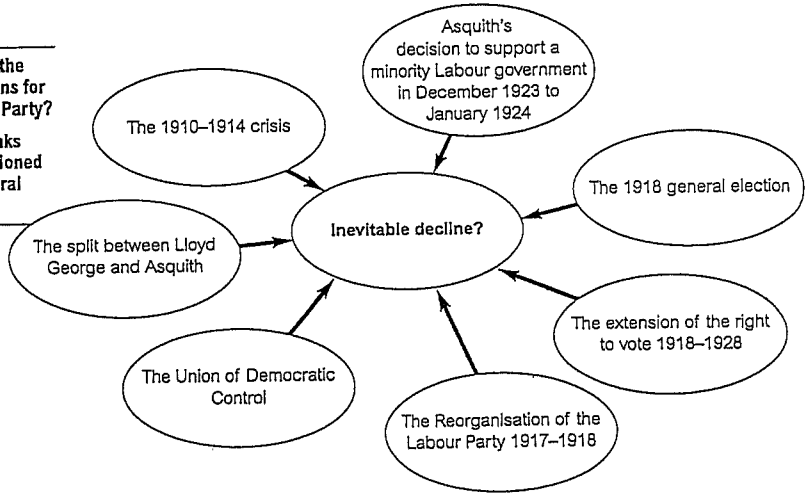
The decline of the Liberal Party is linked inextricably to the rise of the Labour Party. It was the Labour Party, in the period 1910 to 1931, that eventually replaced the Liberal Party as the progressive party in British politics. What can explain such a change? Was the Liberal Party's decline inevitable or were specific events responsible for its fall. In the period 1910 to 1931 Liberal politics was dominated by two individuals – Henry Asquith (who died in 1928) and David Lloyd George (who died in 1945). Were these two politicians responsible, at least in part, for the Liberal party's declining political fortunes?

1. What do you regard as the *two* most important reasons for the decline of the Liberal Party?

2. Can you identify any links between the factors mentioned above in causing the Liberal Party to decline?



5.1 How strong was the Liberal Party in the period before the outbreak of the First World War?

In 1910 the position of the Liberal Party in national politics seemed very strong. By December 1910 the Liberal Party had won three successive general elections. As a result, the Liberal government was able to pass the Parliament Act in 1911, which brought about a major change in national politics. The Act removed the House of Lords' absolute veto on legislation, which had been a major problem for the Liberal government before 1911. The House of Lords was the unelected house – consisting of hereditary peers – which had a large Conservative majority. In the period 1906 to 1909 the House of Lords had vetoed important Liberal proposals on elections and licensing. In 1909 the House of Lords went so far as to reject the government's Budget, which sparked off a major constitutional crisis. It took two general elections in 1910 (January and December) to resolve it, and from 1911 onwards, the Parliament Act meant that the Liberals did not have to fear opposition from the Lords.

The major national opponent of the Liberal Party was the Conservatives. The Conservatives had been badly split from 1903 over the issue of tariff reform. This split had been healed by 1910, but the party lacked effective national leadership, and A.J. Balfour stood down as Conservative leader to be replaced by Andrew Bonar Law.

In his book *The General Elections of 1910*, Australian historian Neal Blewett pointed out that the Liberal government seemed to have a bright future. This view was supported by an important regional study by British historian P.F. Clarke, in *Lancashire and the New Liberalism*. The Budget of 1909 established the principle of progressive taxation. This meant that the rich paid more tax than the poor. The Conservatives supported tariff reform which planned to raise revenue by taxing food. This tax proposal would affect the poor much more than the rich. According to Blewett's and Clarke's views, British national politics was becoming 'class based' before 1914. In the long term this would mean that the Liberal Party would attract voters both from the poor and from the middle classes – a strong electoral base which should help the Liberals to remain a major force in national politics.

However, there were problems facing the Liberal government before 1914. In 1935 George Dangerfield wrote *The Strange Death of Liberal England*. He suggested that the Liberal government was on the verge of collapse when war broke out in August 1914. According to Dangerfield, the Liberals faced a number of inter-connected crises: the 'Irish Revolt, the Women's Revolt and the Labour Revolt'. The 'Irish Revolt' referred to the Ulster Crisis of 1912 to 1914 which brought Ireland close to civil war in 1914. The 'Women's Revolt' referred to the Suffragette campaign for votes for women. Finally, from 1910 to 1914 Britain faced major industrial unrest when miners, railwaymen and dockers launched national strikes.

Yet on closer examination the crises facing the Liberal government were less serious than Dangerfield suggested. The Suffragette movement made national headlines by their actions before 1914. However, by the outbreak of the First World War the Suffragette movement was in decline. The 'Cat and Mouse' Act, introduced by the government in 1914, dealt effectively with the issue of Suffragette hunger strikes in prison. Also the death of Emily Davison at the 1913 Derby, when she threw herself under a race-horse owned by the King, led to a fall in militant action.

The 'Labour Revolt' looked more serious. The outbreak of industrial unrest coincided with the arrival in Britain of radical socialist ideas from mainland Europe. The most significant new idea was syndicalism, which suggested that a social revolution could occur through concerted industrial action, which would be most potent in the form of a nationwide general strike. In 1914 three major unions, the railwaymen, miners and general workers formed the Triple Industrial Alliance. This alliance stated that if one of the three unions went on strike the other two would join them. This looked very much like the syndicalist general strike.

However, the main reason for industrial unrest was a rise in the cost of living (inflation), which led unions to go on strike to gain pay increases. The Triple Industrial Alliance aimed not to overthrow the government but to ensure that their strikes would be short and that the trade unionists would win.

The most serious crisis facing the Liberals before 1914 was Irish Home Rule. From 1910 the Liberals were kept in power because they were supported by the Irish Parliamentary Party. In return for this support the Liberals introduced a Bill to bring Home Rule for Ireland. As the House of Lords now had only a delaying veto for two years instead of an absolute veto, Irish Home Rule would become law in 1914. From 1912 to 1914 opponents of Home Rule (mainly in North East Ireland) protested against the measure. In 1912, they even formed their own army, the Ulster Volunteer Force, to oppose Home Rule by force if necessary. The pro-Home Rule faction in the rest of Ireland formed the Irish Volunteers to defend Home Rule. A potential armed conflict seemed likely by 1914. However, even before the outbreak of war in 1914, Asquith, the prime minister, was planning to exclude the six Ulster counties of North East Ireland from the operation of Home Rule, as a bid to diffuse the crisis.

Members of the Transport Workers Union at a mass meeting with a 'Daily Herald' banner.

Was the Labour Party a potential threat to the Liberal Party before 1914? The Labour Party had been formed in 1906, but by 1910 it had only 42 MPs. Although it was still a relatively small national party, it was split over what tactics to follow. Some Labour MPs wanted to offer general support to the Liberal government. Others wanted to support or oppose Liberal proposals on their merits. However, although small in number and internally divided, the Labour Party's future looked rosy. In 1908 the Miners' Federation of Great Britain, one of Britain's largest trade unions, switched support from the Liberals to the Labour Party. In 1911 the Liberals introduced payment for MPs, which greatly aided the Labour Party as many of its candidates were working men. In 1913 the Liberals passed the Trade Union Act, which allowed trade unions to use funds for political purposes, unless a trade union member expressly forbade the use of his funds for that purpose. This increased greatly funds available to the Labour Party. Finally, in 1912 the Labour Party launched two national newspapers, the *Daily Herald* and the *Daily Citizen*, which gave the Labour Party a national voice.

1. What was the most serious problem facing the Liberal government in the years 1910 to 1914? Give reasons for your answer.

2. Was the Labour Party a serious threat to the Liberals before 1914?

5.2 How important was the First World War to Liberal Party decline?

Britain declared war on Germany on 4 August 1914, after an intense debate in the House of Commons. At the time there was a fear that the Liberal government would split on the issue of declaring war. In the end, only one cabinet minister (John Burns) and two junior ministers (Trevelyan and Ponsonby) resigned. In her book, *Britain and the Origins of the First World War*, Zara Steiner suggests that the role of David Lloyd George was pivotal in keeping the Liberal government together. As Chancellor of the Exchequer, Lloyd George was the senior radical within the Liberal Party. He had vehemently opposed Britain's involvement in the South African War (Second Boer War, 1899–1902). Steiner believes that if Lloyd George had opposed entry into the war he would have split the Liberal government. In fact, Lloyd George became the most energetic and dynamic member of the government in prosecuting the war, being a great success as Minister of Munitions in 1915–16.

The impact of the war on Liberal principles

Entry into the First World War did, however, create a large number of problems for the Liberals. The need to mobilise the entire nation for war seemed to go against traditional Liberal principles. In 1914 the government passed the Defence of the Realm Act, which introduced strict censorship and gave the police the authority to arrest persons associated with anti-war activity. During the war, in a bid to maximise war production, the Liberal government had to take control over the coal mines and railway system. The most serious issue for Liberals, however, was the debate over the introduction of compulsory military service (conscription). Initially, the army could be filled with willing volunteers. However, by late 1915, the heavy casualties on the Western Front increased the demand for some form of compulsion. In October 1915 Lord Derby was appointed Director-General of Recruiting. He suggested an element of compulsion, which was introduced in May 1916. However, the huge losses sustained by the British Army at the Battle of the Somme (July–November 1916) led to the demand for full conscription. This issue was a major reason why Asquith was forced to resign as prime minister in December 1916, to be replaced by David Lloyd George. However, Asquith had never been comfortable as a war leader. In contrast, Lloyd George became 'the man who won the war'. He transformed traditional Cabinet government from December 1916, introducing an inner, 'war cabinet' for the more efficient management of the war. Lloyd George also recruited senior businessmen to run important aspects of the war effort, such as shipping. Finally, Lloyd George took over central direction of the entire war effort, both civil and military. His style of war leadership was emulated by Winston Churchill in the Second World War.

The Maurice Debate, 1918

Although Britain's direction of the war improved considerably with the appointment of Lloyd George as prime minister, the change of leadership had a devastating effect on Liberal unity. Asquith left the government and was supported by a large number of Liberal MPs. Meanwhile, Lloyd George led a coalition of Liberals, Conservatives and Labour. The split between Asquith and Lloyd George reached its height with the 'Maurice Debate' of May 1918. In March 1918 the Germans launched a last ditch offensive to win the war on the Western Front before the full might of the US army could be deployed. The German Army almost broke through the British forces of the 5th Army around Amiens. If they had succeeded they would have split the Allied Front in two. It was alleged that the British army lacked effective numbers of reserves to stop the Germans. Major General Maurice, a former Director of Military Operations, raised the issue in *The Times* and in the subsequent House of Commons debate Asquith launched a severe attack on Lloyd George. The debate was seen as a vote of confidence in the Lloyd George government. In the end the government won the vote, with 72 Liberal MPs supporting Lloyd George – but 98 Liberal MPs had supported Asquith. The war ended, but the split continued, and in the December 1918 election – the 'Coupon Election' – Asquithian Liberals and Lloyd George Liberals opposed each other.

A revolution in Irish politics

From January 1910 to the outbreak of the First World War the Liberals had been kept in power with the support of the Irish Parliamentary Party. In return for this support the Liberals introduced the proposal of Irish Home Rule. Events in the First World War shattered this relationship. At Easter

1916 a small group of Irish Republicans launched an uprising against British rule. Although the uprising itself was defeated easily, the execution of its leaders caused Irish public opinion to swing away from supporting the government and towards the radical Sinn Fein Party, which was associated with the uprising. However, the real turning point came in May 1918 when the British government attempted to extend conscription to Ireland. This united Irish opinion, with the Irish Parliamentary Party walking out of the House of Commons and joining Sinn Fein in an anti-conscription campaign. In the December 1918 election Sinn Fein won a landslide victory in Ireland, gaining 75 per cent of Irish seats, while the Irish Parliamentary Party lost most of its electoral support. In January 1919 most of the Irish MPs met in Dublin to declare an Irish Republic, and from then on the of majority Ireland's MPs did not sit in the House of Commons. Finally, in 1922, the Irish Free State was created, comprising three-quarters of the island of Ireland. The MPs from North East Ireland (Ulster) were predominantly Unionist and supported the Conservatives from 1922.

Labour reorganisation and development

In 1914 the small Labour Party in parliament was split. Some – mainly trade union-sponsored MPs – supported the war. Others, such as Ramsay Macdonald, the Labour Party Secretary, opposed it. The split widened in December 1916 when Arthur Henderson, a leading Labour MP, joined Lloyd George's coalition government. However, a turning point in Labour fortunes occurred in August 1917. A conference of socialists from across Europe was convened, aiming to devise a peace plan to end the carnage of the First World War. Henderson, as Britain's leading Labour MP, wished to go to the conference, which was in Stockholm in neutral Sweden, but he was prevented from doing so by Lloyd George. As a result, Henderson left the government. From then on he set about reuniting and reorganising the Labour Party, and in 1918 a new party constitution was approved. By December 1918, when the 'Coupon Election' took place, Labour had an effective nationwide organisation and was united around a strong socialist party programme.

During the war a group of disillusioned Liberals helped form the Union of Democratic Control. This group put forward the view that the war had been caused by secret diplomacy. It contended that if the populations of each of the belligerent states had been aware of their country's military and diplomatic commitments before 1914, then they would have openly opposed them. These views were adopted by most Labour MPs and, as a result, large numbers of disillusioned Liberal supporters joined the Labour Party. In many ways the rise of the Labour Party during the First World War had more to do with its views on foreign policy than its views on domestic issues.

The 'Coupon Election', 1918 – a turning-point?

All these changes had an impact on electoral support. In the 1918 election the Asquithian Liberals and Lloyd George Liberals opposed each other. The 159 Lloyd George candidates were issued with a letter of support signed by Lloyd George and Bonar Law, a letter which Asquith referred to as a 'coupon'. This 'Coupon Election' proved to be disastrous for the divided Liberals.

In the December 1910 election the Labour Party had attracted just 7 per cent of the vote. In 1918 this had risen to 22 per cent. By contrast, the Liberal share of the vote dropped from 43 per cent in December 1910 to 13.5 per cent for Lloyd George's Liberals and 12 per cent for the Asquithian Liberals in 1918.

1. What do you regard as the most important issue in the First World War which might explain the decline of the Liberal Party?

5.3 Why did the Liberal Party decline after 1918?

As the First World War drew to a close the conflicts within the Liberal Party intensified. Many of these were long-standing, but most arose immediately from the war itself. Several principles of Liberalism were victims of 'total war'. Censorship, for instance, offended the party rank-and-file. Conscription, both industrial and military, extended the coercive role of the state at the expense of Liberal belief in individual liberty. Asquith's reluctant acceptance of the need for military conscription provoked the resignation of his Home Secretary, Sir John Simon, early in 1916. Free trade, the guiding principle of 19th-century Gladstonian Liberalism, had also fallen foul of the war. McKenna's 1915 budget not only increased taxation, but introduced tariffs on luxury goods.

Free trade: International trade free from import or protective tariffs. Historically Liberals judged this vital both for the British Empire and to maintain peace.

Above all, tensions within the Liberal Party came to a head in December 1916, when Lloyd George replaced Asquith as Prime Minister. Along with many Conservatives, Lloyd George had long argued that Britain needed a more efficient, concerted war effort and that Asquith was not providing the necessary leadership. A historical view, blaming Lloyd George for conspiring with the Conservatives to remove Asquith and thereby splitting the Liberal Party into two factions, developed around the events of December 1916. Besides crediting Lloyd George with a foresight beyond even his undoubted skill at weighing up the political mood, this neglects both the extent to which parts of the party supported Lloyd George and the extent to which Asquith and his supporters were actively opposed to the government. While refusing to serve under Lloyd George and sitting on the opposition benches, Asquith initially promised the Coalition an attitude of 'general support'. Nonetheless, from 1917, as the historian Alan Sykes has argued, the Liberals were split between 'a leader who was no longer prime minister, and a prime minister who was not leader of the party'.

What impact did the 'Coupon' election of 1918 have on the Liberal Party?

When the first general election since 1910 was declared for December 1918, there were, effectively, two Liberal Parties in existence. The differences that emerged in 1916 had hardened into opposition. Broadly the Liberal idea of individual freedom was in conflict with the desire to fight the war effectively. During the war there were sharp clashes over the extension of duties on Indian goods, extending conscription to Ireland and excluding conscientious objectors from the franchise under the new Representation of the People Act. Most historians consider that the Maurice Debate of May 1918, when Asquith (for the only time) led opposition to the Coalition over the inaccuracy of War Office troop figures, cemented the divide within the party. Treating it as a vote of confidence in his government, Lloyd George won backing from 71 Liberals, but 98 voted against. In parliament separate whips operated for each group, but local Liberal Associations were increasingly partisan - mostly backing the Asquithians.

Whips: MPs of a party responsible for ensuring MPs support that party's position in the House of Commons.

The allegiance of the local associations was important in Lloyd George's calculations in 1918. With an electorate expanded threefold from 1910 to some 21 million, constituency organisation was essential. Despite some negotiations for reunion with the rest of the Liberal Party, the Prime Minister decided to continue the Coalition, issuing a coupon, signed by himself and Conservative leader Bonar Law, to approved candidates. Seats were divided between 374 Conservatives and 159 Lloyd George Liberals. In some seats Coalition Liberals backed Conservatives against Liberals and likewise Liberals backed Labour rather than Coalition candidates. In this election, with war having ended only a month earlier, the coalition won a landslide

with 332 Conservatives and 133 Coalition Liberals returned. By contrast only 28 Asquithians won: John Simon, Reginald McKenna, Herbert Samuel and Asquith himself, in East Fife, were all defeated.

The Conservatives were the main beneficiaries of the 'coupon' election. However, the coalition programme had been radical in its proposals for social reform and reconstruction, and had gained Asquith's approval. Liberal ministers, notably Fisher at Education and Addison at Housing, acted on this programme and fought against the 'Geddes Axe' of 1922. This cut public spending after recession took hold late in 1920. As a result the position of the 'wee free' Independent Liberals seemed uncertain. Even when Asquith returned to parliament in 1920 he provided only weak leadership. The differences between Liberals, to most voters, seemed more a question of personality than policy.

'Wee free': Nickname of the Independent Liberal MPs after 1918 – opposed to the Coalition and its Liberal supporters.

The electoral position of the Coalition Liberals was no more certain however. In Parliament they depended upon Conservative support and lacked real party and constituency organisation. Their successes in 1918 had come on a wave of patriotism at the victorious end of the war and by avoiding Conservative opponents in the election via the 'coupon'. These were conditions unlikely to last for long.

