

Dedications

This thesis is dedicated to my parents, for their endless love, support and encouragement.

I would like to express my heart-felt gratitude to my brothers (Abdellatif and Abdelhak), my sisters (Assia and Imane), and my sister in law Fatima.

This work is also dedicated to my nieces and nephews, Mehdi, Leila, Ayman, Sarah, Israa, Alaa, Ayoub, Douaa, Mohamed Adam, and to Mohammed Lamine Amrani in more particular way.

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Abstract

The present study examines the historical evolution of the British Labour Party from 1880s to 2007 and how far its intellectual and ideological vision as well as its organisational structure evolved, as it became a key player in British politics. The study is organised chronologically into four chapters. The first chapter will focus on the beginnings and the evolution of the Labour Party from 1880s until 1914, and the factors that led to its development as well as the different stages it passed through. Chapter Two covers the history of the Labour Party between the Wars. The third chapter discusses the defeat of the Labour Party in 1951 when it became split over the future direction of socialism, between a moderate social democratic position and radical socialist position. It deals with the Labour Party in opposition and then back to power with two governments led by Harold Wilson. The concluding chapter examines the framework of the Labour Party since 1979. It deals with the reasons behind the Labour Party's successful recovery in the 1990s from the disasters of the 1980s.

Key words: British Labour Party, Labour Party Governments, socialism, Clause IV, Trade Unions, National Health Service, and Third Way.

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List of Abbreviations

9/11	September 11 Attacks
ASRS	Amalgamated Society of Railway Servants
AUEW	Amalgamated Union of Engineering Workers
BCP	British Communist Party
BL	British Leyland
BMA	British Medical Association
CBI	Confederation of British Industries
CLPD	Campaign for Labour Party Democracy
CLPs	Constituency Labour Parties
CND	Campaign for Nuclear Disarmament
CSC	Campaign Strategy Committee
DEA	Department of Economic Affairs
DETR	Department of the Environment, Transport and the Regions
DORA	Defence of the Realm Act
EAC	Economic Advisory Council
EC	European Community
EEC	European Economic Community
EMS	Emergency Medical Service
ERM	Exchange Rate Mechanism
FS	Fabian Society
GC	General Committee
GDP	Gross Domestic Product
GFTU	General Federation of Trade Unions
GPs	General Practitioners
ILP	Independent Labour Party
IMF	International Monetary Fund
LEAs	Local Education Authorities
Lib-Labs	Liberals-Labours
LMS	Local Management of Schools
LRC	Labour Representation Committee
MFGB	Miners' Federation of Great Britain
MI5	Military Intelligence, Section 5
MP	Member of Parliament
NATO	North Atlantic Treaty Organisation
NEB	National Enterprise Board
NEC	National Executive Committee
NHS	National Health Service
NUM	National Union of Mineworkers
NUPE	National Union of Public Employees
NUR	National Union of Railwaymen

NUWSS	National Union of Women's Suffrage Societies
OMOV	'One Member, One Vote'
PCT's	Primary Care Trusts
PLP	Parliamentary Labour Party
PSBR	Public Sector Borrowing Requirement
SDF	Social Democratic Federation
SDP	Social Democratic Party
SERPS	State Earnings-Related Pensions Scheme
SL	Socialist League
SNP	Scottish National Party
SPD	Social Democratic Party of Germany
TGWU	Transport and General Workers' Union
TUC	Trades Union Congress
UN	United Nations
USA	United States of America
USSR	Union of Soviet Socialist Republics
VAT	Value added tax
WMD	Weapons of Mass Destruction

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Introduction

Identifying significant change involves showing how far there are alterations in the underlying structure of an object or situation over a period of time. In the case of human societies, to decide how far and in what ways a system is in a process of change, we have to show to what degree there is any modification of basic institutions during a specific period. Political institutions strongly influence social change. The existence of distinct political agencies, chiefs, lords, kings and governments, strongly affect the course of a society development.

Social change was a shift away from feudalism and towards capitalism and socialism. Feudalism was characterized by Kings, Queens, Knights, Priests, small artisans and peasants. The latter producing for their own consumption as well as for the Lords and some surplus production was offered for sale. Those at the top of feudalism had an interest in keeping things as they wanted, ruling by the Grace of God.

Over time, inside feudalism, people were dispossessed from the land. The feudalists (Kings, Queens, etc) resisted the changes that were inherent in the growth of commodity production, exchange, science (Galileo), etc. But capitalists and workers against feudalists eventually became a qualitative change.

Capitalism was born in violence. It was a revolutionary system demanding new technology, science, exploration, etc. Production was designed to create commodities for sale and then for profit, more specifically, for surplus value. Within capitalism grew a working class which had contradictory interests to the capitalists.

Karl Max witnessed the growth of factories and industrial production in the nineteenth century, as well as the inequalities that resulted. His interest in the European labour movement and socialist ideas were reflected in his writings. Marx concentrated on change in modern times. For him, the most important changes were bound up with the development of capitalism. He identified two elements within capitalist enterprises, capital and wage-labour (proletariat). Many conflicts theories traced their views back to the writings of Marx on socialism.

Socialism presumed the working class should recognize its own interests, develop class consciousness and use its strength to defeat the old ruling capitalist class. It believed in workers' revolution which would overthrow the capitalist system and lead to a new society in which there would be no classes, and no large-scale divisions between rich and poor.

In the case of Britain, after the English Civil War of 1642 had established a protectorate in place of a monarchy under New Model Army leader Oliver Cromwell, a period known as the Restoration began. During this time King Charles II (the son of the previously executed Charles I) was restored to the throne but was under specific limits placed upon by parliament.

The Bill of Rights was enacted in 1689, and certain privileges were protected from intrusion by any power including the monarchy. When the heir to the throne, James Duke of York was discovered to be a Catholic a rift among parliamentarians arose on the issue of support for the Catholic king. The people who wished to exclude James from the throne came to be known as Whigs, and the people who gave support were known as Tories, or the Tory Party.

This split during the Exclusion Bill Crisis, served as the starting point of the formation of political parties in England. Although the bill was defeated in the House of Lords in 1681, the division of the two political tendencies remained.

The Tories came to represent and support the Anglican Church, the gentry, and the maintenance of a relatively strong monarchy. On the other hand, the Whigs supported non-Anglicans (notably Presbyterians), wealthy middle class people, and later industrial, mercantile interests. “Whig” was an old term for Scottish Presbyterians who opposed the government. The king’s supporters were called Tories. “Tory” was originally a name given to Irish Roman Catholics who had suffered under Protestant rule. These old names took on new meanings.

The basic difference between Whigs and Tories in the 1600s was their view of what government should do and how strong it should be. Tories wanted to rule by a strong king. Whigs wanted ordinary people to have more rights and gain more control of their government. In time, as Parliament took greater control, the Whigs and Tories developed into organized parties.

The two parties dominated the political scene in Britain until the 1920s. When the Liberal Party (Whigs) declined in popularity and suffered a long stream of resignations, it was replaced as the main party by a newly emerging party (the Labour Party), that represented an alliance between the Trade Unions and various socialist societies.

The working people had been granted the vote by the Reform Acts of 1867 and 1884 and made them see the harsh reality of their positions within the capitalist society. They were bound to create their own Party, which was certain to achieve power in the State, and represent their own interest.

The present study attempts to review the history of the British Labour Party, its establishment and its development from 1880s to 2007 and how far its intellectual and ideological vision as well as its organisational structure evolved, and it became a key player in British politics.

The approach to this study is a narrative political history which will narrate and analyse the political events, ideologies, governments, policies, voters, parties and their leaders. The study outlines the major points of more than an entire century of British Labour Party history.

This thesis examines how the Labour Party attempted to make itself electable and representative of the working class in Britain, and the major strategies adopted by the Party under the main successive leaders, from Kheir Hardie to Tony Blair. This study tries to show where there had been many changes in the Labour Party, but also succeeded to maintain a significant degree of continuity.

In answering the previous and other related questions, the study is organised into four chapters, each one deals with a period of time. The first chapter will focus on the beginnings and the evolution of the Labour Party from 1880s to 1914, the factors that led to its development and the different stages it passed through. The chapter will deal with the circumstances surrounding the formation of the Labour Representation Committee LRC (renamed Labour Party in 1906), and will discuss how and why the formation took place. It is interesting to look at the change of the Labour Party from being a new organisation operating on the fringes of the Liberal Party to become the most important party in the opposition.

