certain Conservatives and Liberals stated publicly what many more knew privately,

> that neither he [MacDonald] nor the leading member of his government has any sympathy with the Communist hypocrisy which in Russia has repeatedly made justice the lackey and slave of the party.\(^3\)

In the closing weeks of the campaign, the opposition did not overlook any factor which would connect Labor with the evil "Bolshevists." A variety of Tory posters revealed the Russian bogeyman, clad in rags and the inevitable fur hat, leering and scowling down at the British voting public.


\(^2\)Ibid., p. 146.

\(^3\)The Manchester Guardian, October 22, 1924, p. 4.
Beside a neat-appearing British workman who is saying "I need work," the Russian says "I wanski £40,000,000."\(^1\) Another stated, "there are many Communists today in our so-called Labour Party; and so strong are they that even now our Socialist Government must do their bidding."\(^2\) The Times attempted to depict the socialist horrors of Labor's electoral program in such characteristic terms as the following: "A 'national system' of electric generating stations--some such project was dear to Lenin."\(^3\) Also at the time there were numerous rumors flying about that the opposition was preparing a spectacular stunt against the Labor government.

On the last Friday before the Wednesday poll came the explosion that gave a certain artistic unity, and a name, to this turbulent election. The Times announced: "Soviet Plot. Red Propaganda in Britain. Revolution Urged by Zinoviev. Foreign Office 'Bombshell.'"\(^4\) Thus began the

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\(^1\)See reproductions of election posters in The New Leader, October 31, 1924, pp. 6-7.

\(^2\)Ibid.

\(^3\)The Times (London), October 15, 1924, p. 4.

\(^4\)Charles Loch Mowat, Britain Between the Wars, 1918-1940. (Chicago: University of Chicago Press, 1955), p. 188.
famous episode in British electoral history of the "Zinoviev Letter." Somehow The Daily Mail had also come into possession of a copy. The Foreign Office, informed of the newspaper's intention to print it had published the letter together with a strong note of protest to the Soviet charge d'affaires, Rakovsky. This note was not signed by MacDonald, nor by Ponsonby, nor even by the permanent under-secretary, Sir Eyre Crowe, but by J. D. Gregory, the permanent civil servant in charge of the Northern Department. The language was blunt; either the Russian government was guilty of a breach of faith in not curbing the Comintern's propaganda, or, alternatively, "If responsibilities which belong to the State in other countries are in Russia in keeping of private and irresponsible bodies, the Soviet Government ought not to make agreements which it knows it cannot carry out."¹ As Mowat states, "This covering letter established in the public mind the authenticity of the Zinoviev letter, and insured that the most serious interpretation would be put upon it."²

The opposition seized upon this issue with the eagerness of men who have had their worst suspicions justified, and who as a result stand to gain immensely. As Mowat states, "'The Truth At Last' was the title of The Times first

¹The Daily Herald (London), October 26, 1924, p. 2.
²Mowat, op. cit., p. 189.
editorial on the same day; and on Monday a further charge was made against MacDonald (ironic, in view of the perfect timing of the publication for the anti-Labour cause) that his protest was 'tardy,' and that he had been trying to hide something."¹ In the meantime, the Labor camp had been thrown into complete confusion over these developments.

MacDonald, on the other hand, gave his Party no lead; he did not mention the letter over the week-end, although it was his department that had indicated its belief in the genuineness of the document by publishing the note of protest. When the Prime Minister finally broke his silence on Monday, the difficulties of Whitehall's hasty protest became fully apparent. The letter had reached the Foreign Office on October 10; it had not caught up with his motorcade until the 16th. He had immediately asked that the authenticity of the document be checked. Meanwhile, the draft of a protest note was sent to him; he got it on the 23d, made some changes in it, and sent it back to Whitehall uninitialed, expecting, as he said, to get it back before anything was published. Instead, the Zinoviev letter and the official protest were published on the 25th.² MacDonald went on to

¹Tbid.

²Snowden points out that the Foreign Office must, therefore, have published them before receiving MacDonald's revised draft, which he only sent off on the 24th, and asks why the telephone was never used throughout the proceedings. Philip Snowden, Autobiography. (London: The Macmillan Co., 1934), II, pp. 710-15.
point out the government's prompt handling of the affair and its publication of the letter, as evidence that the Labor government was a strong defender of the country against Bolshevism. His sidetracking of the question of the letter's authenticity made it clear that the government was placed in an embarrassing position over the whole incident. MacDonald was castigated by a leading opposition paper the following day:

_We have had a chequered history but never in modern times has a Minister of the Crown descended so low as to expose the Civil Service, which has no power publicly to defend itself, to attacks on policy for which the Minister alone is constitutionally responsible._

But it is difficult to perceive what other alternative position MacDonald might have taken at the time over an issue which had thrown the Laborite election campaign headquarters into complete confusion.