Lloyd George was aware of this problem. Through 1919 and 1920 there was discussion of a formal union with the Conservatives to form a 'centre party', a large anti-socialist grouping. This further split the Liberals. At the 1920 National Liberal Federation General Meeting in Leamington Spa, Coalition Liberals who attended were denounced and forced to withdraw. In the aftermath of Leamington Spa the Lloyd George constituency organisations, as many as 220, supported from the Prime Minister's own fund, were created. Competing magazines, the *Liberal Magazine* and *Lloyd George Liberal Magazine* were published. Division was now spread throughout the party.

1. What evidence is contained in the cartoons to suggest that Lloyd George was responsible for the decline of the Liberal Party?

2. Of what value are these cartoons to a historian writing about the decline of the Liberal Party in the early 1920s?

INTO THE LIMELIGHT.

THE COLOSSUS: A TALE OF TWO TUBS.

Two cartoons from *Punch* magazine from the early 1920s

Why did Liberal support erode?

This question needs to be addressed in relative terms and over the broad inter-war period. It was the party's failure to expand its support that was crucial and failure was often due to the number of candidates it could field. In the 1924 election (the third in three years) the party could only afford to run 346 candidates. In itself this suggested its third-party status. The party's proportion of the electorate fell dramatically, from 29 per cent in 1922 to 10.7 per cent in 1931. Only in 1929 did it receive more than 5 million votes, still a smaller volume than Labour in its heavy defeat of 1931.

The divisions within the Liberal Party were not solely responsible for the party's declining support. The expansion in the size of the electorate in 1918 meant effective local organisation was now vital for political parties. Compared with Labour, Liberal local organisation was poor. Labour in 1918 had reorganised its constituency structure and had the financial support of the trade unions. The organisational and financial strength of the Conservatives was also strong. Besides the lack of morale caused by divisions among the party leaders this lack of funds meant that fewer candidates could be fielded. Herbert Gladstone at the party HQ reported that organisers and activists were drifting away into the Conservative and Labour parties. Survival was achieved in cases such as Sheffield and Bristol through the creation of local alliances with Conservatives. Elsewhere Liberal local government representation, especially after the disastrous 1919 elections, went into rapid decline.

Without resources of finance and personnel the Liberals struggled to appeal to the new working-class and women voters. To many historians the rise of class politics in this period signalled the decline of the Liberals, caught between Labour and the Conservatives. Certainly, the Conservative and Labour votes were more geographically concentrated, in Southern and suburban, and industrial working-class constituencies respectively. This was vital in the first-past-the-post British electoral system. The Liberals had more even distribution.

The rise of Labour, especially in the industrial working-class areas, eroded the Liberal vote; it was against Labour opponents more than Conservatives that the Liberals struggled in the inter-war period. Mining areas which Liberals had held were solidly Labour by 1922. The Liberals were also less at ease with the growing influence of trade unionism than Labour. However, since the Conservatives also polled heavily among many of the new voters and Labour struggled in cities such as Liverpool and Bristol, class was clearly not the only factor behind voting behaviour.

Labour was increasingly able to pose as the alternative to the Coalition government. Lloyd George took a heavy-handed attitude. He used the force of the state against Labour unrest in the 1920 miners' strike. This contributed to the impression that Liberalism was neglecting the working class. On issues such as housing, unemployment, foreign and Irish policy, Labour benefited from the absence of distinctive Liberal leadership by Asquith. In by-elections against the Coalition, Labour picked up 14 seats between 1918 and 1922. The Asquith Liberals were not always able to field candidates and after 1919 only picked up two seats in Louth and Bodmin, the rural, non-conformist, Celtic fringes of Britain, which remained the party's only firm strongholds.

Non-conformist: A Protestant who is not a member of the Church of England. Religious groups include Methodists, Baptists and Quakers.

1. What factors contributed to the divisions in Liberalism in the 1920s?

2. Why did Labour replace the Liberals as the main opposition to the Conservative Party?

5.4 Why did Lloyd George fail to revive Liberal fortunes in the 1920s?

In 1922 the Conservatives withdrew from the Coalition. A central figure in this was Stanley Baldwin, the Conservative leader from 1923 to 1937. Baldwin was concerned that if the coalition continued the Conservatives would be associated with the corruption of Lloyd George's sale of honours (see chapter 7) and that Lloyd George might split the Conservatives just as he had done the Liberals. Baldwin's suspicion of Lloyd George's conspiring, historian Maurice Cowling has argued, led him to enter into a loose agreement with Labour leader Ramsay Macdonald to keep Lloyd George out of government.

Sale of honours: Allowing individuals to buy hereditary peerages and knighthoods.

The 1922 election exposed the weakness of the National (ex-Coalition) Liberals under Lloyd George. He was out of government for the first time in 16 years. The Liberals were reduced to 62 seats, despite the fact that most (and especially those in Scotland) were spared Conservative opposition. It also showed the divisions within Liberalism: National and Independent Liberals fought each other in several seats and in some there were even three Liberal candidates. The Independent Liberals increased their representation to 54, winning 32 seats from the Conservatives, but only one from Labour. Labour now outnumbered the Liberals and included some former Liberals within its ranks.

Reunion and revival?

The defeat of 1922 placed the possibility of reunion back on the agenda of Liberal politics. There were moves towards this, although they were strictly limited. This was due to Asquith's mistrust of Lloyd George and his overtures towards Labour and the continuing links between ex-Coalitionists and the Conservatives. By 1923, while the competing magazines had ceased publishing, Lloyd George was still reluctant to free up his fund for the Liberal Party or his separate HQ. What succeeded in uniting the Liberals was Baldwin's declaration in favour of protection at the end of 1923.

Liberal leaders were able to unite in defence of Free Trade. It says something about the condition of Liberal politics that it took a Conservative leader to achieve what two Liberal Prime Ministers could not. Local associations were revived by the old battle-cry of Free Trade. Substantial finance was forthcoming from the Lloyd George Fund. Despite this, Lloyd George allowed Asquith to lead the united party. This was because his supporters lacked a national constituency organisation. The Liberals defended the status quo and promised unspecified social reforms. Asquith argued that protection would push up food prices. Various schemes such as the extension of unemployment insurance and state investment in the economy were proposed to tackle unemployment. While Labour also defended Free Trade, Liberals criticised its ideas for the nationalisation (state ownership) of industry.

The Liberals won 158 seats, polling well in many of its traditional and nonconformist regions - the west country and the industrial north-west. Some 69 seats were won from Conservatives, but only 13 from Labour, with voting in northern England, South Wales and the Midlands (Derby, Leicester) demonstrating the Liberals' diminishing working-class support. Baldwin's protectionism had suffered a clear rebuff, with 258 Conservatives in the new parliament weighed against the Liberals and 191 Labour MPs after the Free Trade election.

The Liberal leadership was once more divided over its course of action. With the balance of power within the Liberal Party in Asquith's favour, the prospect of co-operating with the Conservatives was unpopular. Equally, outright alliance with the Labour Party was feared. Ultimately, a policy of

independence was pursued, supporting Labour with the hope of influencing the policy of Macdonald's inexperienced administration. For such a strategy the Liberals required a united leadership to put pressure on Labour. Asquith adopted a rather passive attitude, awaiting Labour's failure. Lloyd George, on the other hand, while hoping that Labour would push reform (including electoral reform) forwards, was also hoping for an anti-socialist coalition with the Conservatives. Neither Baldwin nor Macdonald looked favourably upon such manoeuvring, and divisions between the Liberal leaders were reinforced. Yet the Liberal factions needed each other. Lloyd George and his supporters were increasingly aware that given limited prospects for coalition, they needed the party machine as a base. Under Asquith's control, the party organisation remained poverty-stricken and in need of the Lloyd George Fund.

The division meant that for the 1924 election (the third since 1922), Lloyd George was prepared to give only £50,000 to the party (compared with £160,000 for the 1923 contest). The upshot of this was that the Liberals fielded only 346 candidates, received less than 3 million votes and were reduced to a mere 40 MPs. Beyond the Celtic Fringe (North Wales, Scottish Highlands) the Liberals were decimated - losing 63 of the 67 English county seats won in 1923.

Lloyd George and new policies?

The 1924 result suggested that the Liberals were not seen as an alternative to Labour or the Conservatives. During the campaign, historian Chris Cook argues, 'the Liberals said nothing not being said already by Labour or Conservative'. The lack of a distinctive identity and original policies had blighted Liberal prospects since 1918. In 1923 this had been obscured by the defence of Free Trade, but by 1924 with the Conservatives abandoning protectionism and securing a landslide victory, the shortcomings of Liberal thinking and policy were more evident. Too easily Liberals in the 1920s resorted to outdated Victorian Liberal ideas in the absence of thoughts on the modern world. In addition, there was the lack of leadership provided by Asquith, who was defeated in 1924. Lloyd George, for good or ill, was a 'dynamic force' and one recognised as bringing ideas into the party, while being in no sense bound by them.

Summer School movement: A forum for Liberal policy discussion, independent of the party, founded in 1921. Intellectuals such as Keynes and Beveridge were among the participants. It was influential on Lloyd George's policy in the later 1920s.

John Stuart Mill: Liberal philosopher, 1806–73.

From 1921 the Liberal Summer School movement, founded by radicals like E.D. Simon and Ramsay Muir of the Manchester Liberal Federation, had served as a forum for debate and new policies within Liberalism. They had attempted to build upon pre-war New Liberalism and its belief in the positive, interventionist role of the state in securing the 'common good', an idea that came out of John Stuart Mill's thinking. They also supported more traditional Liberal ideas of individual liberty and choice. The war had emphasised the more coercive role of the state. In the 1920s the competing interests of capitalism and labour (especially in industrial conflict and unemployment) made it more difficult for Liberal policy to claim to represent the 'common good'. New thinking was necessary to revive both the party and Liberalism itself.

From 1924 Lloyd George chose to appoint expert officials on inquiry panels to devise new policies. Such panels drew from the personnel of the 'summer schools'. The Land Inquiry Committee in 1925 published *Land and the Nation*. (Because of the colour of its cover it was known as the 'Green Book'.) It advocated state purchase of land. This would be leased to those who would use or cultivate it wisely and productively. *Coal and Power* (1924) had proposed a similar scheme for the mining industry.

However, re-thinking was inevitably linked to in-fighting within the Liberal Party. Such proposals were seen as too close to socialist nationalisa-

tion or too interfering on the part of the state for many Liberals. The fact that Lloyd George kept these panels independent of official Liberal organisation and funded them himself, also provoked opposition. Lloyd George was reluctant to release his fund to an inefficient party machine. To critics it seemed that Lloyd George, through these committees and organisations like the Land and Nation League, formed late in 1925, was creating a powerbase at the expense of the Liberal Party. As ever, lack of finances, after the failure of the 1925 'Million Fund', was central to Liberal problems. Lloyd George had offered to fund the party for three years in return for it adopting his land policy and this had deepened inner-party conflicts. By early 1926, when the land proposals were limited to acquisition of land for sale, some compromise had been reached.

However, by mid-1926 divisions had arisen once more. The Liberal position on the General Strike of May 1926 was to condemn the TUC for a constitutional challenge to the government. Lloyd George, now in more radical mood, argued that the government as much as the unions was worthy of condemnation and that a negotiated settlement was needed. Asquith turned on his old enemy. While Lloyd George's position as party chairman was secure, his position in the Liberal shadow cabinet was not. However, a stroke forced Asquith to resign as party leader in October and only Lloyd George had the qualities of leadership and wealth to help the party. With Lloyd George as leader, the old-guard followers of Asquith in the party, especially those who ran its organisation, such as Vivian Phillips, Herbert Gladstone, and Walter Runciman, withdrew. Herbert Samuel, not only an effective operator, but a neutral figure in party factionalism, was appointed chair of the organisation committee in 1927. Re-organising the party and promising to finance it for three years put the Liberal Party firmly under Lloyd George's control.

The Yellow Book and the 1929 general election

From 1925 the Liberal Industrial Inquiry, which included such luminaries as E.D. Simon, Ramsay Muir, Seebohm Rowntree, economist John Maynard Keynes, Herbert Samuel and Lloyd George himself, had been considering questions of industry and unemployment. In 1928 their conclusions, *Britain's Industrial Future* (the 'Yellow Book') were published. Its proposals were for government loans (more than £200 million) for public works such as electrification and road-building, a national investment board to direct resources into home industries, and expert staff to advise the government on economic matters. In terms of industrial relations, the hope was that a voluntary framework into which labour and management could enter would reduce conflict. Less than two years after the General Strike this did not, however, seem entirely realistic.

Broadly speaking, the state was to play a supervisory role, guiding and aiding, but not interfering with the economy. The document reflected the influence of the radical economics of Keynes in which the state acted to iron out the ups and downs of the trade cycle and unemployment. It also drew from Lloyd George's belief in the positive role and responsibility of the state, a theme of his pre-war New Liberalism that continued through the 1920s. Keynes had been a critic of Lloyd George's role in negotiating the Versailles treaty of 1919. That year he published *The Economic Consequences of the Peace*, arguing that the treaty was too harsh on Germany. But he was active in the 'summer schools' and owner of the influential Liberal magazine, *The Nation*.

Certainly Liberal thinking from the mid-1920s influenced what the historian Arthur Marwick termed 'middle opinion' in the 1930s. Figures like Harold Macmillan shaped moderate 'one nation' Conservatism.

Hugh Dalton and Hugh Gaitskill shaped moderate Labour thinking in the post-war world. Keynes and Beveridge (also involved in the summer schools) were responsible for shaping much of the post-1945 economic and social framework. Some historians, notably Robert Skidelsky, have judged *Britain's Industrial Future* a bold, radical document, addressing social problems and setting the agenda for future politicians. Others, like Sykes, consider the policy initiatives of the 1920s to have lowered the emphasis on Liberalism's popular, moral appeal to the strengths of individual character in favour of an emphasis on the technical management of the economy. This was understood only by an elite of experts.

In March 1929 *We Can Conquer Unemployment* (the 'Orange Book') put forward more concrete policy proposals. Politically, Lloyd George had always stressed the need to deal with the question of unemployment. *We Can Conquer Unemployment* proposed a self-financing two-year programme of road- and house-building that would reduce unemployment to 'normal' proportions, without leading to inflation. With Keynes as co-author of the accompanying *Can Lloyd George Do It?*, which explained the plans to solve unemployment, this was the centrepiece of the 1929 election campaign.

Hopes were high of Liberal success in 1929, prompted by a series of by-election victories (mostly in Conservative rural seats) through 1927 and 1928. *We Can Conquer Unemployment* had widespread support within the party and with the backing of the Lloyd George Fund there was an increase of no fewer than 167 candidates in 1924. The results were very disappointing. Only a mild recovery was registered, with 59 seats won. Mostly these had been rural Liberal strongholds prior to 1924, while further ground was lost to Labour in working-class areas like the north-east, East London and Lancashire. Only in South Wales did the plans for tackling unemployment win working-class constituency seats.

Despite these efforts, the Liberals found themselves (as after the 1923 election) supporting a minority Labour administration. If, as Trevor Wilson wrote in 1966, the Liberals had presented the most 'far-sighted and responsible party programme' put before British voters, why had it been rejected?

It seems doubtful that many voters considered the Liberal programme in such a light. After all, for much of the 1920s the Liberals had been more anxious to squabble among themselves than address the problems of the people. Having defended Free Trade in 1923 the party now seemed more pro-intervention, if not protectionist. Labour rather than the Liberals seemed in tune with working-class interests. For instance, *Britain's Industrial Future* showed a reluctance to side with the trade unions against employers. The state remained a force to be used against the unions and the stress put upon economic efficiency invariably seemed to favour management. Nor, in truth, was unemployment the problem in 1929 that it had been in the earlier 1920s or was to be by 1930. The programme was in many ways very technical, lacking in immediate popular appeal. It was also untried in practice, a set of theoretical ideas. This may well have prevented many voters taking an interest and put off (like those who voted against Baldwin's protectionism in 1923) many of those who did. Ideas could not win an election unless turned into popular policies. Caught as the third party in a two-party system (as Lloyd George feared in 1929), this was less a vote against Liberalism than against the Liberal Party and its track-record throughout the 1920s.

1. Was Lloyd George the Liberal Party's only hope for revival or the cause of many of its problems in the 1920s?

2. Why did the Liberal Party do so poorly in the 1929 election?

5.5 Historical Interpretation: Was the decline of the Liberal Party inevitable?

The decline of the Liberal Party, and its replacement by the Labour Party as the main progressive party in British politics was not inevitable. However, historians have differed in their views about what was the real cause of Liberal decline. George Dangerfield, in 1935, in *The Strange Death of Liberal England*, saw Liberal decline in terms of a cumulative domestic crisis that engulfed the Liberal government, in the years 1910 to 1914. To Dangerfield, the outbreak of the First World War brought a brief respite in Liberal fortunes.

Dangerfield published his book in 1935 at a time when Europe was being engulfed by dictatorships. Mussolini and Hitler were perceived as major threats to liberal ideas across the western world. Other historians have seen the First World War as the major event in destroying the Liberal Party as a national party. In 1966 the historian Trevor Wilson produced *The Downfall of the Liberal Party, 1914 to 1935*. He suggested that the strains of total war and the personality clash between Asquith and Lloyd George split the Liberals. This position was then exploited by the Labour Party in the 1918 election. The impact of the First World War was also seen as important by US historian Marvin Swartz in *The Union of Democratic Control and the First World War (1972)*. However, he emphasised foreign policy issues as a major factor in the switch from Liberal to Labour.

Clearly, in 1918 the Liberal Party was not as strong as it had been in 1910. This does not mean it was in terminal decline. Historian Maurice Cowling, in *The Impact of Labour* (1967), raised another issue. The 1918 Franchise Act gave the vote to all males over 21 years. This gave the vote to many working-class men. They were attracted to the Labour programme of domestic reform. The Act also gave the vote to women over 30 years. Cowling claims that Ramsay MacDonald, the Labour leader after the First World War, was very effective in his campaign to win support from women voters. In the period 1918 to 1923 Labour Party support rose from 22 per cent to 30 per cent in national elections. From 1918 to 1923 Britain had a three-party political system. The Liberals, Labour and Conservative parties all won large numbers of votes in national elections. However, poor Liberal party organisation, the continued split between Asquith and Lloyd George, and effective Labour campaigning meant that by 1924 Britain was reverting to a two-party race in national politics.