Chapter Two tries to survey the history of the Labour Party between the Wars. The First World War saw the Labour Party announcing the

necessary electoral breakthrough as a result of the 1918 Representation of the People Act and the decline of the Liberals. The Labour Party was able to form its first government in 1924, which experienced a series of crises that brought about an early general election and a Conservative landslide. The Labour Party did not split because MacDonald was back in power in 1929. The second that was formed in 1929 was affected by an economic disaster that led to downfall of the government and the formation of a National Government in 1931. The chapter also deals with the Second World War in which Britain was involved for the second time.

In political terms, the War benefited the Labour Party much more than the Conservatives for the reason that before the end of the Second World War, a general election was held in Britain. The Conservatives were defeated and the Labour obtained a huge overall majority. The reforms made by the 1945-51 Labour government were fundamental. They included the welfare state, with its integral national health service, and the nationalisation of a number of key industries and enterprises.

The third chapter discusses the defeat of the Labour Party in 1951, when it became split over the future direction of socialism, between a moderate social democratic position and radical socialist position. This split, together with the 1950s economic recovery and general public contentment with the Conservative governments of the time, prevented the Party to be in power for thirteen years. The chapter will deal with Labour Party in opposition and then back to power with two governments led by Harold Wilson.

The fourth chapter considers the framework of the Labour Party since 1979. It covers the period from the election defeat of 1979 to 1983, examining the Party under the leadership of James Callaghan and Michael

Foot. It surveys the Party's development from 1992 to the eve of the 1997 general election, during which time the Party had been led first by John Smith until his death in 1994, and then by Tony Blair. It will cope with the reasons why Labour was able to recover so successfully in the 1990s from the disasters of the 1980s. What was new with the New Labour? What was the Third way? What were the Labour Party's achievements during its three successive terms in the government?

Chapter One

The Historical Background of the Labour Party 1880s-1914

In 1899 the annual Trades Union Congress (TUC) discussed a very important proposal that was to affect the British Parliament. It was suggested by the Amalgamated Society of Railway Servants (ASRS), calling on the parliamentary committee of the TUC to organise a shared conference with socialist and cooperative bodies to debate Labour representation in Parliament. The motion was passed by the narrow margin of 546,000 votes to 434,000.¹ The conference met in London on 27 February 1900 and agreed to put a different Labour group in Parliament. The latter were expected to have their own whips and to agree upon their policy; to support it financially through affiliation fees; and to elect Ramsay MacDonald, a leading member of the Independent Labour Party (ILP), as the secretary of the new organisation. The latter was to be known as the Labour Representation Committee (LRC), changing into Labour Party by 1906.²

This chapter will examine the birth of the Labour Party and the factors that led to its appearance, mainly the Socialist Revival during 1880s, the emergence of a new class of trade unionists and the Independent Labour Party that had played a key role in its establishment.³ It will also discuss the Labour in the Liberal Era 1906-14 and its development until the outbreak of the First World War.

¹ Anthony Wood, *Nineteenth Century Britain 1815-1914* (UK: Longman Group Limited, 1982), 371.

² *Ibid.*, 397.

³ Morgan O., Kennet, *the Oxford History of Britain* (London: Oxford University Press, 1989), 230.

1. The Pre-World War I Development of the Labour Party

The 30 years that followed the release of the Third Reform Act⁴ saw deep changes in the economic and social structure of Britain. By 1914 Britain possessed an industrialised economy with a largely urban population, and for the first time in the century, Britain's economy was challenged by Germany while France and the United States were emerging as industrial powers. By 1900, the British industry was failing to take on the challenge of what is frequently called the 'second Industrial Revolution'.⁵ Therefore, most industries at this time witnessed a decline in earnings.

The period 1873 to 1896 saw a slowing of the pace of increment in the British economy, particularly in comparing with the evolving economies of Britain's trading rivals. By 1885, it had become evident that economic growth was down in Britain, and this led by the mid-Victorian time to the economic and social problems affecting largely a new class called 'the working-class'.⁶ The period observed two main developments. First, there was an unprecedented flowering of trade unionism, in 1880 only 5 per cent of the total workforce was members of trade unions, but by 1914 the number had jumped to 25 per cent.⁷ Two major outbreaks of strikes in the years 1889-93 and 1910-14 were the cause of this evolution. Second, in 1906, a political Party was established, a group of 30

⁴ Reform Act is any of a series of acts from 1832 to 1928 affecting the franchise...and the third reform in 1884, it was enlarged still further to include working-class voters. Bill Jones, *Dictionary of British Politics* (United Kingdom: Manchester University Press, 2004), 243-244.

⁵ The second Industrial Revolution: Despite considerable overlapping with the "old," there was mounting evidence for a "new" Industrial Revolution in the late 19th and 20th centuries. In terms of basic materials, modern industry began to exploit many natural and synthetic resources not hitherto utilized: lighter metals, new alloys, and synthetic products such as plastics, as well as new energy sources. Combined with these were developments in machines, tools, and computers that gave rise to the automatic factory. <https://www.britannica.com/topic/Second-Industrial-Revolution>, 15 juil. 2016 17:34:08

⁶ Wood, *Nineteenth Century Britain 1815-1914*, 399.

⁷ Ibid.

independent Labour MPs were elected to Parliament and adopted as their name the 'Labour Party' to represent the working class ambitions and a political arm of the growing trade union movement.

The economic change of the period producing a class division was accompanied by social problems. In a period called the Great Depression, the value of wages was actually going up. The rise in 'real wages' signalled a universal improvement in living standards. The employable population grew by at least 10 per cent per decade between 1870 and 1910.⁸ Since this happened during a slowing down of economic growth, it resulted in intense competition for jobs. The word 'unemployed' appeared in the Oxford English Dictionary for the first time in 1882.⁹ This entry was extended for the 1888 edition to include the term 'unemployment', which had been recognised as one of the two major social problems of the day.

The second social problem was housing. As the working class gathered in the city centres, and then the inability of the housing market to maintain step with population growth became evident. In London, for instance, the population had grown by 20 per cent per decade after 1860. All the evidence indicates that the living conditions throughout the British cities were horrible.¹⁰ By 1900 Britain was one of the world powerful nations, principally due to the Industrial Revolution.¹¹ Still, most of the wealth was in the workforce of the upper class and the growing middle class of bankers, merchants and factory owners.

⁸ David Thomson, *England in the Twentieth Century* (England: Penguin Books, 1991), 40.

⁹ Kennet, *the Oxford History of Britain*, 366.

¹⁰ Ibid.

¹¹ The Industrial Revolution refers to the sudden acceleration of technical and economic development that began in Britain in the second half of the eighteenth century. The traditional agrarian economy was replaced by machinery and manufacturing, made possible through technical advances such as the steam engine. *The Hutchinson Illustrated Encyclopaedia, of British History* (Great Britain, Helicon, 2001), 182.

The function of the Conservative regime was restricted in the 1900s. It had to provide control of the workplace, minimum standards of public health, limited training and limited service for the poor who deserved to be availed. But, it passed laws before 1900 to control conditions and hours in the mines, and public health laws were passed to stop diseases like cholera.

Many people in government believed that poverty was the people's own fault. In fact, the question debated by most reformers in the 1880s suggested that the idea of poverty as a self-inflicted wound was still popular. 'Is it the pig that makes the sty' the question went, 'or the sty that makes the pig?' The fact, that working people were defined as 'pigs' by both sides of the argument was itself a sign of the social separation that prevailed.¹²

The same period witnessed the emergence of new ideas and new attitudes within the working class movement. A new generation of working class activists became interested in socialist ideas in Britain. Fearful conditions for workers combined with support for the French Revolution¹³ turned some intellectuals to socialism. What was the importance of socialist ideas and organisations, which emerged in the 1880s, for the growth of an independent working-class political party?

2. The Socialist Revival of the 1880s

From the 1880s onwards, the substitute to Laissez-faire Liberalism¹⁴ began to come out. There emerged a body of socialist thoughts debating

¹² G., M Trevelyan , *English Social History* (England: Penguin Books, 2000), 351.

¹³ The French Revolution (1789-99) refers to a process of reform and restructuring, undertaken in the conviction that the old regime was simply incapable of governing France, and in particular of resolving crisis. Juliet Gardiner, *the Penguin Dictionary of British History* (England: Penguin Books, 2000), 286.