The election results revealed that the Zinoviev letter played an important role in defeating the MacDonald Ministry. The Conservatives returned to Parliament with a comfortable majority of 415 seats, as compared with 152 won by Labor and 42 won by the Liberals. "It must be noticed, however, that Labour also increased its vote, from 4.3 millions to 5.5 millions, running nearly a hundred more candidates than previously; it had a net loss of 42 seats (64 seats lost,

\footnote{The Times (London), October 28, 1924, p. 3}
22 seats won). "1 Despite its adversity, Labor could now claim itself to be the official opposition Party to the Conservatives, without having to face a serious challenge from the Liberal Party. For the election revealed that the electorate wanted a clear division between the right and the left. Therefore, for the Liberal Party, the defeat assumed disastrous proportions from which it was never to recover.

"They lost 116 seats, almost all of them to the Conservatives, and their popular vote dropped from 4.2 millions to just under 3 millions." Worst of all, their leader Asquith lost his seat at Paisley in a straight fight against a Labor candidate. Labor's chief losses were largely in the greater marginal areas where it had made gains the previous year: London, Lancashire, Cheshire, and the eastern counties.

"The trade union wing of the Party was proportionately stronger in the new Parliament, as compared with the I.L.P. members and candidates of divisional Labor Parties in the old Parliament."2

What about the authenticity of the Zinoviev letter, to which many sources attributed Labor's defeat in 1924? The Labor government did not have sufficient time before its fall to reach any conclusions concerning the origin of the letter.

\[\text{1Mowat, op. cit., p. 190.}\]
\[\text{2Mowat, Ibid., p. 190.}\]
The Conservatives set up a Cabinet committee to investigate the matter, and Austen Chamberlain reported to the House of Commons in December that evidence of authenticity had been "conclusive in the minds of all of the committee." Beyond this point he would go no further, except to exonerate all concerned: the Foreign Office, which had simply misunderstood MacDonald's wishes; and MacDonald, who contrary to Tory claims in the heat of the campaign, had not been dilatory in handling the letter. The electorate, in short, was asked to take the word of a committee, composed of interested parties, that the letter was genuine. Yet the Baldwin Ministry did not take up McManus' challenge to prosecute him. But Labor's protests against dropping the matter got little support from a people understandably weary of the whole affair.

The T.U.C. delegation, to whom Zinoviev had wanted to refer the question, made an investigation at the headquarters of the Third International, and included such items as the daily register of outgoing correspondence which contained hundreds of items in different handwritings; it was seemingly a difficult record with which to tamper. The delegation emerged convinced "so far as a negative can be proved

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1Great Britain, Parliamentary Debates (Commons), CIXXX (1924), pp. 671-74.
that no Red Letter ever left the Comintern. Of course, one has to take into account that the Comintern was staffed by trained revolutionaries who were capable of omitting items from a register of correspondence.

Beyond this point the matter of authenticity has been allowed to go unsolved. Letters from Sir Eyre Crowe to Lord Haldane shed little additional light on the mystery; Crowe claimed that the Foreign Office received, after the election, "proof that Zinovieff had admitted to the Soviet Government in Moscow of having sent the letter of September 15," but the nature of this proof was not disclosed. As for the publication of the letter and of the note of protest, Crowe blamed his own misunderstanding of MacDonald's intentions.

Perhaps the Foreign Office at the time may have felt that it was bad political tactics not to publish the letter; Sir Eyre Crowe wrote MacDonald on October 25, 1924, explaining that one of his motives in publishing the letter had been a desire to spare the government from the charge that "information vitally concerning the security of the Empire had been deliberately suppressed during the elections."
But the question remains whether it was any part of their job to make amends on either count for MacDonald by taking action contrary to his instructions as they understood them.

The Aftermath

Disillusionment is one of the political facts of life for a Party that has been defeated at the polls; thus some of the more sensitive members could find comfort in H. G. Wells' fierce lament:

But the new Labor Government has shown itself the least imaginative of Governments. It has excreted or suppressed all its creative elements. It is a class government and it embodies the subdued mind of the common wage-earner. ... Its idea of life is the life of the back street in which it has always lived, and it wants more back streets to live in, with an occasional treat in the garden of Buckingham Palace. ¹

Numerous other recriminations in the Party took different forms. Among the rank and file, criticism of MacDonald's leadership was not very serious. But some of his colleagues raged. Philip Snowden bemoaned the great opportunities we have wantonly and recklessly thrown away by the most incompetent leadership which ever brought a Government to ruin.²

His wife caused a political sensation by making a similar

²Snowden, op. cit., p. 863.
statement before a Canadian audience. Several prominent Party officials, including Snowden, Wheatley, and Ernest Bevin, approached Arthur Henderson to ask him to stand for election as head of the parliamentary Party. But Henderson the Party secretary, was well aware of MacDonald's popularity with the rank and file; and, besides, his loyalty and integrity restrained him from taking advantage of Labor's defeat by seizing the leadership. Instead, he took the chair at a dinner given from MacDonald by the T.U.C. General Council and the Labor Party Executive for the purpose, as Henderson frankly stated, of disproving rumors that the ex-Premier was about to be replaced as leader.  