Yet on two occasions Liberal fortunes might have been reversed. The first came in 1918–19. With the growth of socialism across Europe and the triumph of communism in Russia, Lloyd George attempted to create a British anti-socialist 'centre party' party, out of the Liberals and Conservatives. In 1910, at the height of the constitutional crisis over the House of Lords, Lloyd George had also attempted to create a new national party of consensus from Liberals and Conservatives – at that time to meet the rising threat of Germany. In retrospect, Lloyd George's 1910 plan seemed over-ambitious. But in 1918, politics had changed dramatically from the pre-war days. From 1915 to 1922 Britain was ruled by a coalition government. Lloyd George hoped to turn the National Liberals (his supporters) and the Conservatives into a new national party. Any hope of such a policy came to an end in October 1922 when the Lloyd George coalition collapsed and the Conservatives again became an independent force in national politics.

The second occasion occurred in December 1923 and January 1924. This was highlighted in a 1971 article by historian P.F. Clarke entitled 'A Stranger Death of Liberal England?'. In December 1923 the Conservative prime minister announced that his party would abandon free trade as its economic policy. In its place it would introduce protection, based on import duties. The aim was to protect British industry from foreign competition. The decision helped reunite the Liberals. Defence of free trade was the one issue that united all Liberal MPs. Lloyd George and Asquith settled their differences and fought the general election as a united party for the first time since December 1910. The Liberals won four million votes, almost the same number as the Labour Party, but Labour won 191 seats to the Liberals 159. Asquith, as the leader of the reunited Liberals, now had the opportunity to reverse Liberal decline. He had a number of options. He could have demanded a coalition government between Labour and Liberals. He could also have demanded that this new non-Conservative government should introduce a new voting system, based on proportional representation. This would have guaranteed a three-party system in national politics. But Asquith missed both opportunities. He offered instead to 'support' a minority Labour government from January to December 1924. And in the general election of December 1924 the Liberals suffered for supporting Labour, losing a million votes and 119 seats.

Even after 1924 there was a chance that the Liberals might recover. In the general election the Liberals had put forward ambitious proposals to solve Britain's unemployment problems. These were contained in the book *Britain's Industrial Future*, popularly known as the 'Yellow Book'. It was written by the eminent economist John Maynard Keynes. In the 1929 general election the Liberals' national vote rose from 2.9 million votes to 5.3 million. However, the first-past-the-post electoral system meant that they only increased their seats from 40 to 59. In 1928 Asquith died, and Lloyd George returned as Liberal leader. However, as in 1924, the Liberals offered general support to another minority Labour government – another missed opportunity to participate in government. In August 1931 Britain was faced with a major crisis caused by the world economic depression. To meet the crisis, prime minister MacDonald formed a coalition government of Labour, Conservative and Liberal members. This National government, as it was called, pleased most senior Liberals. It was seen as a chance to permanently split Labour, as most Labour MPs opposed coalition. However, overall, the Liberals were as split as Labour on the issue. By 1931, in fact, the Liberal Party had split into three factions! In the general election, the National Liberals (who supported coalition) won 809,000 votes and 35 seats. Anti-coalition Liberals polled 1.4 million votes and won 33 seats. A separate Liberal group surrounding Lloyd George won 106,000 votes and 4 seats.

From 1931 Liberal support continued to decline. By the 1951 general election the Liberals won only 2.5 per cent of the vote giving them a mere 6 seats.

1. What do you regard as the most important factor in the decline of the Liberal Party?

2. Explain how differing historical interpretations have changed over time.

1930	Baldwin's leadership is challenged by the 'United Empire Party', organised by Lord Beaverbrook, owner of the *Daily Express*, and Lord Rothermere, owner of the *Daily Mail*. Baldwin's moderate line on the future of Indian government also attracts the hostility of right-wing diehards in the Conservative ranks, led by Churchill
1931	March: the Beaverbrook/Rothermere campaign comes to an end. In August, a major financial crisis leads to the formation of a National Government with MacDonald as Prime Minister and Baldwin as his deputy. Conservatives work alongside Liberals and National Labour (former members of the Labour Party). October: general election – the National Government wins 554 seats out of 615. With 470 Conservatives returned, the party is the dominant force within the government. Labour wins only 52 seats
1932	The resignation of the free trade Liberal members of the government, in protest at its tariff policies, further strengthens the Conservatives' hold on power
1934	Baldwin defeats right-wing opposition within the Conservative Party to his policy on India.
1935	June: Baldwin succeeds MacDonald as Prime Minister. November: the National Government is confirmed in office, winning 429 seats (387 of these being Conservatives), to Labour's 154
1936	December: Baldwin achieves a final success, through his handling of the abdication of King Edward VIII. The King wanted to marry a divorced woman, Wallis Simpson; public opinion in Britain and the Empire countries will not accept her as Queen
1937	May: Baldwin retires and is succeeded as Conservative leader and Prime Minister by Neville Chamberlain
1938	The appeasement of Nazi Germany becomes a controversial issue within the party, with the debate over Chamberlain's Munich settlement in October
1939	September: Chamberlain takes the country to war, following Hitler's invasion of Poland. He is forced to give ministerial posts to the two most important critics of his appeasement policies, Churchill and Anthony Eden

Overview

By 1918 the Conservative Party had developed a distinctive identity and a broad base of support. In the second half of the 19th century it had evolved beyond its traditional land-owning roots, becoming the party of property in general – small as well as large, middle-class and urban as well as aristocratic and rural.

Conservatives believed in the following ideas:

- Free enterprise: The government was to interfere as little as possible in the economy. There were some exceptions to this: by the 1920s most Conservative politicians supported the introduction of protective tariffs against foreign competition. During the First World War, Conservatives had called for state intervention to organise manpower and materials for victory.
- Moderate social reform: Conservatives accepted the need to remove some of the hardships faced by the working population, partly in order to discourage support for the 'socialist' policies of their opponents.
- The defence of historic institutions: Conservatism was traditionally identified with the monarchy, the Empire and the Union with Ireland. Stability was the hallmark of British Conservatism; change was justified only when the alternative was judged to be worse.

Tariffs: Taxes on goods imported into a country. The opposite of the policy of free trade, followed by British governments from the mid-19th century to the early 1930s. Supporters of tariffs were known as protectionists.

Coalition government: A government containing representatives of more than one party.

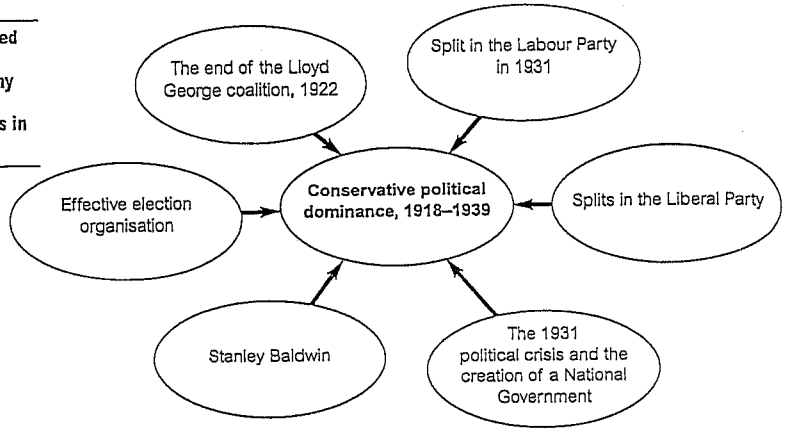
The Conservative Party was the dominant force in British politics between the wars. Either on its own or as the most important element in a coalition government, it was in office continuously, with the exception of nine months in 1924 and just over two years in 1929–31. Even when the party lost a general election (in 1923 and 1929) its Labour opponents were denied a parliamentary majority. One of the main purposes of this chapter is to provide explanations for this remarkable success in apparently unfavourable conditions of mass democracy, unemployment and growing trade union organisation. One of the enduring themes of the period – and, arguably, of the party's whole history – is the Conservatives' ruthlessness in pursuit of political power. In 1918 the Conservative leaders judged that the party's interests would be best served by an alliance with the charismatic figure of David Lloyd George, who had made a reputation as a victorious war leader. Four years later the party was no less resolute in deciding to fight a general election independently of Lloyd George, whom it had come to regard as a political liability. In 1931 the Conservatives once again joined a coalition, when they entered a National Government with the Liberals and a small number of 'National Labour' MPs, led by Ramsay MacDonald.

The Conservatives proved resourceful and imaginative in campaigning for the votes of a democratic electorate. They were ahead of their opponents in exploiting the new media of radio and film to put across their message. They were also fortunate in the divisions that plagued their Labour and Liberal opponents. In Stanley Baldwin, who led the party for a total of 14 years, the Conservatives possessed a leader who was effective in generating a reassuring popular image and in maintaining unity through a series of crises and shifts of policy. Notwithstanding the conflicts over foreign policy issues under his successor, Neville Chamberlain, there is every reason to believe that, but for the political upheavals produced by the Second World War, the Conservative Party could have continued to hold centre stage. Most historians agree that there was little chance of Labour winning a peacetime election in 1939–40.

Leaders of the inter-war Conservative Party

November 1911 – March 1921	Andrew Bonar Law
March 1921 – October 1922	Austen Chamberlain
October 1922 – May 1923	Andrew Bonar Law (also Prime Minister)
May 1923 – May 1937	Stanley Baldwin (Prime Minister May 1923 – January 1924, October 1924 – June 1929, June 1935 – May 1937)
May 1937 – October 1940	Neville Chamberlain (Prime Minister May 1937 – May 1940)

1. Place the issues mentioned in the mind map in order of importance in explaining why the Conservatives were so dominant in national politics in the period 1918 to 1939.



Leading Conservative ministers of the inter-war period

Lloyd George's Coalition Government, 1918–22	
Andrew Bonar Law	Lord Privy Seal to March 1921
Austen Chamberlain	Chancellor of the Exchequer to April 1921; Lord Privy Seal to October 1922
A. J. Balfour	Lord President of the Council
Lord Birkenhead	Lord Chancellor
Lord Curzon	Foreign Secretary
Stanley Baldwin's Conservative government, 1924–29	
Stanley Baldwin	Prime Minister
Winston Churchill	Chancellor of the Exchequer
Austen Chamberlain	Foreign Secretary
Neville Chamberlain	Minister of Health
Ramsay MacDonald's National Government, 1931–35	
Stanley Baldwin	Lord President of the Council and also (from September 1932 to December 1933) Lord Privy Seal
Neville Chamberlain	Minister of Health, August to November 1931; then Chancellor of the Exchequer
Sir Samuel Hoare	Secretary for India
Baldwin's National Government, 1935–37	
Stanley Baldwin	Prime Minister
Neville Chamberlain	Chancellor of the Exchequer
Sir Samuel Hoare	Foreign Secretary to December 1935; returned as First Lord of the Admiralty, June 1936
Anthony Eden	Minister for League of Nations Affairs to December 1935, then Foreign Secretary
Lord Halifax	(formerly Lord Irwin, Viceroy of India 1926–31) Secretary for War June to November 1935, then Lord Privy Seal
Neville Chamberlain's National Government, 1937–39	
Neville Chamberlain	Prime Minister
Sir Samuel Hoare	Home Secretary
Anthony Eden	Foreign Secretary (resigned February 1938)
Lord Halifax	Lord President of the Council to February 1938, then Foreign Secretary

7.1 Why did the Conservatives fight the 1918 general election in partnership with David Lloyd George?

The political background

Andrew Bonar Law (1858–1923)
As party leader before the First World War, Bonar Law earned a reputation as a fierce opponent of the Liberal government's policy of Irish Home Rule. He accepted office in the Asquith Coalition in 1915 and served as Chancellor of the Exchequer and Leader of the House of Commons in the Lloyd George government. He was, in effect, deputy premier until poor health compelled his retirement in March 1921. In October 1922 he returned to active politics as a leading opponent of the Coalition. He served as Prime Minister until driven from office by terminal cancer seven months later.

From December 1916 Britain was ruled by a Coalition headed by David Lloyd George, the most dramatic personality in the Liberal Party. In forming this government Lloyd George had split his own party, causing a severe breach with the followers of the former Prime Minister, H. H. Asquith. The latter lost the premiership but retained the leadership of the Liberal Party. Lloyd George took charge of the country's destinies, supported by a minority of the Party's MPs. Between the followers of the two men no accommodation was possible. The new Prime Minister's political survival depended on the continuing co-operation of the Conservatives. They occupied three out of the five posts in the new, streamlined War Cabinet (the other two were Lloyd George himself and the leader of the Labour Party, Arthur Henderson). In the House of Commons, Lloyd George relied on the voting strength of Conservative MPs to maintain himself in office. It is therefore unsurprising that, as the war drew to an end in the autumn of 1918, he should seek to negotiate an agreement with their leaders to fight the coming general election together. Without such a deal he could not hope to continue as Prime Minister.

It is less easy to explain why the Conservatives should have wanted to continue their wartime arrangements with Lloyd George into the peacetime period. Why should they not feel confident of winning an election under one of their own leaders and thus having a chance of placing a Conservative Prime Minister in Downing Street? Before the First World War they had clashed repeatedly with Lloyd George, who had earned a reputation as a radical, high-taxing Chancellor of the Exchequer. With his relatively humble origins and Welsh nationalist background, he was an unlikely ally for the party of traditional institutions and inherited wealth. Yet in November 1918 he agreed a joint election manifesto with the Conservative leader, Andrew Bonar Law. Both leaders signed a letter of support – dubbed the 'coupon' by an embittered Asquith – addressed to Conservative and Coalition Liberal candidates of whom they approved. The ensuing general election was fought by the two groups working in close partnership.

Manifesto: A declaration of a party's intentions, published before a general election.

Lloyd George depicted in *Punch* as a conquering hero after the Paris peace settlement, 1919. He is attended by prominent Conservatives: Bonar Law and Arthur Balfour (in Roman helmets), Austen Chamberlain (the drummer) and Lord Birkenhead (with sponge and towel).

Of what value is this cartoon to a historian writing about the role of Lloyd George in British politics between 1918–22?

What did Lloyd George have to offer the Conservatives?

To a large extent the Prime Minister's image as a decisive and successful war leader compensated for his pre-1914 radicalism. Lloyd George had proved his underlying patriotism by working with the Conservatives to demand essential wartime measures such as conscription. In 1918 the Conservatives were reluctant to abandon a man who was popularly known as 'the man who won the war'.

Beyond this, it seemed likely that Lloyd George would have an open mind on controversial questions such as tariffs or Ireland. In spite of his pre-war image as a left-wing firebrand, at high political level there were clear indications that he could be flexible in practice, and that his attachment to Liberal ideology was superficial. He could be relied upon to adopt a realistic approach to issues of power politics.

Nor was this all. In the final year of the war all parties had agreed on a reform of the electoral system. The 1918 Representation of the People Act had given the vote for the first time, with minor exceptions, to all men over the age of 21 and to women over 30. The December general election was thus the first contest to be fought in truly democratic conditions. In the past the Conservatives had had to fight elections under a restricted franchise, which had excluded up to 40 per cent of the adult male population and the whole of the female population from the vote. In 1918 the size of the electorate was virtually trebled. In these circumstances many Conservatives despaired for their future as an independent political force. Bonar Law gloomily reflected that 'our party on the old lines will never have any future again in this country'. In contrast with the leaders of traditional Conservatism, Lloyd George was a populist politician who could speak to the working classes in their own language. It made sense to exploit his appeal and to cling to power through association with him.

Populist: Someone with a gift for winning the support of ordinary people.

The fear of Labour

Perhaps the most important concern for the post-war Conservative Party was the need to devise a strategy with which to meet the growth of socialism. According to the historian Maurice Cowling, author of *The Impact of Labour* (1971), British political history between 1920 and 1924 can be written in terms of the efforts of traditional politicians to resist this new threat to the established order. During the war trade union membership had increased from 4 million to 8.3 million and there had been worrying examples of organised working class militancy. In its 1918 manifesto the Labour Party had, for the first time, adopted a formal commitment to the state ownership of industry. When set against a background of Communist success in Russia's 1917 Bolshevik Revolution, the threat of social disturbance did not seem so exaggerated. The imminent demobilisation of hundreds of thousands of servicemen, coupled with the likelihood of further industrial disputes, provided powerful arguments for a united political front against Labour.

Socialism: The extension of the role of the state in the economy, with the intention of creating a more equal society. After 1900 socialism was associated mainly with the outlook of the Labour Party, although Conservative propaganda sometimes pinned the label on the party's Liberal opponents.

Organised working class militancy: Strikes by industrial workers, sometimes started without the approval of official trade union leaders.

Demobilisation: The process of returning servicemen to civilian life after a war.

For many Conservatives, then, partnership with Lloyd George was an essential guarantor of political survival. Bonar Law told his followers that he 'commands an amount of influence in every constituency as great as has ever been exercised by any Prime Minister'. To face the new challenges of the post-war world without him seemed an unjustifiably risky step to take.

A new partnership

It should be noted that enthusiasm for co-operation with Lloyd George was always strongest at the highest levels of the party. As John Ramsden, author of *The Age of Balfour and Baldwin* (1978) points out, most

Arthur James Balfour, Earl Balfour (1848–1930)
Prime Minister from 1902–5 and leader of the Conservative Party until November 1911. Balfour enjoyed a second political career as a member of the wartime coalition governments and remained a committed Lloyd George supporter until the downfall of the Coalition in 1922.

Lord Chancellor: Britain's most important judge. He serves also as a Cabinet minister and as chairman of debates in the House of Lords.

Conservative MPs accepted the advice of their leaders, that they should support the Coalition, but they did so in a detached way, without committing themselves to it permanently. Those who were most committed to the new regime were the party leaders, who tended to see the advantages of putting old party divisions behind them in order to tackle complex issues of peacetime reconstruction. Men such as A. J. Balfour, Foreign Secretary in Lloyd George's wartime administration, developed a personal regard for the Prime Minister through working with him in government. They came to envisage a new political environment in which sophisticated men of both the Conservative and the Liberal traditions could overcome their differences. Typical of this approach was the Lord Chancellor, Lord Birkenhead, who warned that the electors would reject 'those who try to marshal the dying forces of extinct controversies'.

In time this attitude would encourage some senior Conservatives to depend too heavily on personal association with Lloyd George, making them dangerously detached from the concerns and prejudices of the Tory rank-and-file. This approach therefore carried with it the seeds of the eventual disruption of the Coalition. In 1918, however, the attractions of an escape from pre-war party controversies seemed overwhelming.