¹⁴ Liberalism, (Liberal) up to a few decades ago a liberal was someone who believed fiercely in personal and economic freedom and a restricted for government. M., J., Arquie, R., Henry, C., Poiré, M., Puyjarinet, L., Roesch, & M., Sérandour, *A Glossary of British and American Institutions Politics, Education, Culture, Social Services* (Paris: Armand Colin, 1997), 201.

what was needed. This growth of socialism was part of a Europe-wide phenomenon. Karl Marx's *Das Kapital* appeared in its first English translation in 1887.¹⁵

The roots of modern *British socialism*¹⁶ lay deep in the chronicle of mid-Victorian club, although there were a number of elements, which contributed to the socialist revival of the early 1880s. The major factor was the groundwork for the American land reformer, Henry George, whose book *Poverty and Progress* was published in 1879,¹⁷ laid a fundamental critique of politics. Although Henry George was not a socialist, he had an influence on native *British socialism* considered apart from *the Marxist* and *revolutionary* types imported from the Continent. George advocated a single tax on land ownership to grow wages and better conditions. Sales of his book rose to 400,000 in 1882,¹⁸ and his view that the affluent should be pressured by the government to compensate for more beneficial conditions for the poor gained a broader audience and success.¹⁹

Progress and Poverty suited the moment among radical circles in England and Ireland. The writer Henry George was born in Philadelphia in 1839. Appalled by the scandalous poverty he saw around him in the centre of one of the worlds most affluent cities. According to Henry George, the natural resources were the key to understanding the economy, and the failure of others to see this reality had contributed to increasing poverty and environmental degradation.

In 1879, Henry George finished writing "*Progress and Poverty*".

¹⁵ Gardiner, *the Penguin Dictionary of British History*, 363.

¹⁶ Socialism, originated out of the indignation created by the inequalities and suffering caused by early capitalism in the west. Jones, *Dictionary of British Politics*, 261.

¹⁷ Wood, *Nineteenth Century Britain 1815-1914*, 370.

¹⁸ *Ibid.*, 377.

¹⁹ *Ibid.*

During the 19th century, the circulation of this book was second only to that of the Bible. Henry George motivated the workers to think about the contrasts that existed in the society of ‘tramps at one end, millionaires at the other’, and contributed in causing a simple transition from the evils of landlordism through the gospel of land taxation to socialist ideas. It was in this way that Henry George influenced men and women like Bernard Shaw, H. H. Champion, Keir Hardie, H. M. Hyndman and Beatrice Webb, all in their different ways to become important representatives of the socialist movement of the 1880s.

The year 1884 witnessed the establishment of three socialist organisations, the Social Democratic Federation, the Socialist League, and the Fabian Society. In their different ways, each contributed to public debate on social and political reforms by arguing that there was an alternative to market capitalism. Although there were differences in the strategy embraced by these organisations, each took up from the presupposition that a capitalist order was both unequal and exploitative in its nature.

H. M. Hyndman, who was the son of a rich businessman, formed the Social Democratic Federation (SDF)²⁰ that bore its first meeting on 7th June, 1881. Many socialists refused to join the SDF because they were mistrustful of a wealthy man funding a radical political Party. Hyndman persuaded some socialists that he had changed his views, and those who eventually joined the SDF included Ernest Bax, Henry Hyde Champion, an ex-army officer and, like Hyndman himself, something of a Tory in viewpoint, John Burns, Ben Tillett, Tom Mann, skilled working men; Edward Aveling George Lansbury and Karl Marx’s daughter, Eleanor

²⁰ Wood, *Nineteenth Century Britain 1815-1914*, 365.

Marx. The biggest hold of all was William Morris, an artist, poet and designer and, in addition, affluent enough to serve the society financially. Morris became Treasurer of the Federation, with Champion as Secretary, who owned and edited the newspaper *Justice*.²¹

Hyndman had become a convert to Marxism in 1880 after reading *Das Kapital* during a business trip to America. Adopting Marxism, Hyndman advocated a policy of 'class warfare' leading to a revolution and a subsequent reorganisation of society. The SDF claimed a membership which peaked at 10,536 in 1895.²² The SDF played a significant part in putting socialism on the agenda in many parts of the country, especially where it was strongest, in London and Lancashire. And, despite the SDF's reputation for sectarianism, many SDF members did get together with members of other socialist groups in campaigns in the 1880s and 1890s; finally it affiliated to the LRC in 1900.

On the one hand, Hyndman did his best throughout the 1880s to spread socialism through his own different writings and public debates. The SDF also produced its own plan of short-term, radical reforms, land reform, municipally and nationally owned enterprises.²³ Moreover, in 1885, the SDF put up parliamentary candidates in the unlikely constituencies of Hampstead and Kennington, and polled fifty- nine votes between them John Burns who made out better in Nottingham. On the other hand, there was much to tempt the SDF in the economic conditions of the 1880s towards more extreme forms. The period from 1884 to 1886 was characterized by hardship for many segments of the working class; and the

²¹ *Justice* was the weekly newspaper of the Social Democratic Federation (SDF) in the United Kingdom. In 1925, *Justice* was renamed the *Social Democrat* and became a monthly publication, edited by William Sampson Cluse until its demise in 1933. [https:// www. Britannica.com /Justice_\(newspaper\)](https://www.Britannica.com/Justice_(newspaper)).

²² Wood, *Nineteenth Century Britain 1815-1914*, 365.

²³ Eric Shaw, *The Labour Party since 1945* (Oxford: Blackwell Publishers, 1996), 04.

SDF members seized the chance to help in strike actions in the provinces. It was in this way that, John Burns appeared as a London Labour leader. But the agitation was partly discredited by the West End Riots in the winter of 1886,²⁴ which were followed by the well- publicised trial and subsequent release of the SDF leaders- Burns, Champion and Hyndman.

This test of effectiveness with the authorities culminated in the tragedy of ‘Bloody Sunday’ in November 1887,²⁵ when the police cleared Trafalgar Square forcibly. These tactics brought publicity for the SDF but achieved little else, since with the coming of better times later in the year, the agitation died away. Despite these changes, the SDF survived. By the end of the 1880s, although the SDF’s membership was still small, it had built up important centres of power among the skilled workers, particularly in Lancashire, and in London where it dominated the Trades Council. Moreover, its revelations about conditions were starting to affect the unskilled workers in the capital. It was this aspect of its work rather than its support for socialist revolutions that was the SDF’s real contribution to the rise of the Labour Party.

As early as December 1884, a small but significant group of members conducted by William Morris and Eleanor Marx, angry about Hyndman’s overbearing methods and extremist tactics, developed from the SDF to form the Socialist League (SL).²⁶ It was never more than a few hundred strong, and collapsed in the late 1880s. ‘As Hyndman considers the SDF his property’, wrote Morris, ‘let him take it and make what he can of it, and try if he can really make up a bogey of it to frighten the Government....We will begin again quite clean-handed to try the more

²⁴ Wood, *Nineteenth Century Britain 1815-1914*, 366.

²⁵ *Ibid.*

²⁶ Monika Charlot, *Institutions et Forces Politiques de Royaume.Uni* (Paris: Masson Armand Colin, 1995), 32.

humdrum method of quiet propaganda'.²⁷

Like Hyndman, William Morris came from a comfortable middle-class background and saw socialism as a direction of rebuilding a divided society. Morris indicated that society could be restored as a 'Commonwealth', based on equivalence and a simple life style. There was much in Morris's thinking that recalled the Owenites²⁸ of the 1830s and both had been condemned as being against mechanisation as such. In fact, both Owen and Morris were in favour of machinery. They simply wanted it to be used for the benefit of the workers who operated it, by reducing Labour and improving living standards. Nevertheless, Morris differed from the socialists of the 1830s in one regard. Like, Hyndman, he assumed that it would take a revolution to bring almost the needed alterations.

The third socialist organisation, formed in 1884, was the Fabian Society (FS).²⁹ Its leading members were Frank Podmore, E. R. Pease and Hubert Bland; and it was Podmore who thought up the tantalising motto from which the society got its name: 'For the right moment you must wait, as Fabius did most patiently, when warring against Hannibal, though many censured his delays; but when the time comes you must strike hard, as Fabius did, or your waiting will be in vain, and fruitless'.³⁰ It admitted into its ranks the Irish dramatist George Bernard Shaw and a clerk from the Colonial Office, Sidney Webb. Unlike Hyndman and Morris of the SDF who followed Marx in this respect, the Fabians did not accept that a revolution was necessary before a society based on socialist principles could be established. They were committed to reforms and advocated

²⁷ Wood, *Nineteenth Century Britain 1815-1914*, 365.

²⁸ Owenites derived from Robert Owen (1771-1858). J., T., Ward, *Chartism* (London: B. T. Batsford LTD, 1973), 207.

²⁹ Charlot, *Institutions et Forces Politiques de Royaume.Uni*, 31.

³⁰ *Ibid.*

change slowly from within the society's existing institutions which they called a strategy of 'permeation'.