Efforts to depose MacDonald, however, continued to be exerted within the Party. Within the I.L.P., Clifford Allen, the chairman, and Robert Smilde, the miners' leader and chairman of the parliamentary Labor Party Executive in 1924, held the fort for MacDonald against the attacks of the flamboyant Clydesiders. When the rebels failed to convert the I.L.P., they then tried to postpone the selection of a Party leader, and, having failed in this endeavor, they then selected George Lansbury to run against MacDonald. He

declined to stand, however, and MacDonald was re-elected with but five dissenting votes. For all intents and purposes this ended all further opposition moves to displace him as head of the Party.

Many members of the Party's left wing rejoiced over the fact that the frustrations, compromises, and responsibilities of office were now behind them. John Wheatley rejoiced that Labor was free once more. "We can now return to a fighting policy."¹ Neil MacLean argued that as long as there was no majority in the House of Commons, Labor was more powerful in opposition than as the government, for they could make Government by the Liberals and Tories absolutely impossible, and they could compel them to do something for the classes the Labor Party represented.²

Even Sidney Webb, according to his wife, agreed with this stand:

A strong Socialist H.M.O. His Majesty's Opposition, very seldom in office, he thinks would be the likeliest instrument of progress. Possibly Lansbury and Cook have, after all, their uses in keeping the Labor Party out of office.³

This inherent defeatism of Labor's left wing has remained to

¹The Daily Herald, (London) November 6, 1924, p. 5.
²Ibid., November 12, 1924, p. 3.
plague the Party down to the present day. ¹

Despite these protestations and others which arose later, it may be said that Labor made the correct decision in accepting office in 1924, even though the leaders of the Party knew that it would be for only a short time and that the opposition could turn them out at will. For political decisions are always a matter of choosing between alternative courses of action, and the alternative which the Labor Party rejected in 1924 was less sound than the one they chose—, that of accepting a chance to prove, by sound administration and moderate policy, that Labor was "fit to govern." The other choice of simply accepting office to issue a socialist manifesto and go to the country—rested on the delirious conclusion that the British working classes were ready for a tumultuous "Socialist Revolution." Another option to this for Labor was to refuse entirely to accept office, but this position would have exposed the whole movement to charges of cowardice and irresponsibility. The alternative of working out an alliance with the Liberals so as to use the clear majority in the Commons for progressive measures was, practically speaking, impossible. MacDonald could not even

¹Ray Jenkins lists this as one of the weaknesses afflicting the Labor Party at the present time. (Foreign Affairs, April 1960, p. 494.)
have suggested such a course without meeting cries of "Treachery!" and "Traitor!" on every hand. Besides, unless it brought about a fusion of the two political Parties—which few Liberals and Laborites wanted—this would have led to a prolongation of three-party politics in a political system designed for two.

Labor's moderate policy in the end did succeed in making the Liberals appear as the reactionary allies of the Tories. On the other hand, it left a wide gap between its policy and anything that could be called extremism, so much so that there was almost room for the Liberal to squeeze into this gap. The risk, however, was not too great when one looks at the political condition of the Liberal Party. The Liberals were too divided to agree on anything, and as long as Labor had the powerful backing of the trade unions, it had little to fear of being outbid in the future. But there was no reason for the Government to have run the risk at all, and many political opportunities were lost for putting the Liberals badly on the defensive.

In viewing all of the circumstances which confronted MacDonald in 1924, it is surprising that the Government accomplished as much as it did. It was attacked on the right by men who felt themselves too practical for socialism, and on the left by men who felt themselves too socialist to be practical. There is some truth to the charge that it
almost compromised its socialist doctrines out of existence, and that it failed to convert into reality the heavenly dream of its more rabid socialist followers—a socialist commonwealth. But there were definite compensations to offset these weaknesses, for Labor proved to the electorate that it was "fit to govern" and that it was the only effective opposition Party to the Conservatives. The electorate, on the other hand, revealed their confidence in Labor in 1924 by returning it as the official opposition Party to the Conservatives in the House of Commons. Perhaps no other political Party in British history governed under more perplexing political conditions than did the Labor Party in 1924.
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