1. 'An unnatural alliance.' Is this a fair description of the partnership between Lloyd George and the Conservative Party?

2. Was fear of Labour the main reason for the continuation of the Coalition Government in 1918?

General election results, 1918–1939

	Number of Conservative MPs	Share of total vote (%)
December 1918	382	38.6
November 1922	344	38.5
December 1923	258	38.0
October 1924	412	46.8
May 1929	260	38.1
October 1931	470	55.0
November 1935	387	47.8

7.2 What factors brought about the disintegration of the Lloyd George Coalition in 1922?

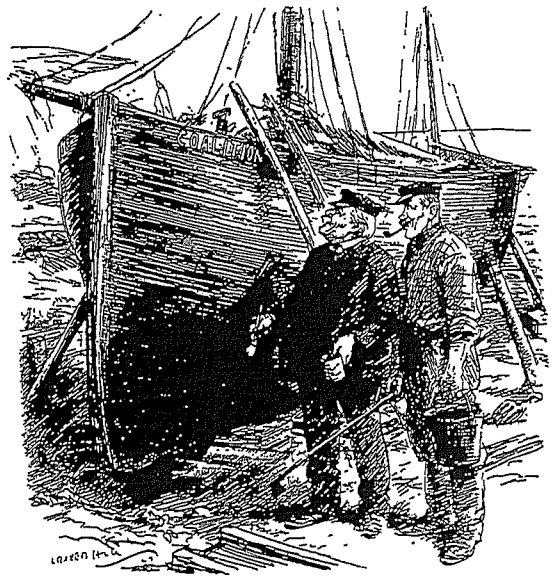
The continuation of party loyalties

In the first 18 months of the peacetime Coalition it was often suggested that the Conservative Party should permanently combine with the Lloyd George Liberals to form a new, dynamic centre party. Such a combination, it was argued, would be best equipped to tackle the challenges of the post-war economic and industrial situation and to exclude Labour permanently from power. Proposals for the 'fusion' of the two parties were not finally buried until March 1920, when Coalition Liberals voted against the idea.

Conservative Central Office: The professional organisation of the Conservative Party, established in London in 1870 and controlled from 1911 by a chairman appointed by the party leader. Its main role was to support the party organisation in the constituencies, to assist parliamentary candidates and provide publicity material and speakers.

Support for such a project was always strongest at governmental level, where the experience of working with former opponents had become an everyday habit by the early 1920s. Lower down the party structure the advantages were far less obvious. Rank-and-file Conservatives could not forget that, while their side provided 70 per cent of the Coalition's parliamentary strength, they occupied only 12 of the 21 Cabinet seats. Talented Conservatives such as Leopold Amery and William Bridgeman found their careers artificially halted at junior ministerial level by the need to find offices for their Liberal partners. Conservative Central Office loyally supported the party's participation in the Coalition, yet resented the need to stand aside at by-elections that they stood a good chance of winning outright.

Lloyd George as captain of the ship 'Coalition' with Conservative leader Bonar Law as his mate. March 1920.



WHAT'S IN A NAME?
Mate. "While we are doin' her up, what about givin' her a new name? How would 'Fusion' do?"
Captain. " 'Fusion' or 'Confusion' – it's all one to me so long as I'm skipper."

What does this Punch cartoon reveal about changing views of Lloyd George in the post-war years?

Party machine: A political party's organisational base.

MPs and party workers were well aware of the organisational weakness of the Coalition Liberals. They were cruelly but accurately described by the Conservative MP, J. C. C. Davidson, as a 'stage army' – a collection of prominent senior figures, such as Lloyd George and Winston Churchill, unsupported by a proper party machine. By contrast the Conservatives had a well-established and professionally-run national organisation. They enjoyed the advantage of a secure base in constituencies where more than 20 per cent of the population was engaged in farming or middle-class occupations. According to the historian Michael Kinnear in *The Fall of Lloyd George* (1973), throughout the 1920s the Conservatives had the support of 22.8 per cent of all agricultural constituencies and 43 per cent of the middle-class ones. Although this was not in itself sufficient for an independent majority, it provided a solid basis for negotiations with other parties. Knowledge of the strength of their grassroots support gave the Conservatives confidence in dealings with their Coalition partners.

Differences of policy and governing style

It was well known that many Coalition Liberals continued to think in terms of eventual reunion with the Asquithians, from whom they had been separated as recently as 1916. Their need to demonstrate their Liberal credentials antagonised the Conservatives. One example of conflict is the case of the Housing Minister, Christopher Addison, a radical Liberal who was later to join the Labour Party. He aroused Conservative anger through the high cost of his council-house building programme, forcing the Prime Minister to drop him in July 1921. The Addison case was part of a long-running concern about government expenditure, popularly known as 'waste', which underlined the differing priorities of social-reforming Liberals and economy-conscious Conservatives.

National Union: Founded in 1867, this body represented the Conservative Party's voluntary membership outside Parliament. It did not have a direct influence on policy making but Conservative MPs could not ignore its views.

Local Conservative activists, whose collective voice was heard in the annual conference organised by the party's National Union, were most vocal in demanding that government policy be given a more distinctively Tory emphasis. The June 1920 conference heard demands not only for reduced government expenditure, but also for protective tariffs and reform of the House of Lords. The weakness of the latter had been an issue for Conservatives ever since the 1911 Parliament Act had deprived the Lords of the right to veto legislation. Rank-and-file Tories believed that it was essential to restore some effective power to the Lords in order to provide a defence against a future Labour government. This issue helps to explain the determination of the party chairman, Sir George Younger, and of the National Union's ruling executive, to frustrate Lloyd George's attempt to force the Coalition into a further general election in January 1922. Party organisers drew a clear distinction between support for the Coalition in the present and its indefinite continuation.

Conservatives admired Lloyd George's skill in resolving national problems, without really warming to him as an individual. His success in handling post-war industrial disputes persuaded many Conservatives that they no longer needed him as a barrier against left-wing revolution. At the same time his flexible approach to policy-making earned him a dangerous reputation for inconsistency. His response to the tangled problems of Ireland is a good example. At the end of the First World War British authority in Ireland faced a determined challenge from Sinn Fein and its armed allies in the newly-formed Irish Republican Army (see Chapter 13). Initially Lloyd George tried to defeat republican terrorism by force, reinforcing the British army with the violence of the Black and Tans. In the summer of 1921, however, he reversed the policy, embarking on negotiations with Sinn Fein representatives. The search for a settlement with open foes of the British Empire aroused the fury of the Conservative Party's right wing. It took all the authority of the Conservative Coalition ministers to persuade the party's November 1921 conference to accept the idea of a compromise solution. When Lloyd George sought to capitalise on his Irish settlement by holding a snap election, the Conservative Party organisation in the country rebelled. In this way the Prime Minister discovered the limits of his power as head of a mixed team.

Sinn Fein: The Irish republican party, which at this period campaigned for the removal of Ireland from the United Kingdom. In 1921 the Lloyd George government reached a settlement with the Sinn Fein leaders, Arthur Griffith and Michael Collins. Southern Ireland, now known as the Irish Free State, would receive Dominion status – a form of self-government similar to that enjoyed by, for example, Canada and Australia. Northern Ireland would remain in the United Kingdom, with its own Parliament in Belfast.

The Straits: The narrow stretch of water between Europe and Asia Minor (modern Turkey), linking the Mediterranean and the Black Seas.

In the autumn of 1922 Lloyd George's policy towards Turkey caused further offence to Conservative feeling. The Prime Minister and a handful of senior colleagues took Britain to the brink of war in order to resist the advance of a Turkish nationalist army towards the coast of Asia Minor. British forces at Chanak, a defensive point on the eastern side of the Straits, were instructed to stand firm after other European countries had withdrawn from the area. The policy ran counter to average Conservative opinion for a variety of reasons. Although the crisis was ultimately resolved without fighting, it seemed that Lloyd George had adopted a risky course. Bonar Law, who had retired as Conservative leader the previous year, sent a letter to *The Times* in which he declared that 'we cannot alone act as the policeman of the world'. Moreover the Prime Minister's support for Greek interests in the Mediterranean angered a party whose traditional sympathies lay with the Turks. The Minister of Agriculture, Sir Arthur Griffith-Boscawen, wrote that 'Conservatives generally would prefer to see the Turks there rather than the Greeks. A good understanding with Turkey was our old policy and it is essential having regard to the enormous Mahommedan [Muslim] population of the British Empire'.

Lloyd George's tendency, in the Chanak affair, to conduct policy with the assistance of a few like-minded individuals underlined another anxiety

about his style of government. To many it seemed that he saw himself as a presidential leader rather than a traditional Prime Minister. His employment of a collection of unofficial advisers – the so-called Downing Street garden suburb – alarmed the conventionally minded. Moreover, in September 1921 he summoned the Cabinet to a meeting in Inverness Town Hall, in order to suit his personal convenience during a Scottish holiday.

Perhaps the most objectionable of Lloyd George's methods was his abuse of the political honours system. It was accepted practice for governments to offer titles in return for donations to party funds, and the Conservatives themselves benefited from such transactions. What caused offence was the cynical way in which Lloyd George allocated honours, with a price list apparently being circulated in the London clubs. Some of the proposed recipients were hardly suitable and in the summer of 1922 one of them, a shady South African financier named Sir Joseph Robinson, became the subject of a parliamentary debate. The air of corruption stained the Coalition's image, leading over 200 MPs to support a demand for all-party control of the honours system. It led a number of Conservatives, including the President of the Board of Trade, Stanley Baldwin, to feel that the government could not meet their expectations of high standards of honesty.

'Lloyd George's government was destroyed more by his style than by the content of his policies.' Is this a fair comment on the record of the post-war Coalition?

The growth of Conservative opposition

Austen Chamberlain (1863–1937)
The elder half-brother of Neville Chamberlain. He had long experience of high politics, having first entered the Cabinet as Chancellor of the Exchequer in 1903. Apart from William Hague he was the only 20th-century Conservative leader not to become Prime Minister. His identification with Lloyd George put him in the political wilderness for a short time after the fall of the Coalition in 1922. In 1924–29 he served as Baldwin's Foreign Secretary. He was briefly First Lord of the Admiralty (in charge of the Navy) in the National Government of 1931.

The most persistent Conservative opponents of Lloyd George came from the party's 'diehard' or traditional right wing. These people often had aristocratic or military connections and tended to view any liberal policy as a dire threat to national life. They had some success in 1921 when they became involved in a campaign run by the owner of the *Daily Mail*, Lord Rothermere, for the control of government expenditure. On their own, however, the diehards had little chance of unseating the Prime Minister. In *The Fall of Lloyd George* (1973) Michael Kinnear identified only 42 MPs who were unreservedly in their camp. Until the summer of 1922, when they found a more convincing spokesman in the form of Lord Salisbury, son of the Victorian Prime Minister, they lacked effective parliamentary leadership. Many of them held unreasonable and extreme positions, which prevented them from being taken seriously.

The revolt that brought down the Coalition in October 1922 succeeded because by then it extended far beyond the party's right wing. It involved the centre of the parliamentary party and was supported by the bulk of the Conservative organisation in the country. The fundamental issue was the determination of a cross-section of the party to recover its freedom of action. There was a growing feeling that, since Bonar Law's retirement from the party leadership in March 1921, the leading Conservative Coalitionists had become divorced from the feelings of their own supporters. They had fallen increasingly under the spell of Lloyd George and were accepting methods and policies that threatened the unity of the Conservative Party. The readiness of many Conservative candidates to run as independents at the next general election underlined their distrust of the Coalition government.

At the centre of the controversy was Bonar Law's successor as party leader, Austen Chamberlain. He allowed his judgement to be clouded by his loyalty to Lloyd George and by his personal belief that the survival of the Coalition was of overriding importance. He was a poor communicator, remote from his followers, who attended only three of the 26 major meetings of the party organisation held during his time as leader. As a result he tended to underestimate the depth of rank-and-file concern about the dominance of Lloyd George. The majority of Conservative MPs in 1922

Lord Birkenhead (1872–1930)
As F. E. Smith, he made his name before the First World War as a barrister armed with a devastating wit and later as a Conservative MP. He served as Attorney-General during the war and as Lord Chancellor from 1919–22, becoming a close personal associate of Lloyd George.

would have been satisfied had Chamberlain assured them that after the next election, the Coalition would be restructured to reflect their party's importance – in other words, that Lloyd George would be replaced by a Conservative Prime Minister. At times Chamberlain seemed to indicate his support for this position, but in the end he failed to persuade his followers that he would place the party's long-term interests first. The arrogant attitude of another member of the Prime Minister's inner circle, Lord Birkenhead, made the situation worse. One eye-witness, Lord Winterton, later recalled how Birkenhead taunted a gathering of junior ministers: 'Who is going to lead you to victory if you smash the Coalition? Some one like Bonar [Law] or Baldwin? You would not stand a chance.'

By September 1922 almost 200 MPs had informed their constituencies that they would stand at the next election as Conservatives pure and simple. Nevertheless, Chamberlain persisted in his preferred strategy of fighting the next election in partnership with Lloyd George and then attempting to determine the precise composition of the government. With the National Union conference scheduled for November, Chamberlain tried to stifle rank-and-file opposition by summoning a meeting of MPs at the Carlton Club on 19 October. He anticipated that the outcome of the Newport by-election, timed for the previous day, would support his claim that only the Coalition could halt the rise of Labour. With an independent Conservative running against the official Coalition Liberal candidate, he expected the anti-socialist vote to split, handing the seat to Labour. In fact Chamberlain's arguments were exploded by the result of the contest, where the independent Conservatives enjoyed a clear victory. In addition, the government's opponents found a convincing champion in the form of Bonar Law, who was now partially restored to health. He was persuaded to attend by the news that a meeting of almost 80 backbenchers had called for 'independent Conservative action, an independent programme and an independent leader'. Both he and Baldwin spoke at the meeting, concentrating on the threat posed by Lloyd George's leadership to Conservative unity.

The Carlton Club rebellion

Bonar Law (in top hat) emerges from the Carlton Club meeting in October 1922 at which the Conservatives voted to leave the Lloyd George Coalition

The Carlton Club gathering voted decisively to end the Coalition. Within hours Lloyd George had resigned from the premiership and Chamberlain from the leadership of his party. The events of 1922 highlighted the risks that lie in wait for government leaders who persuade themselves that they are indispensable. Some of those who attended the meeting considered that Chamberlain could have survived if he had accepted a compromise proposal, in favour of informal co-operation with the Lloyd George Liberals rather than outright coalition. D. H. Herbert, MP for Watford, later recalled that 'the uncompromising and somewhat aggressive attitude adopted by Austen Chamberlain surprised many of us, and even before Bonar Law's speech, tended to make us support the break up of the Coalition'.

The Carlton Club rebels were voting not to repudiate all notions of coalition government, but to recover the independence of their party from the stranglehold of this particular ministry. Baldwin's description of Lloyd George as 'a dynamic force ?... a very terrible thing', who had shattered the Liberal Party and might do the same to the Conservative Party, rang true. The vote marked the rejection of the style of government associated with Lloyd George and his cronies. Those who sided with Bonar Law showed that they valued honesty above brilliance, stability above unpredictability.

1. Draw a spidergram showing the main problems faced by Lloyd George's Coalition between the end of the First World War and the fall of the government.

2. 'A dynamic force can be a very terrible thing.' How far did the experience of Coalition government between 1918 and 1922 bear out Baldwin's description of Lloyd George?

7.3 Why did the Conservatives lose the 1923 and 1929 general elections?

1923: an unnecessary contest?

In order to understand the Conservative defeat in the December 1923 general election, it is important to be clear why the contest was held in the first place. Stanley Baldwin's dissolution of Parliament, only six months after he had inherited the premiership from the dying Bonar Law, puzzled contemporaries and has also been a source of historical controversy. The Conservatives had won a clear majority in November 1922, a month after the fall of the Lloyd George Coalition. Parliament had four years to run and the Liberal Party remained split between followers of Asquith and Lloyd George. Then, at the Conservative Party's Plymouth conference in October 1923, Baldwin announced that he was considering the introduction of a policy of tariffs, in order to protect industry and combat rising unemployment. Bonar Law had ruled out such a move the previous year and so a further appeal to the voters was needed before protection could be brought in.

The Plymouth announcement did not commit the government to an immediate election, but it took the party and the country by surprise and led to furious speculation about what would happen next. The result was that Baldwin called an election for 6 December. The Conservatives remained the largest party but lost their majority over Labour and the Liberals, who had unanimously declared themselves for the continuation of free trade. When Parliament met in January 1924 the Liberals, with 158 MPs, joined the 191 Labour representatives to turn the Conservatives out of office. Baldwin was widely criticised for having recklessly sacrificed a position of strength. His action had made possible the installation of the first Labour government. Only the fact that there was no agreed alternative candidate saved him from being ousted from the Conservative leadership.

In later years Baldwin devised his own justification for his behaviour in the autumn of 1923. He claimed that the tariff declaration had been a ploy to attract Austen Chamberlain and the other Conservatives who had remained loyal to Lloyd George in 1922. Protection was, he claimed, the one issue that could reunite the party. Even if the Conservatives lost the ensuing election, this was a price worth paying for having detached the pro-Coalition Conservatives from Lloyd George.

The main points of this rather subtle version of events were accepted for a long time by most historians, with the notable exception of A. J. P. Taylor. In *English History 1914–1945* (1965), he adopted the more straightforward explanation that Baldwin was seeking to tackle the problem of unemployment. By 1923 unemployment stood at more than one million, a figure equivalent to 12 per cent of the insured workforce, and it was thus becoming a serious political issue. The fullest study of the episode was published in the journal *Twentieth Century British History* (1992). In an article on 'Conservative reunion and the General Election of 1923', the historian Robert Self demonstrated convincingly that the re-absorption of the pro-Coalition Conservatives was not Baldwin's primary concern. He took up tariffs as a positive weapon with which to resist the Labour Party, and in order to pacify both right-wing diehards outside the government and more moderate protectionists within. Baldwin needed a new policy that would revitalise the government and give it a clear sense of direction. A close examination of contemporary evidence suggests that reunion with Austen Chamberlain and his followers became a serious consideration only in November, shortly before the decision to call the general election.