For the Fabians, the problem of capitalism lay in its inefficacy. They believed that by going away to influence the government at both local and national levels, it would be possible to construct efficient socialist institutions. The Fabians were strongly against the idea of making an independent socialist or Labour Party, believing it was, as yet, premature. Their first aim for 'permeation' was the Liberal Party. Nevertheless, some of the Liberals as well as some of the Conservatives came to accept that reforms were needed, their commitment to the free market meant that there always remained some distance away from a socialist approach. Above all, the Fabians differed from the previous socialist organisations in that they did not understand the militant working class as the historical factor of societal and economic change. They felt, in the words of Sidney Webb, that change would have to be 'peaceful and constitutional'³¹ in its nature. The Fabians as writers, debaters and propagandists for the ideas of 'evolutionary socialism' contributed to the formation of the Labour Party.

The importance of these socialist groups at that time should not be exaggerated.³² Their membership was small and each of the societies were hardly supported from middle-class intellectuals and the socialists. For example, the SDF had a membership of only 1,000 in 1885 and when it put up two candidates in London constituencies in the election that year, they polled a mere 59 votes between them.³³ In addition, the Socialist League's

³¹ Shaw, *The Labour Party since 1945*, 04.

³² *Ibid.*

³³ Wood, *Nineteenth Century Britain 1815-1914*, 365.

paper, *the Commonweal*,³⁴ edited by William Morris, never had a circulation of more than 2,800. This compared rather badly with *the Northern Star*,³⁵ which sold 60,000 copies a week at a height of its popularity. However, these socialist organisations could claim some success in organising a London-based protest movement. The SDF, in particular, focused its efforts on the growing number of the unemployed in the capital.

The real importance of these socialist organisations lied in their output of alternative ideas at a time of social crisis. These ideas, representing as they answered, a challenge to the free market thinking, which proceeded to dominate the political orientation of the Tories and the Liberals, formed the foundation for the evolution of the Labour Party. These small socialists also provided a political education for some of the most important union leaders of the period.

Despite the energy and devotion displayed by the members of socialist societies in the 1880s, the total number of socialists in the country was tiny by 1889, about more than two thousand.³⁶ By contrast, the number of trade union members in that year was about three-quarters of a million. Yet both the SDF and the Fabians were anti-union. The SDF was anti unions' 'conservatism' while the Fabians believed in political 'permeation'.

³⁴ *Commonweal* was a British socialist newspaper founded in 1885 by the newborn Socialist League. Its aims were to spread socialistic views and to win over new recruits. William Morris, founder of the League, was its chief writer, money finder and "responsible head". John Turner, Ernest Belfort Bax and Eleanor Marx also regularly contributed articles. Its publishing office was at Great Queen Street, London. In 1890, Morris resigned as editor and was replaced by the anarchist David Nicholl. (Morris went on to publish the Hammersmith Socialist Record, the paper of the Hammersmith Socialist Society.) Nicholl published an article on the Walsall Anarchists, and in May 1892 was sentenced to eighteen months hard labour. H. B. Samuels then became acting editor. On Nicholl's release, the paper was closed and replaced by *The Anarchist*., [https:// www. Britannica.com/Commonweal_\(UK\)](https://www.Britannica.com/Commonweal_(UK)).

³⁵ *The Northern Star* and *Leeds General Advertiser* was a chartist newspaper published in Britain between 1837 and 1852, and best known for advancing the reform issues articulated by proprietor Feargus O'Connor., [https:// www. Britannica.com /Northern_Star_\(Chartist_newspaper\)](https://www.Britannica.com/Northern_Star_(Chartist_newspaper)).

³⁶ Shaw, *The Labour Party since 1945*, 64.

Nevertheless, changes in the trade-union movement were to launch the next big phase in the story of British Labour. This period witnessed a movement away from the moderate trade unionism of the skilled workers in the mid-Victorian period towards strike action; so what was new about 'new unionism'? How did it contribute to the development of an independent political Party for the workers?

3. The Old and New Unionism

The cause of the establishment of the LRC was not a great rise in socialist sentiment among trade unionists but fears about the unions' legal position. A few British trade unions at the end of the nineteenth century, such as the ASRS, had become more interested in aspects of state regulation and collectivism. But, on the whole they wanted to be left alone to negotiate with employers on equal terms, the way in achieving 'a fair day's work for a fair day's pay' being through free collective bargaining with employers.

The Combination Acts of 1799 and 1800 were ineffectual in practice before their repeal in the 1820s, and they were a repressive legislation aiming to destroy trade unionism. Even after their repeal, the position of unions remained legally dubious.³⁷ So the six Dorset Labourers, the so-called Tolpuddle Martyrs,³⁸ could be convicted of administering illegal oaths before being transported to Australia in 1834.

³⁷ Shaw, *The Labour Party since 1945*, 64.

³⁸ Tolpuddle Martyrs were six farm labourers of Tolpuddle, a village in Dorset, England, who were transported to Australia in 1834. The labourers had formed a union on the advice of the Grand National Consolidated Trades Union (GNCTU) to try to prevent their wages being reduced. Entry into their 'union' involved a payment of a shilling (5p), and swearing before a picture of a skeleton never to tell anyone the union's secrets. Local magistrates used an old law to convict the men for 'administering unlawful oaths'. The severity of the punishment destroyed the GNCTU. After nationwide agitation, the labourers were pardoned two years later. They returned to England and all but one migrated to Canada. *The Hutchinson Illustrated Encyclopaedia*, 653.

The trade-union movement of the 1880s was shaped basically by the organisation, institutions and ethos created during the epic struggles of the 1860s and early 1870s.³⁹ Traditionally, membership of a trade union was the right of the skilled worker who had served his time. Indeed, it was the great trade unions of engineers, masons, spinners and carpenters, with their sophisticated systems of principles and ordinances and their high subscriptions and social-benefit schemes which constituted the mainstay of the campaign. The Trades Union Congress was formed in 1868,⁴⁰ and its offspring, the Parliamentary Committee, formed three years later possessed a central organisation. It could claim for and defend the interests of the whole body of organised workers. In the 1870s, the creation of these new institutions was justified by the passing of the great Trade Union Acts of 1871 to 1876.⁴¹ They gave legal protection to union funds. Trade disputes became not liable from the laws conspiracy, made breach of contract a matter for civil rather than criminal action, and legalised peaceful picketing and strike action.

Politically speaking, the Labours achieved some recognition. The enfranchisement of the urban workers by the Second Reform Act of 1867⁴² was followed in 1874 by the election of the first two workingmen members of Parliament, Alexander Macdonald and Thomas Burt; and by 1886 there were nine such members, sitting as 'Lib-Labs',⁴³ prepared to speak up on Labour questions. It seemed that the position of trade unionism was secure, but they were sticking to the Liberal Party line.⁴⁴

³⁹ David Thomson., *England in the Nineteenth Century 1815-1914* (England: Penguin Books, 1991), 149.

⁴⁰ P.H. Collin, *Dictionary of Politics and Government* (Bloomsbury Publishing Plc, Third Edition, 2004), 246.

⁴¹ John Oakland, *British Civilization an Introduction* (London and New York: Routledge, 1996),202.

⁴² Shaw, *The Labour Party since 1945*, 12.

⁴³ Ibid.

⁴⁴ Wood, *Nineteenth Century Britain 1815-1914*, 397.

Trade union representatives in Parliament showed greater insight or independence. They were content to be independent from the Great Liberal Party, although Henry Broadhurst, the leader of the group, glad about his Liberalism and personal devotion to Gladstone. The first working man to be appointed to a government post was Henry Broadhurst. Beatrice Webb wrote of him at the TUC Congress in 1889, 'A common place person, hard-working, no doubt, but a middle-class Philistine to the backbone, appealing to the practical shrewdness and high-flown, but mediocre, sentiments of the comfortably-off working-man . . . he lives in platitudes and common places'.⁴⁵

It was against this type of trade unionism that the so-called 'new' unionism of the period 1889-93 reacted: 'new' because it was 'open to all, free from friendly benefits, militant, class-conscious, and socialist. It was the indirect results of the Reform Act which led to a new challenge for the unions. The 1884 Reform Act enfranchised new groups of working-class men in non-borough areas; thus large numbers of coal miners got the vote for the first time. From then until 1918, around 60 per cent of men received the right to vote at any single time. Moreover, this new unionism began with the spontaneous detonation of the unskilled workers of the East End of London in 1889, and which led to the Great Dock Strike.

It was the most dramatic and the largest strike in a year, relatively free from industrial trouble; and one that was significant not only because of its symbolic importance as an example of new unionism in action, but because of its wider consequences on both trade unionism and the Labour movement generally.