Self's study also makes clear how the Plymouth episode demonstrated Baldwin's inexperience as a leader. In making his announcement on tariffs, Baldwin seems to have believed that he could avoid committing the government to a general election before the following spring. Unfortunately the speech created such uncertainty that the only possible course of action was to dissolve Parliament at once. The decision took the party's grassroots by surprise. Local organisers had no time to prepare a professional campaign, and many MPs resented having to appeal to the electors little more than a year after the previous contest. Some had publicly committed themselves to free trade in 1922, and were thus highly embarrassed by the expectation that they should now support the opposite position. There had been no time to win over the press and the two most popular Conservative newspapers, the *Daily Mail* and the *Daily Express*, felt that Baldwin's statements on tariffs did not go far enough.

Key reforms of the 1924–1929 Conservative government

1925	Pensions for widows and orphans and for insured workers and their wives at the age of 65.
1926	Electricity Act transferred the distribution of electricity from numerous private companies to a Central Electricity Board. Creation of the British Broadcasting Corporation (BBC). (See Chapter 6, section 3.)
1928	Representation of the People (Equal Franchise) Act extended the vote to women aged 21 to 30.
1929	Local Government Act transferred responsibility for the poor from the old Boards of Guardians (created in 1834) to county and county borough councils. De-rating exempted agricultural land from rates (local authority taxation) and relieved industrial property and railways of three-quarters of the rate imposed on them.

One of the sharpest analyses of the defeat is by the historian Stuart Ball, writing in *How Tory Governments Fall* (1996), a collection of essays edited by Anthony Seldon. He argues that 1923 represented a serious failure of leadership on Baldwin's part. The policy was poorly worked out and left

the Conservatives vulnerable to the charge that they would impose taxes on food. This claim had contributed to the Conservatives' loss of the 1906 election and was revived by a reunited Liberal Party in 1923. In defence of the historic Liberal principle of free trade, followers of Lloyd George and Asquith were able to come together for the first time since 1916. The accusation that the Conservatives planned to raise the cost of food for ordinary people in order to benefit the wealthy few also gave the Labour Party a useful card to play. In the circumstances, the Conservatives were fortunate not to lose more heavily. By entering an electoral campaign with a confused and unprepared party behind them, the leadership deserved to be beaten.

1929: the 'Safety First' campaign

The Conservative defeat of May 1929 is less easy to understand than that of 1923, since it came near the end of a full parliamentary term for Baldwin's second government and the party had plenty of time to prepare for it. Baldwin was personally popular and, although there had been clashes between ministers, he had led a remarkably united Government. The only resignation on a matter of policy (the Government's failure to achieve more extensive disarmament) had been that of Lord Cecil in 1927. He was a figure of marginal importance in the party. Moreover under the management of J.C.C. Davidson, Party chairman from 1926–30, Conservative organisation improved, with an expanding membership, healthy finances and new methods of publicity.

Disarmament: The reduction of a country's stock of weapons.

Nevertheless historians have generally been critical of Conservative preparations for the 1929 contest. According to John Ramsden's study, *The making of Conservative Party policy: the Conservative Research Department since 1929* (1980), little work was done on reviewing and formulating positive policies. Too much responsibility was handed to civil servants, who were not used to fighting elections. Partly because no alternative strategy had been worked out, and partly because Baldwin wanted to avoid potentially divisive issues, the party was forced to concentrate on attacking the programmes of Labour and the Liberals.

A great deal of criticism has focused on the Conservatives' electoral slogan of 'Safety First'. By contrast with Liberal proposals, in the so-called 'Yellow Book', for dynamic measures to deal with rising unemployment, it sounded unduly cautious and uninspiring. The Conservative campaign has received more generous treatment from the historian Philip Williamson, writing in *The Historical Journal* (1982). Williamson's article, '"Safety First": Baldwin, the Conservative Party, and the 1929 General Election', shows that the slogan was in fact a calculated attempt to exploit the strengths of the government's record. It was designed to contrast the solid performance of the government, and its reputation for responsibility, with the superficial glamour of opposition promises. Williamson points out that at the time this approach commanded broad support within the Conservative camp. Even Neville Chamberlain, the government minister most associated with constructive reform, regarded it as an adequate basis for electoral victory.

Neville Chamberlain (1869–1940)
Entered national politics in 1918, after a career in business and local administration in Birmingham. As Minister of Health from 1924–29, he earned a reputation as a social reformer. In the early 1930s he emerged as Baldwin's eventual successor, serving as Chancellor of the Exchequer from 1931–37 before becoming Prime Minister. He will forever be linked with the policy of appeasement, which reached its climax in the Munich agreement of 1938.

Nonetheless, the fact remains that the government did not convince the electorate that it had a clear sense of direction. By 1929 its most positive achievements, such as Neville Chamberlain's introduction of contributory pensions and benefits for widows and orphans, lay several years in the past. After the defeat of the General Strike in 1926, the Government had seemed to shift towards a more right-wing stance, thus losing its early appeal as a broad-based, moderate administration. The 1927 Trade Disputes Act, which attacked trade union funding of the Labour Party,

seemed vindictive. The severing of relations with the USSR, following a police raid in 1927 on Arcos, the Soviet trade delegation, marked a break with earlier moves towards conciliation abroad.

Conservative Party workers were not enthusiastic about the lead given by the government. In economic policy the government had not gone beyond a cautious policy of 'safeguarding' certain industries against foreign competition, so that full-blooded protectionists were dissatisfied. Changes such as the granting (in 1928) of the vote to women between the ages of 21 and 30 – popularly known as 'flappers' – were not calculated to stir Tory hearts. Many ministers, with the important exception of Baldwin himself, seemed old and tired. When the government revealed its master-plan in 1928 for dealing with unemployment, it came too late to take effect. De-rating – a proposal to reduce the rate burden imposed by local government on industry and agriculture – was intended to lower the costs of productive enterprise. Yet in the words of Cuthbert Headlam, a junior minister who sat for a marginal seat in north-east England, 'it is too complicated and revolutionary a series of proposals to be popular however good its effects may be going to be'. Moreover, shortly before the election, many householders found themselves facing rises in the rates that they were expected to pay.

In explaining the defeat Philip Williamson shifts the spotlight on to the increased scale of the Liberal challenge. Stuart Ball agrees with him in his essay on the 1920s in *How Tory Governments Fall* (1996). In 1926 Lloyd George had finally become leader of the Liberal Party, bringing with him not only new ideas about reviving the economy but also an influx of much-needed funds. As a result the Liberals were able to field 513 candidates, compared with 339 in 1924. There were no fewer than 447 three-cornered contests in 1929. In many cases this enabled the Liberals to take votes away from the government, allowing more Labour candidates to win. Labour was also a more convincing alternative to the Conservatives than it had been in 1924. It was no longer widely viewed as an extreme party – an image which the decline of industrial militancy, following the failure of the General Strike, had helped it to shed. With rising unemployment denting the government's claim to economic competence, Labour was in a position to make some gains. In Ball's words, Labour and the Liberals were 'the twin rocks upon which the Conservative vessel foundered'.

1. To what extent was the leadership of Stanley Baldwin responsible for the Conservative defeats of 1923 and 1929?

2. How far were the Conservative defeats of 1923 and 1929 caused by similar factors? Use all the evidence in this section to support your answer.

Source-based questions: The Conservative election defeat of 1929

SOURCE A

Proportion	*Item mentioned*
78.9%	Criticism of the de-rating policy and the reassessment of rateable values
73.6%	Absence of any 'positive', i.e. protectionist, policy, and criticism of the 'Safety First' strategy
57.9%	Criticism of the granting of the 'flapper' vote
57.9%	Attacks on the Party by a hostile press
42.1%	Leadership out of touch with the rank-and-file, and the ignoring of policy resolutions sent up through the Party organisations
36.8%	Intervention of a Liberal candidate
26.3%	Safeguarding not sufficiently emphasised
26.3%	Failure to modify the Defence of the Realm Act, and criticism of the Home Secretary
26.3%	Effects of the 'swing of the pendulum'
21.0%	Misrepresentation by opposition parties
21.0%	Failure to economise & reduce local and national government expenditure
15.8%	Failure to reform the House of Lords
15.8%	Criticism of the petrol tax
15.8%	Criticism of reforms in local government
10.5%	Criticism of the betting tax

The results of a survey of local Conservative Association opinions on the causes of the party's 1929 defeat. The survey was conducted by the Conservative National Union in July 1929. Quoted in Stuart Ball, *Baldwin and the Conservative Party: the crisis of 1929–1931*, 1988.

SOURCE B

I had originally contemplated an election in November 1928, but two factors affected the mind of the Cabinet. One was the large majority we still had in the House of Commons, which, having had since 1924, gave a sense of false security; and the other was a plot hatched by Neville Chamberlain and Winston Churchill by which they would scratch each other's backs on valuation and de-rating. Those of us who were in the professional side of politics knew perfectly well that the Labour local authorities would in March 1929 put in the new assessment figures in red ink on the return which they circulated to the ratepayers, and would feed the press with the news of the great increase of rates on small private people compared to the diminution [reduction] of rate on industrial concerns.

J. C. C. Davidson, Conservative Party chairman in 1929, quoted in Robert Rhodes James, *Memoirs of a Conservative: J.C.C. Davidson's Memoirs and Papers 1910–37*, 1969.

SOURCE C

The election was lost, not I think from any wave of resentment against the Govt. [Government] & certainly not against Baldwin, nor on any one particular piece of policy or legislation. Of the items which together produced our defeat I put the love of change common to all democracies or the swing of the pendulum as some call it as the first; after that the coincidence of reassessment with the derating bill which greatly prejudiced the latter, the cry of 'Safety First', the rather lukewarm action of past years in Safeguarding, the failure of most candidates to explain the Derating Bill, and put it forward as it ought to have been, as a winning card, and the wild promises of Liberals & Labour. Of course the money of L[loyd] George & his insistence on fighting every seat gave Socialism a victory which they could not have won, if arrangements had been made to avoid three-cornered fights where it was sure to lose the seat to a Socialist.

A diary entry for July 1929 written by W. C. Bridgeman, First Lord of the Admiralty from 1924–9 and a close friend of Baldwin. Quoted in Philip Williamson (ed.), *The Modernisation of Conservative Politics: the Diaries and Letters of William Bridgeman 1904–1935*, 1988.

1. Study Source A. Using information contained in this chapter, explain what is meant by the following:

a) the 'de-rating policy'

b) the '"Safety First" strategy'

c) the '"flapper" vote'.

2. Which is more useful to the historian of this period, Source A or Source B? Explain your answer.

3. Study Sources A, B and C and information contained in this chapter. Why did the Conservatives lose the 1929 election?

7.4 Account for the Conservative Party's electoral dominance between 1918 and 1939

A CASE STUDY IN HISTORICAL INTERPRETATION

The ability of the Conservative Party to retain power for so much of the inter-war period was not wholly due to the skill of its leaders or the devotion of its followers. External circumstances helped the party in this period to a quite unusual extent.

The electoral system after 1918

Although many Conservatives privately feared the arrival of full democracy, the extension of the vote in 1918 was balanced by the maintenance of some traditional features, which favoured the party of property. John Ramsden emphasises the importance of these in his study, *An Appetite for Power* (1998). He argues that technical changes to the electoral system denied Labour the chance of a parliamentary majority in 1929 and may have helped the Conservatives to remain the largest party in 1923. Plural voting enabled a businessman who lived in one constituency and owned property in another to have more than one vote. The university constituencies (including Oxford, Cambridge, London and the Scottish Universities), which were invariably won by the Conservatives and their allies, were not abolished until 1948. More importantly, the boundaries between constituencies were redrawn in 1918 to reflect population movements, giving middle-class suburbs a greater share of parliamentary representation. This alone was probably enough to give the Conservatives thirty more seats in 1918 than they had won in 1910.

Nor should the importance of changes in Ireland be underestimated. The Irish Nationalist Party, which had sustained Liberal governments in office since the days of Gladstone, was virtually wiped out in the 1918 election. Sinn Fein MPs, who won former Nationalist votes, refused to come to Westminster because of their extreme republican views, and thus played no part in British parliamentary politics. On the other hand the Unionist MPs, who dominated Northern Ireland, were firm allies of the Conservatives in this period. The 1921 Irish settlement guaranteed their position within the United Kingdom. Overall, Ramsden calculates that the Conservatives could count on approximately 200 safe seats, which gave them a solid advantage in the three party politics of the inter-war period.

The weakness of the opposition parties

The Liberals were plagued by splits within the parliamentary leadership and by weaknesses at grassroots level. Although Asquithians and Lloyd George Liberals reunited to fight the 1923 general election, the bitter split of 1916 had already done its damage. The Liberals were temporarily revitalised by Lloyd George after he took over the leadership of the reunited party in 1926, but even the 'Welsh wizard' could not reverse the party's long-term organisational decay. Many conservative-minded Liberal voters, who had been alarmed to see the party leadership support a Labour ministry in 1924, found a new and more appealing political home in Baldwin's moderate Conservative Party. Lloyd George's flirtation with the Labour government of 1929–31 encouraged a number of right-wing Liberal MPs to find common ground with the Conservatives. These 'Liberal Nationals' became close partners of the Conservatives in the National Governments.

Although the inter-war years witnessed the steady growth of Labour, the party found it hard to win seats outside its traditional working-class

Liberal Nationals (later known as National Liberals): Liberal MPs who agreed with the Conservatives on the need for government spending cuts and tariffs to tackle the economic depression. A total of 35 Liberal National MPs were returned in the 1931 general election. Their leader, Sir John Simon, was successively Foreign Secretary, Home Secretary and finally Chancellor of the Exchequer in the National Governments. The party was formally amalgamated with the Conservatives from 1947.

industrial base. The second Labour government was badly divided over the August 1931 financial crisis (see Chapter 8, section 3). In the ensuing general election, it was vulnerable to accusations that it had 'run away' from making tough decisions on spending cuts.

The Conservatives themselves suffered from divisions in the inter-war period – over the Lloyd George Coalition in 1922–23, tariff policy in 1929–31, the advance towards Indian freedom in the first half of the 1930s and appeasement at the end of the decade. Yet, in spite of violent clashes between leading figures, none of these issues damaged the Conservatives fundamentally. In the end, however heated the argument, the Conservative instinct for unity reasserted itself. Over India, for example, the liberal line taken by the leadership was opposed by approximately one-sixth of the parliamentary party and by a strong movement in some of the constituency parties, especially in southern England. Right-wingers feared that an extension of self-government might lead to the end of British rule in India. However, the National Union Executive remained loyal to Baldwin and, at Westminster, the backbench 1922 Committee helped to keep MPs in touch with the leadership. Whatever misgivings rank-and-file Conservatives may have felt about concessions to Indian nationalism, there was a general feeling that the issue was best handled by their own side. Baldwin and his colleagues could be relied upon to include safeguards for continued imperial control in the 1935 Government of India Act. In these circumstances the rebels, who had no spokesman of national standing apart from Winston Churchill, were bound to appear outdated and unnecessarily alarmist.

Appeasement: A policy, commonly associated with British governments of the 1930s, of making concessions to a potentially hostile power in order to secure peace. The 1938 Munich settlement, under which the German-speaking part of Czechoslovakia (the Sudetenland), was transferred to Hitler's Germany, is an example of appeasement in action.

The 1922 Committee: This began as a small club of MPs elected in the 1922 General Election. By the 1930s it had evolved into a committee whose membership consisted of all Conservative MPs who were not ministers. It provided a forum where Conservative leaders could meet their followers, in order to explain policy and gauge the opinion of the parliamentary party.

Winston Churchill (1874–1965)
Churchill had been a Liberal MP since abandoning the Conservative Party in 1904. He became a close associate of Lloyd George and held several Cabinet posts in the Coalition. In 1924 he returned to the Conservatives, serving as Chancellor of the Exchequer in Baldwin's second administration. He spent most of the 1930s as a backbencher because he disagreed with the party leadership's liberal line on India and its appeasement of Nazi Germany.

The Conservatives and Indian constitutional change

In 1929 the Viceroy of India, Lord Irwin (later Lord Halifax) responded to Indian nationalist pressure with a declaration that the sub-continent's destiny was to evolve towards Dominion status. In other words, it would become self-governing within the framework of the British Empire, like Canada, Australia and New Zealand. This line was supported by Baldwin and by the leadership of the Labour Party, but was violently opposed by diehards in the Conservative ranks. Churchill condemned it as a betrayal of Britain's imperial mission and resigned from the Conservative front bench team. The rebels staged a powerful show of opposition at the October 1934 party conference but were defeated two months later at a meeting of the Central Council of the Conservative National Union. They were unable to prevent the passage of the 1935 Government of India Act, which extended responsibility to Indians in the provinces and proposed a new federal authority at the centre.

Effective organisation

As Stuart Ball observes in *The Conservative Party and British Politics 1902–1951* (1995), 'the Conservatives were more truly a national party than either the Liberals or Labour'. The party had an organisational framework in all types of constituency and was particularly strong in rural, suburban and small town seats, where Conservative social events were an established part of the local fabric. The growth of a women's organisation was an encouraging sign. Apart from in 1922–23, funding was not a problem. The party was thus able to field more candidates than its opponents and to build up a network of professional constituency agents. Superior resources also enabled the party to distribute its publicity material widely and to exploit new methods of putting its message across to the electorate. For example, the Conservatives were the only party before 1939 to use cinema vans to attract audiences who might not have attended a traditional political meeting. They also developed close links with the commercial newsreel companies of the period. Although the latter were not mere tools of the party, in the 1930s the Conservatives and their National Government partners undoubtedly benefited from film coverage.

Using the new technology: Stanley Baldwin (on the left) making an open air broadcast during the 1931 general election with his National Government partners, Ramsay MacDonald (centre) and Sir John Simon (right)

How successfully did the Conservatives use new forms of communication in gaining support between the wars?

Policy formulation was another area in which the Conservatives developed a more professional approach between the wars. Under Neville Chamberlain's guidance the party leadership prepared carefully for the 1924 Election, establishing a policy secretariat to review options. The outcome was a document entitled *Looking Ahead*, the party's first comprehensive policy document. After the 1929 defeat a more permanent organisation, the Conservative Research Department (CRD), was created. The CRD proved its worth in gathering information for front bench figures, drafting speeches and helping to prepare the election manifesto. Thanks to the patronage of Chamberlain, the department acquired influence at the highest levels in the 1930s.

A reassuring image

Under Baldwin's leadership the Conservatives had remarkable success in projecting an image which was at once strong and moderate. In 1924 the party played on 'red scare' stories, contrasting itself with a Labour Government that seemed too friendly towards the Soviet Union. In 1931, participation in the National Government enabled the Conservatives to associate themselves with the theme of patriotic unity in the face of economic crisis. They offered a stable yet democratic alternative to the extremism of continental dictatorships. With the first signs of economic recovery by 1935, the Conservative-dominated National Government was well placed to win a further term of office. Prudent financial management, together with moderate reform in areas such as slum clearance and factory conditions, enabled the party to generate a responsible yet mildly progressive image.

As the historian Ross McKibbin argues in an essay on 'Class and conventional wisdom', published in *The Ideologies of Class* (1990), the

Sir Oswald Mosley (1896–1980)
A member of the 1929 Labour Government, Mosley resigned in 1930 and founded the New Party. In 1932 he started the British Union of Fascists, who imitated the authoritarian ideas and theatrical displays of Mussolini's Italian blackshirts. The BUF's activities were restricted by the 1936 Public Order Act, passed by the National Government to curb the wearing of political uniforms.

Conservatives strengthened their position by depicting Labour as the party of a particular sectional interest, the organised working class. By contrast the Conservatives persuaded a solid core of middle-class supporters, together with many uncommitted working-class voters, that they alone were fitted to rule in the interests of the nation as a whole.

On the political right there were no credible challengers. Sir Oswald Mosley's British Union of Fascists (BUF) remained a marginal party of protest, discredited by its attachment to 'un-English' political uniforms and violent methods. In Britain the impact of economic depression was never severe enough, over the country as a whole, to make people turn in large numbers to the radical right. A steady rise in living standards for those who were in work enabled a large section of the population, especially in the south and the Midlands, to benefit from the house-building boom of the 1930s and from the growth of new consumer industries (see Chapter 6, section 3.) Although diehard Tories might protest against 'liberal' National Government policies, few were prepared to support so obviously extreme and unconstitutional a movement as the BUF. Ingrained loyalty led the majority to stay in the Conservative Party, in the hope that they could influence it from within. Throughout the inter-war period the party included a broad range of views, with a secure hold on the centre-right of the political spectrum.

Social reforms of the National Governments, 1931–1939

1933	Slum Clearance Act sets targets for local authorities to re-house people living in inner city poverty.
1934	Administration of unemployment relief is transferred from local authorities to a national Unemployment Assistance Board. Special Areas Act attempts to attract investment into areas where unemployment levels are highest.
1937	Factory Act reduces working hours for women and young people.
1938	Holidays with Pay Act extends paid holidays to 11 million workers.

1. Why have historians disagreed about the reasons for Conservative electoral success between the wars?

2. Why did the extreme right prove such a failure in inter-war British politics?

3. How far was Conservative electoral success due to good party management?

7.5 How can Stanley Baldwin's long tenure of the Conservative Party leadership be explained?

The unexpected Prime Minister

In some respects it is surprising that Stanley Baldwin should have led the Conservatives for 14 years and have been able to stamp his own personality on the character of the inter-war party. H. Montgomery Hyde aptly subtitled his 1973 biography 'the unexpected Prime Minister'. Although Baldwin had been in the Commons since 1908, when he succeeded his father as MP for the Bewdley Division of Worcestershire, he had not had long experience of high office when he became Conservative leader and Prime Minister in May 1923. He had entered the Cabinet, as President of the Board of Trade, as recently as March 1921. He did not become a recognisable public figure until October 1922, when he spoke out against the Lloyd George Coalition at the famous Carlton Club meeting. The arrival in Downing Street of his patron and friend, Bonar Law, led to Baldwin's

appointment as Chancellor of the Exchequer. Even then his succession to the premiership was not a foregone conclusion: in January 1923 he came into conflict with the Prime Minister over the terms of the American debt settlement, and revealed his lack of experience by disclosing the deal to journalists before it had been submitted to the Cabinet.

On several occasions there was a question mark over Baldwin's political future. It was his miscalculation that plunged the Conservative Party, without adequate preparation, into the December 1923 general election. In 1929–31, following a second electoral defeat, his leadership was threatened by a prolonged challenge from the two great newspaper owners, Lord Beaverbrook and Lord Rothermere. In early March 1931 key Shadow Cabinet colleagues prepared to abandon him and he came close to resignation. He was often criticised for not being sufficiently aggressive in opposition and the Conservative right wing never warmed to him. As Prime Minister he lacked a detailed grasp of many policy matters and seemed uninterested in the foreign and defence issues of the 1930s. In retirement during the Second World War, he was savagely criticised by many commentators for Britain's lack of military preparedness. How then are we to explain Baldwin's long period at the summit of British politics?

Sir Max Aitken, Baron Beaverbrook (1879–1964)
The owner of the *Daily Express*, Beaverbrook was a lifelong political intriguer. In 1929–31 he worked with Lord Rothermere, owner of the *Daily Mail*, against Baldwin's leadership. He held government posts in both world wars and was a close associate of Winston Churchill.

George Nathaniel Curzon, Marquess Curzon (1859–1925)
The most distinguished and experienced Conservative figure of the early 1920s. Curzon had served as Viceroy of India from 1898–1905 and had been a member of Lloyd George's five man War Cabinet. He was Foreign Secretary from 1919–23 and considered himself the inevitable choice for Prime Minister when Bonar Law retired.

Good fortune

Luck, the simplest of explanations, takes us some way in analysing Baldwin's success. He gained the premiership in 1923 largely because the only credible alternative, Lord Curzon, was too difficult and pompous to be acceptable to his colleagues. Moreover it was generally accepted that, with Labour now the main party of opposition, it was inappropriate for the Prime Minister to sit in the House of Lords. Baldwin was fortunate in the timing of Bonar Law's retirement. It came too soon after the Carlton Club meeting for Conservatives such as Austen Chamberlain, who had been identified with the Coalition, to be considered. The lack of an obvious alternative also helped Baldwin to survive criticism of his leadership following defeat in the December 1923 general election.

Baldwin also benefited from the 'image problems' of his leading opponents in the 1930s. Churchill's attacks on his party leader over India were weakened by the violence of his language, which suggested that he was exaggerating his case for self-interested reasons. Memories of this episode also limited the impact of Churchill's warnings over Nazi Germany later in the decade.

A great communicator

Baldwin would not, however, have survived as long as he did without positive qualities of his own. Perhaps his greatest asset was a capacity to sense the public mood and to express it. He embodied his age in a way that few other politicians have done. With his baggy suits, country tweeds and trademark pipe, he was a figure with whom the general public could readily identify. His homely, down-to-earth style made it hard to remember that he was, in fact, both the inheritor of a large personal fortune and a highly-professional politician.

The titles of Baldwin's published collections of speeches give a clue to the nature of his appeal: *On England, Our Inheritance, This Torch of Freedom, Service of Our Lives, An Interpreter of England.* Through his public utterances, which were often addressed to non-political gatherings, Baldwin evoked a vision which was in tune with the instincts and feelings of his audience. He spoke nostalgically of a rural way of life which, by the 1920s, was fast disappearing. Sections of his 1924 address to the Royal Society of St George have become well known: 'the tinkle of the hammer

Two photographs of Stanley Baldwin

What impression of Baldwin's political style and image do these photographs give?

on the anvil in the country smithy, the corncrake on a dewy morning, the sound of the scythe against the whetstone, and the sight of a plough team coming over the brow of a hill?...' Linked to this romantic portrayal of the English landscape were the enduring virtues of the national character: an instinct for compromise, a basic kindliness and common sense, an ability to reconcile freedom and individuality with order and responsibility. Baldwin created an image of a nation at ease with itself, of a community in which people of all backgrounds shared a common ideal of service. 'There is only one thing which I feel is worth giving one's whole strength to,' he declared in 1925, 'and that is the binding together of all classes of our people in an effort to make life better in every sense of the word.'

In a country which had recently experienced the horror of the First World War, and which now faced considerable economic and political uncertainty, Baldwin's public image was immensely reassuring. As Neville Chamberlain once acknowledged, he had a unique gift for communicating with the politically uncommitted 'floating voter'. Baldwin's talent for words was deployed to great effect, not only in traditional public meetings but

also through the new media of radio and film. He was the first major politician to grasp the importance of speaking to the radio microphone as if addressing individuals rather than a mass meeting. The introduction of sound newsreels in 1930 enabled him to reach a larger audience than ever before; at that time approximately 20 million people regularly watched cinema films. As John Ramsden observes in An Appetite for Power, Baldwin was 'the first British politician ever to become truly familiar to the voting public'. When he said, at the close of his 1935 general election broadcast, 'I think you can trust me by now', Baldwin was accurately reflecting the nature of the relationship that he had built with the ordinary voter.

A skilled politician

Baldwin's image as a plain-spoken countryman was deceptive. Churchill paid tribute to him as 'the greatest party manager the Conservatives ever had'; Beaverbrook, with more feeling, described him as 'the toughest and most unscrupulous politician you could find'. Although passive by nature, Baldwin could hit his opponents hard when the occasion demanded. The fact that he normally avoided excessive partisanship made him more effective when he chose to exert himself. His condemnation of the 1926 General Strike as 'a challenge to Parliament and ... the road to anarchy and ruin' is a good example of his toughness in a crisis.

In the more subtle arts of political management Baldwin had few equals. In his 1924–29 administration, for example, he showed skill in maintaining the unity of a diverse ministerial team. He successfully combined keen protectionists such as Leopold Amery, the Colonial and Dominions Secretary, with the pro-free trade Winston Churchill. By offering the Exchequer to Churchill he surprised many observers, since the latter had so recently returned to the Conservative fold. Nonetheless the decision made sense politically, since the post absorbed the energies of a potentially troublesome colleague.

Baldwin's survival of the campaign orchestrated by Beaverbrook and Rothermere in 1929–31 showed him at his most skilful. The press lords' call for a policy of 'Empire Free Trade' struck a chord with large sections of Tory opinion. It was a re-packaging of the historic Conservative idea of imperial preference – the call for a comprehensive system of tariffs, designed to turn the British Empire into a self-sufficient trading bloc. With the 1929 electoral defeat a recent memory, Baldwin's position was vulnerable. The *Express* and the *Mail* possessed a combined daily circulation of 3.5 million and thus provided their owners with an influential platform. By 1930 Beaverbrook and Rothermere had formed their own United Empire Party, which opposed official Conservative candidates at by-elections. As the campaign increased in intensity, Baldwin showed flexibility in gradually moving closer to the Empire Free Trade position, while avoiding unqualified support for a policy which might prove an electoral liability. When the campaign against his leadership revived in the spring of 1931, he chose the right moment to retaliate against his press critics. Speaking in support of the official Conservative candidate in the St George's, Westminster by-election, he presented the issue as one of press versus people. In a famous phrase, he described the newspaper owners as aiming at 'power without responsibility – the prerogative of the harlot throughout the ages'. The attack helped to ensure the victory of the pro-Baldwin candidate, Alfred Duff Cooper, and to bring the Beaverbrook-Rothermere crusade to a close.

The Abdication Crisis, 1936

Edward VIII came to the throne in January 1936 on the death of his father, King George V. He was determined to marry his American-born mistress, Wallis Simpson. Already a divorcee, she was divorced from her second husband in the autumn of 1936. The government, together with majority opinion in both Britain and the self-governing Dominions, regarded her as an unsuitable choice. The King was the official head of the Church of England, which was opposed to divorce. Edward could not disregard conventional ideas of morality and expect to have Mrs Simpson as his Queen. The crisis was resolved in December, with Edward's decision to abdicate the throne in favour of his younger brother. Edward took the title of Duke of Windsor and went to live in France, where he married Mrs Simpson in 1937.

Edward VIII with Mrs Simpson

Baldwin's handling of the issue was universally regarded as a personal triumph. As the King's first minister he avoided antagonising Edward, while ensuring that abdication was the outcome of the crisis. In so doing Baldwin demonstrated once again his feel for the middle ground of public opinion. Churchill and Beaverbrook, who attempted to start a movement in favour of Edward retaining the throne, were left in an isolated position. Baldwin was able to retire in May 1937, following the coronation of King George VI and Queen Elizabeth, in a glow of popular goodwill.

Conclusion

Lord Kilmuir, who served in the Conservative Cabinets of the 1950s, once described loyalty as the Tories' secret weapon. As Stuart Ball shows in *Baldwin and the Conservative Party: the crisis of 1929–1931* (1988), during the Empire Free Trade episode Baldwin strained that loyalty to the limit. In his anxiety not to commit himself to an electorally risky policy, he nearly alienatied those who most wanted a distinctively Conservative stance. He was fortunate that, as the Depression deepened in the course of 1930, protection became increasingly acceptable to business. This enabled Baldwin to adjust his economic policy to satisfy his own activists, without appearing to give in to pressure from the Empire Crusade.

Baldwin saw himself as educating his party in the need for a moderate, pragmatic approach to new problems. In his speeches he presented this as a characteristically Conservative position. As he declared in 1924, in tackling questions of social reform Conservatives were 'following the very traditions of Disraeli himself, adapted to the present day'. By generating a reassuring image of continuity, Baldwin persuaded the loyal centre of his party to accept change as a necessary part of life. This meant frustration for those who looked for a more confrontational style of politics.

The course of inter-war politics vindicated Baldwin rather than his critics. The creation of the National Government in 1931 isolated those who demanded a more aggressive Conservatism. Baldwin's instinct for consensus made him an ideal leader for the party at such a time. He was able to articulate a sense of national unity in face of the twin threats of economic crisis at home and political extremism abroad. In so doing he consolidated his hold on public opinion and made his position as party leader secure from further challenge. In 1937 he retired at a time of his own choosing, one of only three 20th-century Prime Ministers to leave office without being forced to do so by ill health, electoral defeat or a party revolt. This in itself was a considerable achievement.

'Baldwin owed his survival as Conservative leader solely to the absence of credible alternative candidates.' Do you agree? Use the information in this section to support your answer.

Further Reading

Articles

In *Modern History Review*
'The Conservative dominance 1918–1940' by Stuart Ball (Vol.3 No.2)
'Ditching the Goat: the fall of Lloyd George' by Graham Goodlad (Vol.10 No.4)
'Stanley Baldwin and the Conservative Party' by Derrick Murphy (Vol.9 No.4)

Texts designed specifically for AS and A2 students

Britain: Domestic Politics 1918–1939 by Robert Pearce (Access to History series, Hodder & Stoughton, 1992)
The Conservative Party and British Politics 1902–1951 by Stuart Ball (Longman Seminar Studies, 1995), also contains a useful selection of documentary extracts
Stanley Baldwin and the Search for Consensus by Duncan Watts (Personalities and Powers series, Hodder & Stoughton, 1996)

For more advanced reading

An Appetite for Power: a history of the Conservative Party since 1830 by John Ramsden (HarperCollins, 1998), Chapters 9 to 11
Baldwin by Philip Williamson (Cambridge University Press, 1999)
Bonar Law by R.J.Q. Adams (John Murray, 1999)
The Conservative Party from Peel to Major by Robert Blake (Heinemann, 1997), Chapter 7
How Tory Governments Fall: the Tory Party in Power since 1783 edited by Anthony Seldon (Fontana, 1996), Chapters 6 and 7
The Making of Modern British Politics 1867–1939 by Martin Pugh (Blackwell, 1982), Part 4

8 The Labour Party, 1918–1939

Key Issues

- How did Labour change from being a trade union pressure group to a national party of government?
- Did the Labour governments of the inter-war period achieve anything worthwhile?
- What was the impact of the financial and political crisis of 1931 on the Labour Party?

8.1 How and why did Labour become a potential party of government after the First World War?
8.2 Did the Labour government of 1924 fail both the party and the country?
8.3 How far was the failure of the 1929–31 MacDonald government the result of fundamental fissures in the Labour movement?
8.4 Historical interpretation: Does Ramsay MacDonald deserve to be remembered as the great betrayer of the Labour Party?
8.5 How convincing was Labour's recovery from the disaster of 1931?

Framework of Events

1918	Labour adopts a new constitution, *Labour and the New Social Order*, containing a commitment to socialism for the first time. In the December general election, Labour wins 57 seats
1921	Trades Union Congress forms the General Council, which formally associates with the Labour Party in a new National Joint Council
1922	November: general election, Labour wins 142 seats, becoming the main alternative to the Conservative government
1923	December: general election, Labour wins 191 seats, and is able to take office for the first time with the support of the Liberals
1924	Ramsay MacDonald's minority Labour government holds office from January to October. It is then defeated in the House of Commons and in a further general election, losing 40 seats
1926	Failure of the General Strike. Conservative government's 1927 Trade Disputes Act inhibits trade union financing of the Labour Party
1929	May: general election. MacDonald forms his second minority government after winning 287 seats
1931	The Labour government breaks up because of divisions over how to respond to a severe financial crisis in August. It is replaced by a Conservative-dominated National government headed by MacDonald. Labour is heavily defeated in the October general election (46 seats compared with the government's 554). George Lansbury takes over as Labour Party leader
1935	Clement Attlee replaces Lansbury as leader of the party. Labour is heavily defeated in the November general election (154 seats, compared with 429 for the National Government)
1937	Labour's immediate programme outlines policies for a centrally planned economy
1939	Expulsion from the Labour Party of Stafford Cripps and other advocates of a 'popular front'. Labour supports the National Government's declaration of war on Germany

Overview

THE inter-war years witnessed Labour's replacement of the Liberals as the main progressive party in British politics. Labour gained only slightly more seats in the 1918 general election than it had done in the last pre-war contest in December 1910. Nonetheless, with more than two million votes, it had secured a larger share of the popular vote. Steps had been taken to lay the foundations of a more effective organisation and a new constitution had committed the party to the 'common [i.e. state] ownership' of industry as a long-term aspiration. These were significant developments for a party, created as recently as 1900 by a group of trade unions and socialist societies, to win parliamentary representation for working-class people.

Ramsay MacDonald, who was elected leader in 1922, was determined to establish Labour as a respectable and responsible party of government. In office in 1924 and 1929–31, this meant the deliberate pursuit of moderate policies to reassure the electorate that Labour was not a revolutionary faction. A clear-cut socialist approach, advocated by the party's left-wing associate body, the Independent Labour Party, was to be avoided. The fact that both administrations were minority governments, kept in office with the tolerance of the parliamentary Liberal Party, provided a practical obstacle to the adoption of a radical socialist agenda. In any case Labour's Chancellor, Philip Snowden, was firmly wedded to an orthodox understanding of finance based upon free trade, a cautious attitude towards public spending and the importance of a balanced budget. This effectively ruled out imaginative policies to tackle the problem of unemployment, which worsened appreciably following the onset of world depression in 1929.