⁴⁵ Wood, *Nineteenth Century Britain 1815-1914*, 397.

The Dock Strike started in 1887, when Annie Besant⁴⁶ published in her newspaper an article, entitled *White Slavery in London*, which complained about the way women at Bryant and May were being treated. The company responded by trying to force their workers to sign a statement that they were happy with their working conditions. When a group of women refused to sign, the organisers of the group were sacked. The answer was immediate; 1,400 of the women at Bryant and May went on strike.⁴⁷ Annie Besant, William Stead and Henry Hyde Champion used their newspapers to call for a boycott of Bryant and May matches. The women at the company also decided to form a Match girls' Union and Besant agreed to become its leader. After three weeks, the company announced that it was willing to re-employ the dismissed women. The latter accepted the terms and gave back in victory. The Bryant and May dispute was the first strike by unorganized workers to gain national publicity.

Two years later, in March 1889, Will Thorne, a worker at the East Ham Gasworks, an ex-navy from Birmingham, formed the Gas Workers and General Labourers' Union in London. He was a member of the SDF and had been taught to read and write by Karl Marx's daughter, Eleanor. Within four months of its foundation, his union had 20,000 members throughout the country.⁴⁸ In August 1889, Thorne brought his members out on strike demanding an eight-hour work day. Two other outstanding members of the SDF, the engineering workers Tom Mann and John Burns, attended him in organising the strike. These men epitomised the zeal of 'new unionism' and the way it was changing the look of trade unionism.

⁴⁶ Annie Wood Besant (Clapham, London October 1, 1847 – Adyar, India September 20, 1933) was a women's rights activist, writer and orator. *Encyclopaedia Britannica*, CD-ROM, Great Britain, 2001.

⁴⁷ Wood, *Nineteenth Century Britain 1815-1914*, 367.

⁴⁸ *Ibid.*

John Burns was born into poverty in Lambeth as one of a family of ten kids. Being a big believer in working-class political representation, he had been elected, earlier in 1889, to the newly formed London County Council. Tom Mann started working in the mines of Warwickshire at the age of nine, having picked up less than three years' schooling. He set up the Eight Hours League in 1886 to campaign for the reduction of hours. This in itself marked a significant change in the direction of trade unionism, with an attempt to establish aims common to all industries. In a similar way, trade unionists began talking about the 'living wage', an issue that was of concern to all workers. When they demanded the eight-hour work day, the owners astonishingly granted the demand without any struggle.

The excitement and enthusiasm arousing among the gas workers by this success was bound to spill over into dockland, since there were close links between both groups of workers. Gas Workers and Dockers, and their leaders, Thorne was a member of the SDF and so was Ben Tillett, who had begun, to organise a General Labourers' Union.⁴⁹ Tillett, in concert with other socialists like Eleanor Marx, Burns and Mann, had also helped Thorne organise the Gas workers' Union. The East End of London was by midsummer 1889, a key centre of socialist cooperation and agitation.

This attempt to address the general situation of all workers, rather than the interests of one trade, was the key to the new unionism's style. 'Not since the high and palmy days of Chartism', noted the old Chartist leader George Julian Harney in 1889, 'have I witnessed a movement corresponding in importance and interest'⁵⁰ Mass support was being

⁴⁹ Wood, *Nineteenth Century Britain 1815-1914*, 367.

⁵⁰ David Coates., *Labour Party and the Struggle for Socialism* (London: Cambridge University Press, 1975), 06.

mobilised once more, utilising strategies from the Chartist tradition. According to George Julian Harney, John Burns was a platform orator with a style of delivery of which O'Connor might have been proud.⁵¹ However, Burns was not a 'gentleman reformer'; he lived in poverty and addressed working-class audiences on the issues of the day from personal experience.

Thorne's union was successful in its 1889 strike and this acted as an inspiration to other groups of workers. Burns, Thorne and Mann now turned their attention to London's docks. A small dispute had broken out at the South West India Dock over the method of piecework payment. Ben Tillett, an ex-sailor who was straight off a tea, porter, led the men. The dispute quickly escalated, and in the summer of 1889, Tillett and his union became involved in a dispute over pay and conditions. The men who worked at the London Docks demanded four hours for continuous work at a time and a minimum rate of sixpence an hour.

The dock workers were employed on a casual basis; they induced to utilise for work each day at the dock gates. Their work was punishing and their pay was extremely depressed.⁵² Tillett, assisted by Burns, Mann and Thorne, now set about drawing all dockers into the conflict. Ben Tillett was active in the socialist movement and was able to persuade several friends, including Tom Mann, John Burns, Will Thorne, Eleanor Marx, H. M. Hyndman, James Keir Hardie and H. H. Champion, to help the strikers. They framed a demand for a minimum wage of sixpence an hour, and persuaded the Stevedores' Union, which represented the skilled dockworkers, to come out in support.

⁵¹ Coates., *Labour Party and the Struggle for Socialism*, 06.

⁵² Gardiner, *the Penguin Dictionary of British History*, 214.

As casual workers, the dockers were very vulnerable to replacement by others; however, the strike was solid. For a month, the strikers set up in the port of London, the centre of the nation's trade. Each day Burns led a huge procession through the city. The nature of these demonstrations won the widespread support of public feeling which had feared a repetition of the riots of 1887.⁵³ The strike was hugely expensive for the union. Nevertheless, workers supported the dockers financially. The largest contribution came from the Australian trade unions that sent over £30,000⁵⁴ to help the dockers to continue the struggle. The British public saw the dockworkers as the oppressed group conducting themselves with quiet dignity. Eventually, a Mansion House Committee, which included Cardinal Manning- the Roman Catholic Archbishop of Westminster, was set up as a conciliatory body. The Church intervention in this role was acceptable to the dockers since many of them were Irish Catholics. After five weeks, the employers accepted defeat and given all the dockers' main demands. The strike ended, and the dockers realised a great victory.

'The regeneration of the Trade Union Movement', wrote Ben Tillett in his memoirs, 'dated from this great social event'.⁵⁵ It was a stimulus to the growth of new unionism in both London and the provinces in the course of the next two years; though it was not the only factor at work, since both economic expansion and technical changes in particular industries such as the gas industry produced their own momentum towards unionisation.

Therefore, following the strike, the small tea operatives' union that Tillett had formed in 1886 was re-modelled as the Dock, Wharf, Riverside and General Labourers' Union. Tom Mann became the union's first

⁵³ Gardiner, *the Penguin Dictionary of British History*, 538.

⁵⁴ Wood, *Nineteenth Century Britain 1815-1914*, 368.

⁵⁵ *Ibid.*

President, and it had 56,000 members by 1890.⁵⁶ Undoubtedly, this was the most lasting effect of the dock strike. The age of very general unionism seemed to have come. A seaman's union established in 1889, and had a membership of 65,000 by 1891.⁵⁷ In a similar way, the General Railway Workers' Union, formed in 1889, aimed to gather the unskilled grades of workers excluded from the more 'aristocratic' Amalgamated Society of Railway Servants (ASRS) which had been founded in 1871.

These new unionists attended the TUC for the first time in 1890. Their impact may be seen in the fact that in that year, not only did the Congress agree to back the demand for an eight-hour work day, but it also gave its name and support to the first May Day celebrations ever to have been held in Britain. This reflected changes in some of the older craft unions. The relationship built between the skilled unions and the employers in 1875 was now deteriorating.

Most unions took advantage of temporary improvement in trade, and the consequent need for Labour, between 1889 and 1891, to expand membership and to reform their structure. The mineworkers, for example, had a long history of industrial organisation, having established local associations in most regions in the 1860s. In 1889, following a series of successful wage demands throughout the cavity areas, the Miners' Federation of Great Britain was founded. This included most of the local associations, and it affirmed the call of the new unions for an eight-hour work day. Most of the older unions, launched in the mid-Victorian period, increased their membership in the final two decades of the nineteenth

⁵⁶ Coates., *Labour Party and the Struggle for Socialism*, 06.

⁵⁷ *Ibid.*

century, to such extent that by 1900 the 'new' unionists accounted for less than one third of all trade unionists.⁵⁸

Many of the older unions recognised that the principal menace to them lay in the use of less skilled workers to perform their jobs. The Amalgamated Society of Railway Servants denied the official recognition of the railway companies. Besides, they dropped their prohibition on the entry of less skilled railway workers. The cotton textile workers of Lancashire began to open their unions to women.