Independent Labour Party: Founded in 1893, this body advocated the 'common' [state] ownership of industry. In 1900 it joined with representatives of the trade unions and other groups to form the Labour Representation Committee, which took the name 'Labour Party' six years later.

In 1931 Labour faced a severe test of its credibility as a governing party. Faced with an international financial crisis, which threatened the stability of the pound, the second MacDonald government was unable to agree on a package of spending cuts. Acceptance of these was necessary if rescue loans from foreign bankers were to be obtained. The argument centred on the demand for a 10 per cent cut in unemployment benefit. A section of the Cabinet, led by the Foreign Secretary, Arthur Henderson, insisted that Labour's historic responsibility for working-class living standards should take priority. Rather than consent to the proposed cuts, nine ministers resigned, bringing down the government. MacDonald then caused lasting resentment in the Labour movement by accepting reappointment as head of a National Government, in which the Conservatives were the dominant group. He was joined by a handful of supporters, who took the label 'National Labour'.

Defeat in the ensuing general election and in the further contest of 1935 condemned the Labour Party to spend the remainder of the 1930s in the political

Philip Snowden (1864–1937)
Snowden began his career as an activist in the Independent Labour Party in Yorkshire. His reputation as the Labour Party's financial expert earned him the post of Chancellor of the Exchequer in the first two Labour governments. He stayed with MacDonald when the latter formed the National Government in 1931, resigning a year later in protest at the abandonment of free trade.

Arthur Henderson (1863–1935)
The embodiment of Labour's trade union roots, Henderson served as party secretary for more than twenty years. He was the first Labour MP to acquire governmental experience, serving in both the Asquith and Lloyd George coalitions. After his resignation from the War Cabinet in 1917, he initiated a major overhaul of the party organisation. He was a key figure in the first two Labour governments.

wilderness. The 1931 crisis was a defining moment in the party's history, leaving a bitter memory of alleged betrayal by its leadership. Only the political transformation effected by the Second World War would make it possible for Labour to return to the corridors of power.

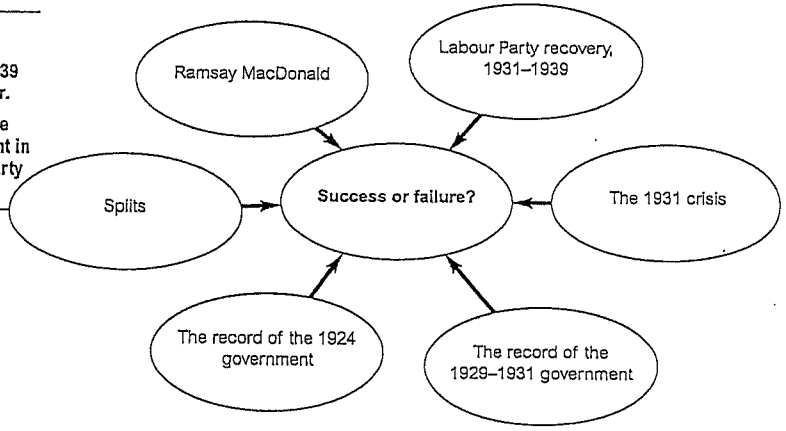
Leaders of the Labour Party, 1918–1939

1918–21	William Adamson
1921–22	J.R. Clynes
1922–31	Ramsay MacDonald
1931–32	Arthur Henderson
1932–35	George Lansbury (led the parliamentary party from 1931, after Henderson lost his seat at the general election).
1935–55	Clement Attlee

(The leader of the Parliamentary Labour Party was known as 'chairman' until 1922.)

1. Who or what was most responsible for Labour's successes in the 1918 to 1939 period? Explain your answer.

2. What do you regard as the most important turning-point in the history of the Labour Party in the period 1918 to 1939?



8.1 How and why did Labour become a potential party of government after the First World War?

The Labour Party was no less divided than the Liberals by the experience of the Great War. Ramsay MacDonald, the most outstanding of the pre-war chairmen of the Parliamentary Labour Party, had resigned his post in August 1914, in protest at Britain's involvement in the war. The majority of the party followed the new leader, Arthur Henderson, in qualified support for British intervention. A minority of Labourites outdid the Conservatives in passionate support for a vigorous prosecution of the conflict. Yet Labour emerged from 1914–18 united, with an increased parliamentary representation, ready to forge ahead as a potential party of government in its own right. By contrast the Liberal Party, which had been indisputably the senior partner in the pre-war progressive alliance, was weak, divided and in no position to provide national leadership. Why were the fortunes of Britain's two parties of the left so divergent?

The preservation of fundamental unity

The most influential study of this topic remains Ross McKibbin's *The Evolution of the Labour Party 1910–1924* (1974). McKibbin argued that Labour's emergence as a contender for power was a product of deep-seated socio-economic changes, which had begun before the First World War. The rise of the party reflected the growth of a strong sense of class consciousness among the industrial workforce, which found expression in the trade union movement. This meant that, far more than the Liberals, the party could claim to speak for the great masses of organised labour. Its foundation on the bedrock of class loyalty gave it an inherent strength, which divisions at parliamentary level could not seriously undermine.

Throughout the war Labour leaders maintained an essential unity on issues that affected the wellbeing of the working classes. The War Emergency Workers' National Committee, which concerned itself with everyday issues such as prices, rents and widows' pensions, was a practical example of this. Chaired by Arthur Henderson, it included MacDonald and other anti-war figures among its members. In any case, wartime differences of opinion in the Labour movement did not have the personal bitterness of the rivalry of Asquith and Lloyd George. The Liberal Party traditionally accorded a more prominent role to individual leaders and was thus harmed more seriously by divisions at high political level.

As his biographer, Chris Wrigley, has shown, Henderson's effectiveness as Labour leader derived largely from his capacity to reflect the consensus view of the Labour movement. His acceptance of Cabinet posts under both Asquith and Lloyd George enabled him to defend working people's interests at the highest level. Thus by declining to oppose military conscription in 1916, he was in a position to resist future moves towards compulsion in industry. His involvement in government enhanced Labour's confidence and laid down an important marker for the post-war period.

The growth of grassroots organisation

While the Liberal organisation contracted during the war, the Labour Party's began to expand and improve. In 1914 the Labour Party was still in essence a federal structure, whose membership was based upon affiliations through trade unions and socialist parties. This limited the party's ability to field candidates outside the small number of constituencies where it could rely upon the co-operation of a powerful affiliated body.

Henderson's resignation from the Lloyd George government in August 1917, following a dispute over his proposed attendance at an international socialist conference, provided an opportunity to overhaul this primitive organisation. Henderson encouraged the growth of local party branches, which, for the first time, would make possible large-scale individual membership. By 1924 only 19 constituencies lacked a branch of the Labour Party.

Nonetheless, one should not exaggerate the importance of this development. The continued growth of trade union affiliations was more significant for the party's electoral strength, since in most constituencies the unions remained the basis of local organisation. In the 1918 general election, no fewer than 25 of the successful Labour candidates were sponsored by the Miners' Federation of Great Britain. It was an accurate reflection of the unions' importance that, under the constitution adopted by the party in February 1918, they commanded 13 of the 21 places on the expanded executive body. Their continued control of party funding

prevented the Labour leadership from carrying out a more equal distribution of resources across the constituencies. The overall result was that Labour consolidated its organisation in already winnable seats, which were typically in strongly working-class areas of the industrial north.

The franchise factor

The extent to which Labour benefited from the extension of the franchise, under the 1918 Representation of the People Act, remains controversial. The Act virtually trebled the size of the electorate, giving the vote to large numbers of women and working-class men. In an important article published in the *English Historical Review* (1976), H. C. G. Matthew, Ross McKibbin and J.A. Kay argued for the centrality of the 'franchise factor' in the post-war rise of Labour. They maintained that the Act's most important feature was the enfranchisement of a mass working-class population, whose predisposition to vote Labour could now find expression.

This view has not gone unchallenged. In 1983 Duncan Tanner, writing in *Bulletin of the Institute of Historical Research*, drew attention to the socially diverse nature of the new electorate. He pointed out that the pre-1918 voting rules had also excluded from the franchise middle-class sons living with their parents, domestic servants and soldiers resident in barracks. None of these groups could be viewed as automatic Labour voters. Moreover research into voting patterns among women suggests that they had exhibited a general tendency to vote in a Conservative direction.

As Martin Pugh points out in *The Making of Modern British Politics 1867–1939* (1982), the patriotic fervour of 1918 affected the outcome of the first post-war election. Those Labour candidates who won, such as the railwaymen's leader, J.H. Thomas, were often those who took a populist anti-German line. Those with a pacifist background, such as MacDonald and Snowden, suffered heavy defeats.

Pacifist: A person who believes all war to be wrong.

One incontestable reason for Labour success in 1918 was the straightforward fact that the party ran more candidates than in December 1910 – 388 as opposed to 78. This trend was continued in the post-war years; in the 1922 election there were 414 Labour candidates.

The drive towards independence from the Liberals

In the Edwardian period the relationship between the Liberal Party and Labour had clearly been one of patron and client. The latter had few distinctive policies of its own and had been heavily dependent on the goodwill of the Liberal administration for the passage of such measures as the trade union laws of 1906 and 1913 and the payment of MPs. In many respects the post-1914 Labour Party offered a safe haven to radical Liberals who had become disenchanted with the internal wrangling of their own party. Labour stood for free trade, internationalism and social reform in a manner wholly consistent with pre-war 'New Liberalism'. The Union of Democratic Control, a wartime society that campaigned for a popular voice in foreign policy making, provided a forum in which representatives of both parties worked together. Its members included the idealistic Liberal, Charles Trevelyan, who was shortly to join the Labour Party in protest at the vindictive nature of the Versailles peace settlement.

New Liberalism: The social reforming ideas associated with the pre-1914 administrations of Campbell-Bannerman and Asquith. These governments took a more positive view than their 19th-century predecessors of the role of the state in society.

Nationalisation: The idea of state or common ownership of industry, expressed in clause four of Labour's 1918 constitution.

Capitalist: A supporter of the system of private enterprise.

Yet the younger party was also concerned with carving out for itself a new, clearly defined identity. This was one of the main reasons for the adoption, in its 1918 constitution, of a commitment to 'the common ownership of the means of production'. The espousal of nationalisation as a long-term aspiration for industry enabled the party to distinguish itself from the essentially capitalist Liberal Party.

National Executive: The Labour Party's governing body, especially important in periods of opposition, on which the trade unions, the constituency parties and the parliamentary party were represented.

1. Which of the factors discussed in this section do you think was most important in making Labour a potential party of government? Give reasons for your answer.

2. 'Labour's success in the period 1914–22 owed more to the mistakes of the party's opponents than to the skills of the Labour leadership.' Do you agree? Give reasons for your answer.

The drive to independent status was also reflected in the party's electoral strategy. Henderson's approach as leader was to contest by-elections wherever the local Labour organisation made a challenge feasible. Asked in December 1917 whether he would spare the seats of radical Liberals, he replied that 'discrimination would be difficult and that broadly he thought the policy would be to run a Labour candidate wherever there was a tolerable chance of carrying him'. This strategy was demonstrated in two Lancashire by-elections in the autumn of 1919. At Widnes, where he was a candidate, Henderson was happy to accept Liberal support. Yet shortly afterwards, in the Rusholme division of Manchester, a largely middle-class seat in which the Liberals had expected a free run, Labour's National Executive ran its own candidate.

Labour displayed its new-found ruthlessness most effectively in the 1923 general election, when the party ignored the fact that it shared obvious common ground with the Liberals on the central issue of the contest – free trade versus protection. With the possibility of power at last in sight, Labour's leaders could not afford the luxury of sentimentality towards their former partners. After 1918 they seized the opportunity to polarise politics between themselves and the Conservatives, so that the Liberals were gradually squeezed out as an effective rival.

8.2 Did the Labour government of 1924 fail both the party and the country?

J. R. Clynes (1869–1949)
He came from the party's trade union wing. Clynes served as Lord Privy Seal in 1924 and as Home Secretary in 1929–31.

J. H. Thomas (1874–1949)
A leading figure in the National Union of Railwaymen, Thomas was a friend of MacDonald. He served in both inter-war Labour Cabinets and in the National Government, until his disgrace in 1936 for revealing budget secrets. The cartoonist David Low invariably depicted him as 'the Rt. Hon. Dress Suit' on account of the enthusiasm with which he participated in high society.

The appointment of the first Labour government in January 1924 was widely regarded by contemporaries as an event of great political and social significance. King George V wrote in his diary, 'Today 23 years ago, dear Grandmama [Queen Victoria] died. I wonder what she would have made of a Labour government!' The new Prime Minister, Ramsay MacDonald, lacked the governmental experience of his predecessors and had risen from obscure origins, the illegitimate child of Scottish fisherfolk. One of the Labour ministers, J.R. Clynes, later recalled 'the strange turn in Fortune's wheel which had brought MacDonald the starveling clerk, Thomas the engine driver, Henderson the foundry labourer and Clynes the mill-hand' to the Cabinet room. Many on the political right expressed alarmist expectations of attacks on private property and established institutions. Among the more extreme predictions was a claim that women would be nationalised and free love proclaimed as official government policy. Winston Churchill, at that time shifting his allegiance from the Liberal Party to the Conservatives, wrote that 'the enthronement in office of a Socialist government will be a serious national misfortune such as has usually befallen great States only on the morrow of defeat in war'.

Notwithstanding such apocalyptic pronouncements, the government's behaviour proved to be so moderate that its most radical supporters were to be gravely disappointed. After less than ten months in office, no significant steps had been taken towards the achievement of socialist goals. The party suffered a heavy defeat in the general election of October 1924, winning 151 seats to the Conservatives' 419. Labour was not to form another government for almost five years. In the eyes of the left wing and

Leading members of the 1924 Labour Government

Prime Minister and Foreign Secretary	Ramsay MacDonald
Chancellor of the Exchequer	Philip Snowden
Home Secretary	Arthur Henderson
Colonial Secretary	J. H. Thomas

Members of the first Labour Government arrive at Buckingham Palace to receive the seals of office. Left to right: Ramsay MacDonald, J. H. Thomas, Arthur Henderson, J. R. Clynes (January 1924).

How important were Ramsay MacDonald and Arthur Henderson for the rise of the Labour Party between the wars?

of many trade unionists, the MacDonald administration had failed to justify the confidence placed in it a short time earlier. How are we to assess the record of that government today?

The decision to take office

The performance of the first Labour government was to be affected to a large extent by the circumstances in which it took office. It is important to remember that it was a minority administration, which had come to power because of the peculiar outcome of the December 1923 general election. Stanley Baldwin's Conservative government had dissolved Parliament in an abortive attempt to secure a mandate for the introduction of protective tariffs. Although the Conservatives, with 258 seats, remained the largest party in the Commons, they were outnumbered by the Liberals (159 seats) and Labour (191 seats), who had both campaigned in defence of free trade. Since the contest had turned on one issue, it could legitimately be argued that Labour, as the largest pro-free trade party, had the right to form a government. On the other hand, this would mean forming a ministry with the acquiescence of the Liberals, who could withdraw their support at any time.

In these circumstances Labour's term of office was unlikely to be more than a rather unsatisfactory apprenticeship in power. Some on the left were uneasy about the idea of taking office at all, fearing that the party would be hopelessly compromised by the institutions of capitalist society. The left-wing MPs elected for the Clydeside region of Scotland, supported by the Independent Labour Party, argued that MacDonald should deliberately court parliamentary defeat with an uncompromising socialist programme. The ensuing election would then enable the party to rally support in the country for a revolutionary transformation of society.

MacDonald risked the anger of committed socialists by declining to 'ride for a fall' in the manner recommended by the class warriors of the left. Instead he resolved that a policy of moderation was essential, to give the party a chance to prove its capacity to govern responsibly. If Labour was to establish itself as something more than a party of protest, it needed to win the confidence of the ideologically uncommitted outside the ranks of the movement. If Labour could exercise authority with dignity, it could consolidate its lead over the Liberals, which it had won since the end of the Great War. As MacDonald's biographer, David Marquand, points out, such an approach was dictated both by the circumstances of 1924 and by the

nature of the Labour Party. Extreme care in demonstrating Labour's respectability was 'the price they paid for belonging to a working-class party which aspired to govern a class-divided and hierarchical society'.

The composition of the Cabinet was at one with this strategy. To compensate for his colleagues' lack of ministerial experience, MacDonald filled many posts with former members of the Conservative and Liberal Parties. The new ministers were schooled in constitutional practice by the Lord Chancellor, Lord Haldane, who had held the same office under Asquith. Only the Minister of Health, John Wheatley, was clearly drawn from the Labour left. Even in such an apparently minor area as the decision to wear traditional Court dress on ceremonial occasions, Labour's representatives emphasised their conformity to social convention.

The government's record

In domestic policy the government was consistent in its avoidance of radical departures. Perhaps its most creative action was Wheatley's Housing Act, which allocated state subsidies to local authorities, enabling them to build houses for rent. This was an extension of council housing policies initiated by Christopher Addison as Minister of Health in the post-war Lloyd George Coalition. On the central problem of unemployment, the Labour government offered no action beyond the uncontroversial funding of public works schemes. Faced with the threat of strikes by dockers and London transport workers, the government showed a readiness to use emergency powers bequeathed by the Lloyd George administration. MacDonald's insistence on the need to govern in the national interest effectively ruled out any particular sympathy for the trade union movement.

Continuity was also the hallmark of the government's imperial policy. Although work on the costly Singapore naval base was halted, there was certainly no indication that Labour stood for the abandonment of imperial commitments in general. Only in the field of foreign affairs could the government be said to have developed something approaching a distinctive line. Here Labour's emphasis on the reconciliation of post-war Germany bore fruit in negotiations for the withdrawal of the French army of occupation from the Ruhr. This was followed by MacDonald's chairmanship of a conference in London, at which the Dawes Plan, an attempt to alleviate Germany's reparations burden, was launched. This, the first successful attempt to mitigate the rigours of the Versailles settlement, set the tone for the policies of Governments of both parties over the next decade and a half. The emphasis was on making concessions to Germany, in the interests of wider European security. MacDonald's attempt, in the so-called Geneva Protocol, to widen the power of the League of Nations to settle international disputes, was less successful. The Protocol had not been ratified before the fall of the government and it was allowed to drop by the incoming Conservative administration.