On the whole, the period from 1889 to 1891 was of great implication for the future of organised Labour. There was a clear determination of the unions to recruit more widely than previously; reflecting an aggressive relationship between Labour and capital in the British industry. However, many of the specific gains of these years were short-lived. As the temporary trade boom collapsed and the ghost of unemployment returned at the end of 1891, employers struck back. The Great Dock Strike had attracted worldwide attention. Yet, twelve months later Tillet's union was eased out of the docks with scarcely a ripple of public interest.

Relations between these socialists and the trade unions were far from straightforward. The Fabians and the Socialist League had little contact with the unions at all, pretty predictable given their members' social backgrounds. Only in the event of the SDF, things were more perplexed. Hyndman, in the early years, saw unions as restrictive organisations of skilled workers which were just out for their own members and would have little to practise with them. He was criticised for this; but trade unions were, afterwards all, very much a minority sport at this time. Even by 1900, only 2,022,000 out of a potential membership of just fewer than 16,000,000

⁵⁸ Coates., *Labour Party and the Struggle for Socialism*, 06.

were unionised, which implied that about 87 percent of potential members were not in unions.

In such circumstances, the view that unions were an obstruction to the working class unity rather than representative of the interests of the workers as a whole was at least plausible⁵⁹. However, many SDFers were keen advocates of trade unionism, as the participation of members like Mann and Thorne in the 'New Unionism' of the late 1880s made clear. The question of the correct line to take towards the unions remained one of the most hotly debated issues within the SDF for the following years.

However, socialists like Eleanor Marx, Annie Besant, H. H. Champion, Will Thorne, Tillett, Burns and Mann played a vital part in the first successful phase of new unionism. Many of the new Labourers' unions continued to look to socialists as their leaders. Despite the passing of an eight-hour work day and other collectivist resolutions between 1891 and 1893,⁶⁰ it became clear that the socialists were not to be allowed to have things all their own way. Fenwick, the new Secretary of the TUC, was a man of the Henry Broadhurst stamp. He was easily re-elected to the post annually until 1894. He was then substituted by another miner, Sam Woods, who was in favour of the eight-hour work day that was now official trade-union policy.

It was at this stage that the majority of members of the Parliamentary Committee (all Lib-Labs) decided to run through a coup d'état and limit socialist influence by changing the system of representation and voting at the Congress.⁶¹ It was agreed that from 1895 trades councils' delegates should be completely excluded; that the 'block vote' principle would be

⁵⁹ Shaw, *The Labour Party since 1945*, 31.

⁶⁰ Wood, *Nineteenth Century Britain 1815-1914*, 369.

⁶¹ Coates., *Labour Party and the Struggle for Socialism*, 08.

introduced in union representation one vote per thousand members and that no one should be a delegate who was not working either at his trade or as a permanent paid official of his union. This last clause had the issue of excluding Hardie and ironically, Broadhurst.⁶² Hardie began collecting support for the idea of making a separate Party. The result was the founding of the Independent Labour Party. Why was the ILP founded? And what was its role in the formation of the Labour Party?

4. The Role of the Independent Labour Party

Despite the laying up of the Labour Electoral Committee in 1886, and the socialists' call for more effective Labour representation in Parliament which was taken in principle by the 1892 Congress, there was little modification in practice in the TUC's attitude. Subsequently, in the 1885 general election, there were elected eleven of these Liberal-Labour MPs. Some socialists like Keir Hardie, the Liberal-Labour MP for West Ham, began to argue that the working class needed their own independent political Party. This feeling was strong in Manchester. In 1892, Robert Blatchford, the editor of the socialist newspaper, the *Clarion* joined with Tom Gars, and Richard Pankhurst to form the Manchester Independent Labour Party. The establishment of the ILP in 1893 was a stronger move in the way of cooperation between socialists and trade union members.

Bradford was leading the call for independent Labour representation. In Bradford, like in so many other places, it was the experience of the industrial conflict that was the catalyst for change. The attempt by the owners of Manningham Mills, a large local woollen firm, to lower their

⁶² Wood, *Nineteenth Century Britain 1815-1914*, 364.

employees' wages by 15-30 percent in 1890, led to an extended and often violent strike involving the Weavers' Association and thousands of workers.⁶³ The owners, backed by the other textile employers in the area, were able to break the strike in 1891. The creation of the Independent Labour Party, at a conference held at the Bradford Labour Union two years later, seemed to confirm its insight.

Keir Hardie saw how significant it was to get the backing of the trade unions in the undertaking of building an independent Labour group in Parliament. In 1893, the activities of the Manchester group inspired Liberal-Labour MPs to look at building a new internal working class Party. In 1893,⁶⁴ Hardie was asked to lead a conference in Bradford to bring these Labour organisations together and connect them with those in other countries.

Among the 120 delegates who gathered in Bradford, there were Lib-Lab MPs already representing few from areas, like the mining fields of Northumberland and Durham, and the Midlands. The Fabians and the SDF sent delegates to Bradford. More than a third of the delegates came from Yorkshire. This area, and particularly Bradford, had become by this time the focus of the demand for Labour representation. Families of large Liberal Nonconformist employers, supported by the working men's Liberal Associations dominated it politically. In the 1880s, working men had started out to contest seats on local councils with more or less success.

From this meeting the Independent Labour Party (ILP) was born. It was determined that the principal target of the Party would be 'to secure the collective possession of the means of production, distribution and

⁶³ Samuel Beer, *Modern British Politics* (London: Cambridge Mass, 1969), 119.

⁶⁴ *Ibid.*, 120.

exchange'. Leading figures in this new organisation included Hardie, Robert Smillie, George Bernard Shaw, Tom Mann, George Barnes, John Glasier, H. H. Champion, Ben Tillett, Philip Snowden, Edward Carpenter and Ramsay MacDonald. In 1895, the Independent Labour Party had 35,000 members.⁶⁵ In the 1895 General Election, it put up 28 candidates, but all the candidates were defeated. However, the ILP began to experience success in the local elections.

Its leading figure, Keir Hardie, was himself a former miner. While the ILP always had a strong middle-class element, it also included significant numbers of workers and trade unionists. The ILP was a national Party with a socialist programme. It devoted itself to 'secure the collective possession of the means of production, distribution and exchange'.⁶⁶ Therefore, it argued that in its vision of the future the people rather than individuals would hold and feed the economy. It passed on the three important traditional roots-of Liberalism, trade unionism, and Nonconformity and this made it really different from its more revolutionary socialist counterparts on the Continent.

Hardie, for instance, led the Conference in its rejection of the 'class war' strategies of the SDF. Many of the ILP's members in its early years were convinced from the Liberal Party. James Ramsay MacDonald, a warehouse clerk turned into journalist had spent four years as a private secretary to a radical Liberal MP. In 1894, disillusioned by the unwillingness of the Liberals to accept workers as parliamentary candidates, he made the break and joined the ILP. His road from 'Liberalism' to 'Labourism' was typical of many who came to support independent Labour representation. Inevitably, this influenced the nature of

⁶⁵ Beer, *Modern British Politics*, 107.

⁶⁶ *Ibid.*

the new Party. The approach of the ILP bore the trademarks of its progenitors 'earlier commitment to Liberalism. There was, for instance, a total acceptance that parliamentary path was more appropriate rather than the revolutionary one. Progress would be induced by persuasion and change would come gradually by a process of reforming existing institutions rather than by subverting them.

Along with a background in the Liberal Party, many of the ILP's supporters came to the new Party through the experience of trade unionism. Whilst the ILP spoke of the need for an 'Industrial Commonwealth founded upon the Socialisation of Land and Commerce', it was less specific on how this should be accomplished. The ILP was always more preoccupied with the workers' specific social requirements such as Old Age Pensions and the eight-hour work day. Hardie thought that to broaden the appeal to trade unionists, the ILP needed to stress its moderation. He even insisted that the term 'socialist' should not appear in the name of the Party, arguing 'Labour' was of broader appeal.

Despite the impact of socialism in some areas and the adhesion of 35,000 paid up members by 1895, the ILP had to cope with a good deal of working-class opposition from the trade unions. It was worried that the formation of the ILP would eventually lead to the domination of the TUC by socialists from the new unions. The TUC's Parliamentary Committee introduced the 'block vote' in 1894.⁶⁷ This strengthened the hand of the older unions, with their greater commitment to working with the existing political parties and developing the machinery of collective bargaining. At the same time, the TUC voted to exclude delegates from the Trades' Councils which had been held over by ILP supporters in many arenas.

⁶⁷ Wood, *Nineteenth Century Britain 1815-1914*, 370.

In 1899, the Party also found itself set apart with the eruption of warfare against the Boers in South Africa. The ILP's anti-war stance ran counter to the nationalism engendered for what was widely expected to be a short and successful war against weak opponents. The ILP was labelled 'pro-Boer' and became the target of popular aggression. It became clear to Hardie and to others within the Party that encouraging enthusiastic support at the 'grass roots' was an unpredictable process.

Hardie's aim became a 'Labour alliance' of all those separate groups that wanted to increase the parliamentary representation of the working masses. This was a reluctant recognition that most working-class organisations were not socialist and the ILP would never survive with the major parties for power unless it subsumed its socialism within an alliance of wider working-class political opinion.⁶⁸ The example of West Ham convinced Keir Hardie of the necessity to unite with other leftist groups in order to guarantee a national electoral success. Hardie played a central role in the formation of the Labour Representation Committee.

This, in 1892, he was elected to Parliament as MP for West Ham South. He was a keen advocate of the 'Labour Alliance' between trade unionists and socialists. But he was not successful at first, and the TUC excluded him from its proceedings in 1895. In the 1895 election, Hardie lost his seat and all the other 27 ILP candidates were also excluded from the Parliament. Nevertheless, the commitment of individual ILPers pushed some unions towards the estimation of the LRC and the ILP played an important part in maintaining the idea alive in the 1890s, as did the socialism that was the spirit of the ILP. Why did the appeal of socialism take root in the 1880s and 1890s?

⁶⁸ Wood, *Nineteenth Century Britain 1815-1914*, 370.

5. The Appeal of Socialism

Socialism was essentially a reaction against the perceived arbitrariness of the market. It demanded sterner regulations on market forces and their replacement by a better form of economic and social system. The idea had little appeal in the mid-nineteenth century since the market seemed on that stage to be working, by delivering steadily increasing living standards and a degree of security which, though tiny by later standards, was a considerable improvement on what was before.⁶⁹

However, by the mid-1870s there was a growing perception of economic difficulties. For instance, some people began to look for an alternative. One was the proposal for a single tax on land. In Henry George's *Progress and Poverty* (1880) there was an avocation to such policy, the book became rapidly a bestseller in Britain. The idea of greater regulation of market forces, linked in some cases to specific socialist demands such as the eight-hour work day, also began to have a wider appeal, not least among trade unionists.

At the same time, the idea of a larger role for public authorities also appealed to many middle-class people particularly civil servants like the young Sidney Webb. Their status in society would be greatly enhanced at the expense of the capitalists, in a society based on public service rather than the generation of profit. Thus, socialism was not only about manipulating markets and other seemingly mundane events. According to William Morris socialism had a strong spiritual appeal, especially to those who, for one reason or another, had begun to reject orthodox religion but who still felt the need for something, they like in their lives. Hence not just

⁶⁹ G.D.H., Cole, *A History of Socialist Thought: Volume II, Socialist Thought Marxism and Anarchism 1850-1890* (Great Britain: Macmillan Press, LTD, 1959), 21.

the utopian, 'heaven-on-earth' writings of Morris but also the Labour Church movement, which became relatively strong in the 1890s and the evangelical preaching style of socialist propagandists like the ILPer, Philip Snowden who published in 1903 a book entitled *The Christ That Is To Be*.

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Socialism secured a little recession in late nineteenth century Britain, and appealed to small parts of both the working and middle divisions.⁷¹ It developed potential points of contact with the established Labour movement; though most trade unionists did not become socialists. This served to assure the participation of the socialists in the founding conference of the LRC in 1900.

On the whole, the formation of the LRC in 1900 was not the uprising of a class or the product of the work of socialists more realistic than Hyndman. It was primarily a new chapter in the struggle of the trade union campaign for the right to be given solely to negotiate on equal terms with employers and to apply sanctions, as strike action, when this was viewed necessary.

Socialism was not insignificant, but it did not lead the process. The 1900 conference did not only ignore the SDF call to base the Party upon recognition of 'the class war', but also it did not integrate itself to any other kind of socialism. However, the socialists were not as impotent as they might have been. As individuals, they were often valued,⁷² even by non-socialists for their dedication and hard work, a fact was partly for this reason that led to the amendment of the composition of the LRC's executive committee from twelve trade unionists and six socialists to seven

⁷⁰ Cole, *A History of Socialist Thought*, 34.

⁷¹ *Ibid.*, 228.

⁷² *Ibid.*, 420.

of the former and five of the latter.

The overwhelming bulk of the population (between three-quarters and four-fifths)⁷³ could be described as Working class. So far as about 13 per cent of those who could have been members of unions actually were members. And, even of those, just 17.4 percent were affiliated to the LRC at its formation: just 41 unions with a total of 353,070 members and almost half of those were associated with the LRC through just five unions. Among others, the miners, who could already elect a substantial number of MPs under the auspices of the Liberal Party as 'Lib-Labs', stayed outside. Although the conference elected Ramsay MacDonald, a socialist ILPer, as its secretary, this was not because of his socialism, but because of his reputation as a hard worker and good organiser. MacDonald along with Keir Hardie and Arthur Henderson were credited the three keys founders of the Labour Party.

6. The Foundation of the Labour Party

Hardie became convinced of the need for an independent Labour politics. Each year at the Trades Union Congress, he pledged for an independent Labour representation and the shaping of a Labour Party. This was eventually successful and a conference to form the Labour Representation Committee (LRC) took place in 1900, at the Memorial Hall, London, after the TUC Decision in 1899⁷⁴ attended by trade union delegates, the co-operative movement and socialists of various varieties.

⁷³ Cole, *A History of Socialist Thought*, 420.

⁷⁴ Beer, *Modern British Politics*, 113.

6.1. The Trade Union Congress Decision 1899

From 1896 to 1899, Keir Hardie was dominated by the idea of a national conference of socialists and trade unionists to initiate for an independent Labour representation. The ILP Council appealed to the Parliamentary Committees of both the English and the Scottish TUCs 'with a view to securing united political action. The Scots responded with a special conference, declared at Edinburgh which strongly endorsed Hardie's ideas. In England the initiative was seized by the Railway Servants who gave the famous resolution that was to be put before the 1899 Trades Union Congress:

That this Congress, having regard to its decisions in former years, and with a view to securing a better representation of the interests of Labour in the House of Commons, hereby instruct the Parliamentary Committee to invite the cooperation of all the co-operative, socialistic, trade union, and other working organisations to jointly cooperate on lines mutually agreed upon, in convening a special congress of representatives from such of the above-named organisations as may be willing to take part to devise ways and means for securing the return of an increased number of Labour members to the next parliament.⁷⁵

In the Congress this resolution was introduced by James Holmes of the Railway Servants, and seconded by James Sexton of the Liverpool Dockers. After an energetic three-hour debate, it was passed by a vote of 546,000 against 434,000. Seven major unions, mainly under socialist influence, voted for the resolution, the Boot and Shoe Operatives, Carpenters, Railway Servants, the Two Dockers Unions, the Gas workers and the National Amalgamated Union of Labourers. Their votes totalled only 229,597 while the votes of the big coal and cotton unions that voted against totalled 351,140. Despite abstentions, most of the smaller unions

⁷⁵ Wood, *Nineteenth Century Britain 1815-1914*, 371.

voted for the motion. Yet, on this occasion the Lib-Labs were neither united nor prepared to use all their power to destroy the case for increased Labour representation.

6.2. The Formation of the Labour Representation Committee

Following the passing of the resolution, the Parliamentary Committee as directed by Congress, convened a special Conference on Labour representation in the Memorial Hall, London, on 27 February 1900. 129 delegates assembled representing the trade unions and the socialist societies in Britain (the Independent Labour Party, the Social Democratic Federation and the Fabian Society). After a debate, the committee decided to pass a Hardie's motion to establish:

A distinct Labour group in Parliament who shall have their own whips, and agree upon their policy, which must embrace a readiness to cooperate with any Party which for the time being may be engaged in promoting legislation in the direct interests of Labour, and be equally ready to associate themselves with any Party in opposing measures having an opposite tendency.⁷⁶

To make this possible the Conference established a Labour Representation Committee (LRC) that included twelve members: two members of the Independent Labour Party (ILP), two from the Social Democratic Federation (SDF), one member of the Fabian Society and seven trade unionists. Ramsay MacDonald was chosen as the Secretary of the (LRC).⁷⁷ The new organisation lacked most of the characters connected to a political Party. It had no programme as such and its machinery was completely elemental.⁷⁸ It was not committed in any way to socialist

⁷⁶ Coates., *Labour Party and the Struggle for Socialism*, 9-10.

⁷⁷ Wood, *Nineteenth Century Britain 1815-1914*, 372.

⁷⁸ *Ibid.*

policies. Even among affiliated unions there was often hostility towards cooperation with socialists. For their part, many socialists resented the unions and desponded of their moderation, the SDF voted in 1901 to withdraw from the LRC.