Geneva Protocol: A document promoted by MacDonald at the League of Nations. The signatories promised to accept a peaceful settlement of all international disputes and to disarm by agreement. They also agreed to offer support to each other if faced with unprovoked aggression.

Decline and fall

The manner in which the government met its end casts grave doubt on the political sensitivity of its leading figures. MacDonald's attempt to negotiate treaties with the Soviet Union gave the opposition parties a perfect opportunity to label the government as pro-Communist. The proposal to offer a loan to the Soviet regime, in return for a vague agreement to compensate British investors who had lost their claims in the Bolshevik revolution, was particularly damaging to Labour.

The government's mishandling of a law case involving J. R. Campbell, the acting editor of the Communist *Workers' Weekly*, gave Labour's opponents a

further handle for criticism. After Campbell wrote an article calling on troops not to allow themselves to be used against strikers, the Attorney-General, Sir Patrick Hastings, started a prosecution. When the government decided to withdraw the charges, it laid itself open to opposition claims that it was being manipulated by extreme left elements. Conservatives and Liberals then united to defeat the government in the Commons.

In the ensuing general election campaign Labour was again identified in the public eye with the 'red menace'. This was through the publication of the notorious Zinoviev letter, an incitement to sedition apparently written by the president of the Communist International in the Soviet Union. The letter probably had a limited impact on the outcome of the election, which would have resulted in a Conservative victory even had it never appeared. In 1999 an official investigation suggested that the letter was forged by an exiled opponent of the Russian Revolution and leaked by members of MI5 and MI6, Britain's security services, to tarnish Labour's image. Historians agree, however, that the real significance of the letter was the way in which it gave Labour a plausible explanation for its defeat. Labour spokesmen maintained that it was a forgery and that they had been the innocent victims of a capitalist conspiracy. In this way the episode served to distract attention from an honest examination of the party's real weaknesses.

Sedition: An attempt, by speech or writing, to encourage disorder and disobedience to legal authority.

1924 and the future of Labour

Labour's defeat in the 1924 contest obscured the fact that the real losers were the Liberals, whose share of the poll had fallen from just under 30 per cent to less than 18 per cent since the previous contest. The strain of fighting three general elections in the space of two years had placed a considerable strain on the resources of a party denied the solid financial backing of the trade union movement. Moreover it seems likely that, influenced by the 'red scare' atmosphere of 1924, many moderate Liberal voters had turned to the more reassuring Conservative Party. By completing the destruction of the Liberal Party as a credible instrument of government, the election had fulfilled the most important purpose of MacDonald and his colleagues.

On the other hand, the experience of 1924 left many unresolved problems for Labour. In *The Making of Modern British Politics* Martin Pugh argues that MacDonald welcomed the coalescence of Conservative and Liberal opposition to the government in the autumn of 1924. Had the government not been released from office at that point, the passage of more time would simply have made the simmering conflict with the party's left harder to contain. Nine months was long enough to demonstrate Labour's capacity to govern. An extended term of office would have exposed the latent tensions within the Labour movement.

Two questions in particular would have to be faced if Labour were to have a chance of forming a more successful second administration. Serious thinking about unemployment, the dominant social issue of the decade, would have to be done. Further, the relationship between a Labour government and the trade unions would have to be properly defined. The real tragedy of 1924 was that a party that could claim to have been sabotaged by external forces was unlikely to undertake a thoroughgoing appraisal of its own shortcomings.

1. Did the Labour government of 1924 have any worthwhile achievements to its credit? Give reasons to support your answer.

2. 'The author of its own downfall.' Is this a fair verdict on the first Labour government? Give reasons to support your answer.

Source-based questions: The Labour government of 1924

SOURCE A

It would seem that the immediate future is now settled; that Baldwin is to resign and Ramsay to come in. I doubt whether either of them is right. Baldwin could easily have snapped his fingers at the no confidence amendment and announced that, as leader of much the largest section of the House, he had better moral authority than anyone else to carry on the King's Government until he was absolutely blocked, and Ramsay might well have declined to start the first Labour Government under impossible parliamentary conditions.

A letter from H.H. Asquith to a Liberal MP, W.M.R. Pringle, 10 January 1924. Quoted in *Asquith* by Roy Jenkins, 1964.

SOURCE B

It is possible for a Labour Government to exaggerate the limitation imposed upon it by the difficult position, to distrust its own power, and to forget that it has a far firmer hold on the mind of the country than on the mind of the House of Commons ... the I. L. P. believes a minority Labour Government even now can advance Socialism by its legislative and administrative acts .... Why should we not at once devote the vast resources of the Government and the ability of its loyal and disinterested advisers, and of other representatives of the community to enquire into the application of Socialist principles to the reorganisation of industry and our economic life?

From Clifford Allen's chairman's address to the Easter conference of the Independent Labour Party, 1924. Quoted in *Clifford Allen: the open conspirator* by Arthur Marwick, 1964.

SOURCE C

It is no part of my job as Chancellor of the Exchequer to put before the House of Commons proposals for the expenditure of public money. The function of the Chancellor of the Exchequer, as I understand it, is to resist all demands for expenditure made by his colleagues, and, when he can no longer resist, to limit the concession to the barest point of acceptance.

From a speech by Philip Snowden in the House of Commons, 30 July 1924.

1. Study Source A. How useful is this source to a historian studying the circumstances in which the first Labour government took office?

2. Study Source B. In the context of this source, explain the reference to 'the application of Socialist principles to the reorganisation of industry and our economic life'.

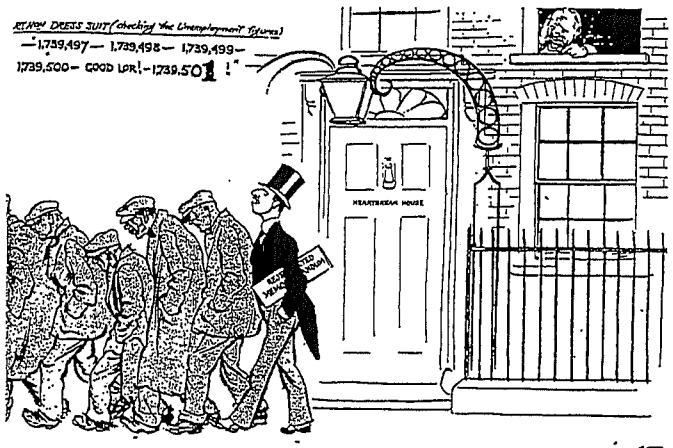
3. Study Sources B and C. How and why do these sources differ in their respective attitudes to the aims of the first Labour government?

4. How complete a picture do Sources A to C give of the problems facing the first Labour government? Use the information in Section 8.2 to help answer the question.

8.3 How far was the failure of the 1929–31 MacDonald government the result of fundamental fissures in the Labour movement?

The period of recriminations following the fall of the first Labour government was short-lived. In the mid-1920s the grip of MacDonald on the party was confirmed. The failure of the General Strike in May 1926 seemed to endorse his moderate, constitutional approach to politics. The party's 1928 programme, *Labour and the Nation*, avoided specific proposals for progress towards a socialist economy.

In the May 1929 election Labour increased its representation in London and the industrial areas of England. The party won 287 seats, while the Conservatives won 260 and the Liberals 59. This meant that once again Labour took office as a minority administration. As Andrew Thorpe points



The caption reads:
RT HON DRESS SUIT (Checking the unemployment figures) – 1,739,497 – 1,739,498 – 1,739,499 – 1,739,501 !
J. H. Thomas, the minister responsible for unemployment policy, watches as Sir Oswald Mosley resigns from the second Labour government, following the rejection of his proposals for economic regeneration.

What does this cartoon reveal about the debate on unemployment during the second Labour government?

out in his *History of the British Labour Party* (1997), the party's success was partly due to the unusually high number of Liberal candidacies, which helped to split the anti-Labour vote.

Although the new government included the first woman Cabinet minister (Margaret Bondfield at the Ministry of Labour), its overall political complexion was similar to that of its predecessor five years earlier. At the Treasury, Philip Snowden's conventional outlook on financial affairs remained unchanged. Given that the fortunes of the ministry would be dominated by the onset of world depression in the autumn of 1929, this would prove to be MacDonald's most crucial appointment. Faced with rising levels of unemployment, the government resisted calls from Sir Oswald Mosley, a junior minister, for an expansionary economic policy based upon loan-financed public works, industrial protection and social reforms designed to reduce the size of the labour market. Mosley's resignation in May 1930 reflected the triumph of orthodox financial thinking.

In July 1931 a European banking crisis started a dramatic withdrawal of funds from the Bank of England, calling into question the position of the pound. These events coincided with the publication of a report from a government-appointed committee chaired by Sir George May, secretary of the Prudential Insurance Company. The May Committee predicted a budget deficit of £120 million and called for government economies amounting to £96 million, including a major cut in unemployment benefit. MacDonald and his colleagues accepted the broad thrust of this argument, that spending cuts were necessary to balance the budget. Only such a strategy could enable the government to secure credits from banks in New York and Paris, upon whose support the pound depended.

Retrenchment: A policy of reducing expenditure.

Acceptance of the principle of retrenchment did not, however, translate into Cabinet agreement on the level of the proposed cuts. Ultimately, it proved impossible to settle on a programme of cuts that would satisfy not only Labour ministers but also foreign bankers and the Opposition party leaders, whose approval was necessary for the passage through Parliament of any proposals. The full Cabinet would agree on only £56 million of cuts, a figure well short of that demanded by the Conservative and Liberal leaders. On this issue the second Labour government broke up in August, to be succeeded by a National Government headed by MacDonald but dominated by the Conservatives.

Leading members of the 1929–1931 Labour government

Prime Minister	Ramsay MacDonald
Chancellor of the Exchequer	Philip Snowden
Foreign Secretary	Arthur Henderson
Lord Privy Seal	J.H. Thomas (moved to Dominions Office, June 1930)

Labour and the crisis of 1931

The collapse of the second Labour government has assumed a unique position in the history of the party. To Labour loyalists, the crisis of August 1931 has acted as a grim warning of the dangers of betrayal by untrustworthy leaders. According to this interpretation, Ramsay MacDonald and a handful of senior figures succumbed to the temptations offered by a manipulative capitalist establishment. Labour was undone by the treachery of its leaders, who placed the prospect of continuation in office ahead of their responsibilities for the rank-and-file of the movement. This interpretation perpetuates the sense of bitterness felt at the time by those who believed that a Labour government should resign rather than consent to economies, which would harm the unemployed masses. It reflects the contemporary belief that a capitalist conspiracy or 'bankers' ramp', assisted by the Conservative and Liberal leaders, had been allowed to prevail.

By focusing on the role of personalities, this view tends to divert attention from the deeper issues raised by the crisis. Could the final crisis of the government have been avoided, had different economic policies been pursued? How far did tensions within the Labour movement influence the options open to the government, and thus help to determine the events of 1929–31?

The views of historians

Scholarly debate on the policies of the second MacDonald government continues to be heavily influenced by the work of Robert Skidelsky in the late 1960s. His study, *Politicians and the slump: the Labour Government of 1929–1931* (1970), is a powerful presentation of the case for a radical alternative strategy to tackle the problem of mass unemployment. Skidelsky presents in a positive light the figure of Sir Oswald Mosley, whose unorthodox economic proposals bear comparison with the 'new deal' policies pursued by Franklin Roosevelt in the United States and with the interventionist outlook of Sweden's social democrat government. The rejection of the 'Mosley memorandum' in May 1930 is viewed as a tragically missed opportunity. The MacDonald government could have reversed the contraction of the economy with an imaginative programme of state investment, financed by deficit budgeting and designed to stimulate demand and generate employment. Instead, the Labour leaders' vague belief in 'socialism' as a future goal prejudiced them against the adoption of new initiatives to save the capitalist system. According to Skidelsky, in the circumstances of the slump 'socialism was impossible and capitalism was doomed: there was nothing to do but govern without conviction, a system [the Labour Party] did not believe in but saw no real prospect of changing'.

Keynesian economic management: Policies associated with the economist John Maynard Keynes. The idea was that governments could stimulate recovery from a depression by investing in public works schemes, thereby generating employment and reviving demand for manufactured goods. To finance such a policy, government would run a deficit – in other words, expenditure would be allowed to exceed revenue. In the inter-war period such thinking ran counter to the trend of orthodox opinion.

Skidelsky's work reflects assumptions widely held in the 30 years after the Second World War, when it was generally accepted that Keynesian economic management had made depressions avoidable. The reappearance of large-scale unemployment a generation after 1945 meant that it was now harder to see government manipulation of demand as a remedy. Attention was focused instead on underlying problems of competitiveness,

productivity and business management. This in turn promoted a more sympathetic view of the problems faced by the Labour government in 1929–31.

The most important contribution to the debate was by Ross McKibbin. In an article published in the journal *Past and Present* in 1975, he argued that the experience of the USA and Sweden in the 1930s indicates that expansionary economic policies were hardly an unqualified success. Moreover, the size of the British state's budgetary operations was too small to permit the kind of deficit financing advocated by Mosley and others. The level of government intervention necessary for the direction of investment would not have been acceptable to the conventional wisdom of the time. Only wartime conditions were capable of persuading the political and business world that such a revolution in the machinery of government was feasible. McKibbin's argument is a salutary reminder of the importance of seeing events through the eyes of contemporaries.

Decision-making in 1931

In any case, one should not exaggerate the extent to which the Labour government followed the strict principles of orthodox finance. Although Chancellor Snowden emphasised the importance of a balanced budget, the political and humanitarian need to protect the unemployed meant that the rules were bent in practice. Until the summer of 1931, he continued to allow borrowing from the Treasury to replenish the unemployment insurance fund, from which benefits were financed. He was persuaded to change direction by the need to restore confidence in sterling, in face of the financial crisis that began seriously to drain the Bank of England's gold reserves in July 1931.

It is possible to question the economic sense of the contemporary obsession with the value of the currency. Nonetheless, at the time it was almost universally agreed – even by Labour ministers who regretted its implications – that Britain must maintain its commitment to the gold standard. It was widely believed that the alternative would be a catastrophic collapse in the value of the pound, reminiscent of the German inflation of 1923. The former Labour minister, Sidney Webb, expressed amazement when the National Government later took Britain 'off gold': 'nobody told us we could do that'. In August 1931 the whole Labour Cabinet accepted the need to maintain the parity of sterling. To do so, the flow of gold from London must be staunched with the aid of credits supplied by foreign bankers. The only way to obtain these credits was for the government to provide hard evidence of its intention to balance the budget by means of spending cuts.

Parity of sterling: A fixed value for the pound against the United States dollar.

The argument within the Labour Party, then, was about the consequences of deciding to retain the current value of sterling. As was seen earlier, Labour ministers accepted the principle of spending cuts but failed to agree on the precise level. In particular, the fact that the unemployed would be called upon to bear a heavy share of the sacrifices aroused controversy. The idea of cutting unemployment benefit struck at the deepest instincts of the Labour movement. Historically the working classes had been seen as the victims of the capitalist system and as such they were considered entitled to 'work or maintenance'. In the summer of 1931 this case was put most forcibly by the leaders of the TUC General Council, who saw themselves as the legitimate spokesmen of the unemployed. The trade union bosses' conception of their role was essentially defensive; their responsibility was to prevail upon the Labour government not to allow the living standards of working people to be further driven down. Accordingly they mounted a campaign against the proposed cuts and made recommendations that would have penalised the property-owning classes. They called for the replacement of unemployment insurance by a graduated levy, the taxation of fixed interest bearing securities and a possible revenue tariff.

Trade union pressure exercised a decisive influence on a section of the Cabinet led by the Foreign Secretary. For Arthur Henderson, a politician committed to maintaining the unity of the Labour movement, it was inconceivable to go against the explicit wishes of the party's trade union allies on such an issue. Rather than carry out an economy programme prescribed by bankers, Labour must leave office united and transfer responsibility for policy to the Conservative and Liberal Parties. The Lord Chancellor, Lord Sankey, noted in his diary on the day that the Labour Cabinet broke up, 'the result is due to Henderson changing his mind. At Llandrindod [where the two had met on holiday a few weeks earlier] he and I agreed to equality of sacrifice and cuts in the dole ... The TUC won't agree so Henderson gave way.' Not surprisingly Sankey joined MacDonald in helping to form the National Government, whereas Henderson led the bulk of the Labour Party into opposition.

The nature of the rift revealed an underlying difference of priorities between the MacDonald and Henderson camps. The former believed that his long-term strategy of making Labour into a credible party of government required him to accept the advice of the banking community and the Opposition leaders. Labour must be seen to act in the national interest, as defined by the consensus view of informed opinion. Following the publication in 1977 of David Marquand's biography of MacDonald, it has become clear that the formation of a National Government was not for him a first choice. This option emerged only when it became clear that the Prime Minister was unable to find agreement among his colleagues on a package that could command broad parliamentary support. On the other hand, Henderson felt an overriding sense of accountability to the trade unions, with which the Labour Party was inextricably intertwined. In the summer of 1931 his sense of responsibility to the extra-parliamentary forces that had given Labour birth took precedence over other considerations. The crisis was more than a dispute over economic policy: it was a question of Labour's identity as a party and a movement.

1. What were the main problems facing the Labour government in the years 1929–31?

2. Were there realistic alternatives to the policies pursued by the second Labour government?

3. Is there any truth in the accusation of the Labour Party's opponents, that it 'ran away' in the crisis of 1931?

8.4 Does Ramsay MacDonald deserve to be remembered as the great betrayer of the Labour Party?

A CASE STUDY IN HISTORICAL INTERPRETATION

The career of Ramsay MacDonald has been overshadowed by his role in the formation of the National Government. Former colleagues in the Labour Party viewed the events of August 1931 as an instance of gross misjudgement at best and as outright treachery at worst. Hugh Dalton, a junior minister at the time, scornfully told journalists that 'for a handful of panic he left us'. Clement Attlee, a man not given to exaggeration, characterised MacDonald's action as 'the greatest betrayal in the political history of this country'. In the wake of the crisis, many writers sympathetic to Labour began to question the whole of MacDonald's political record down to that date. Attention focused on his alleged insecurity, as an outsider to the establishment, which led him to succumb to the superficial attractions of high society. Sidney Webb, who served in the first two Labour governments, wrote ruefully that 'the willingness to use the weapon of seduction will be the last ditch in the defensive position of the British rentier class'. For more than a generation, MacDonald's name became a byword for vanity, snobbery and lack of fidelity to socialist ideals.

Rentier: One who lives on income derived from rents or investments.