During its first year, the Labour Representation Committee progress was bitterly disappointing. Less than a dozen trade unions had affiliated, representing only about 200,000 members out of total union membership of two million,⁷⁹ and not even including all those who had attended the Memorial Hall Conference. This was a serious problem since the LRC depended for its income on the subscriptions of affiliated organisations which at the rate of ten shillings per 1,000 members,⁸⁰ were low in any case. This meant that it could afford neither to pay for officials nor to contribute to election expenses. The results were examined in the 1900 general election which directly followed the committee's foundation. The conditions were not hopeful, the Conservatives were taking advantage of their clear triumph in the Boer War.⁸¹ The Labour was able to present just 15 candidates who claimed a total of 62,698 votes, these were financed by the affiliated trade unions and socialist societies. Two were elected, both in double-member seats: at Merthyr, where Hardie had to face two Liberal opponents, and at Derby, where Richard Bell of the ASRS fought and won with a single Liberal candidate.

Under these conditions the LRC with its small membership could not claim to speak for 'Labour' nor was Hardie able to move around the handful of working-class members into a truly Independent Labour Group in Parliament. Outside the House of Commons, Ramsey MacDonald, as

⁷⁹ Beer, *Modern British Politics*, 145.

⁸⁰ Wood, *Nineteenth Century Britain 1815-1914*, 373.

⁸¹ *Ibid.*

secretary of the Labour Representation Committee, played skilfully at the difficult job of wooing the trade unions, maintaining the LRC with large members and money from the trade unions. This was to be supplied by the Taff Vale judgement.

6.3. The Taff Vale Judgement

In September 1900 the High Court found that the Amalgamated Society of Railway Servants could be declared liable for damages arising out of its dispute with the Taff Vale Railway Company in south Wales. This decision was overturned on appeal, but in July 1901 the House of Lords backed the initial assessment. Finally, in January 1903, the ASRS was forced to pay damages of £23,000 to the company.⁸²

Hardie and MacDonald quickly seized the opportunities that this situation presented to the Labour Representation Committee. As a result of Hardie's parliamentary questioning in August 1901, it became clear that the Conservative government did not intend to help the trade unions. In this respect, Ramsay MacDonald wrote to them on behalf of the LRC stressed that, 'The recent decisions of the House of Lords..... should convince the unions that a Labour Party in Parliament is an immediate necessity'. A month later, this view received considerable support at the TUC Conference since for nearly a year the official trade union leadership could not solve the problems posed by the Taff Vale decision. Furthermore, their Liberal allies were either unenthusiastic for or pessimistic about, the outcome of a new trade-union Bill. All this took place against a background

⁸² Charlot, *Institutions et Forces Politiques de Royaume.Uni*, 32.

of increasing pressure from employers and persistent attacks by the Press particularly *the Times*⁸³ on the restricted activities of the unions.

Therefore, the issue of the Taff Vale Case increased rapidly the trade union affiliations to the Labour Representation Committee. This came in two main waves. Between the end of 1900 and the summer of 1901, forty one unions affiliated, bringing the total number of members up to 353,070; between the spring of 1902 and the winter of 1903, as a direct result of the Lord's judgement, 127 new unions joined, including the Engineers and the Textile Workers, thus raising the membership to 847,315.⁸⁴ The allegiance of the Textile Workers was particularly important since it was not only an accession of 103,000 new members to the LRC, but also showed the effect of Taff Vale even on moderate unionism. Later in 1903, the rest of the building workers came in, and the first of the miner unions, the Lancashire and Cheshire Miner Federation.

In the 1904 conference, a compulsory levy of a penny per member per year was imposed in order to pay Labour MPs and help by election expenses. This enabled the Party to pay its MPs a salary of £200 a year from 1904 onwards,⁸⁵ but did result in some disaffiliations of smaller unions. The committee developed thanks largely to the decisions of the courts. By 1906, the Miners' Federation of Great Britain (MFGB) and the separate Durham and Northumberland Miners' Associations were the main unions outside the Labour Party in mining. Meanwhile, attempts to place the LRC under the direct control of the parliamentary committee of the TUC were thwarted in 1902. Though, it seemed progress was being created, with the Lancashire and Cheshire Miners' Federation affiliating in

⁸³ Wood, *Nineteenth Century Britain 1815-1914*, 372.

⁸⁴ Beer, *Modern British Politics*, 114.

⁸⁵ Wood, *Nineteenth Century Britain 1815-1914*, 373.

1903.

It was not clear how far it would assist other parties or cooperate with the eleven Lib-Lab MPs.⁸⁶ Bell moved towards the Liberals and abandoned the LRC in 1904. During 1902, at Wakefield, Philip Snowden, a former civil servant who taking after a crippling illness had become a sort of travelling preacher on behalf of the ILP, was defeated in a straight fight with a Conservative. Although the Liberals who had removed from government made no recommendation as to how their friends should vote, many of them were impressed with the line Philip Snowden had taken against the Boer War. In August from the same year, David Shackleton, a textile union official, was elected as MP for Clitheroe in Lancashire; the Liberals, who had retained the seat, did not put up a nominee. This victory encouraged the textile workers' affiliation to the LRC.

In 1903, the LRC's position was apparently limited by two issues. The first one was the decision of Joseph Chamberlain, the Colonial Secretary, to resign from the Cabinet and the campaign for protective tariffs. This was a development of great significance. Free trade was not, according to Labour and radical traditions in Britain, merely one of a number of variations of economic policy. During the nineteenth century, a new "moral economy" of working-class consumers, supported by religious enthusiasm prevailed.⁸⁷ Free trade did not only mean cheaper food but it was also seen as the key to other classic doctrines of British radicalism; international peace, clean government and fair play. Protection had its working-class supporters, a fact that mainly unified socialists and trade unionists.

⁸⁶ Wood, *Nineteenth Century Britain 1815-1914*, 373.

⁸⁷ Trevelyan, *English Social History*, 354.

The Chamberlain's action also resulted in a rapprochement between the Labour and the Liberals. Ramsay MacDonald, from his side, began discussions with Gladstone through the latter's secretary, Jesse Herbert, on the general understanding that Labour would support a future Liberal Government while the Liberals in return would refrain at the next general election from fighting certain selected seats where LRC candidates would stand. On this basis, a detailed agreement was concluded between MacDonald and Gladstone in August 1903.⁸⁸ They secretly agreed that, in England and Wales, Liberals would be discouraged from opposing Labour candidates in a number of seats and in return, the Labour would restrict its number of candidates elsewhere. Although, the agreement was not easy to be applied, it was to prove a major help to Labour at the next general election.

By this electoral bargain, the LRC was given a free hand in some thirty constituencies.⁸⁹ In return MacDonald agreed to support the Liberals in other constituencies and the Liberal Government if elected. For both sides the agreement had important attractions. For the Liberals, it meant the decreasing of their financial burden since the LRC controlled an Election Fund and the possibility of winning many urban seats. For the LRC, it guaranteed the return of a considerable group of Labour members. For both Gladstone and Macdonald, it was a practical convention.

The electoral agreement between the Labour Representation Committee and the Liberal Party was the counterpart on a wider scale of what was happening within the House of Commons itself. Keir Hardie still hoped to convert the Labour and Lib-Lab members in the House, whose numbers had increased to fifteen by 1905, into an independent group.

⁸⁸ Trevelyan, *English Social History*, 391.

⁸⁹ *Ibid.*

However, their growing antipathy to the policies of the Conservative Government and the inhibitions imposed on MacDonald and Hardie by the existence of the secret agreement with Gladstone produced a natural gravitation towards the Liberals.

The attitude of the Labour group was not different from that of the Liberal Party. It was a case for the official Liberal and Labour leadership of 'no enemies on the left'.⁹⁰ The issue of trade-union legislation was also added. For instance, in 1903 the Trades Union Congress boycotting Balfour's proposed Royal Commission on the subject, came down firmly at last on the extremist side and supported a parliamentary Bill for granting trade unions complete immunity from actions for damages as a result of strike action. Besides, the parliamentary Labour group worked hard to convert the Liberal Party to this policy. Thus, the evolution of a Progressive Alliance in which the Labour was joined with the Liberal as a partner became a reality.

This evolution, and particularly the emergence of a clear-cut Labour solution to the Taff Vale problem calmed the opposition between the Lib-Labs and the LRC members in the Commons. For instance, in 1905, it was agreed that each group would support the other's candidates in the next general election. Thus, in the last months of the dying Parliament the Labour and Lib-Lab members sat as one group in the Commons under the leadership of John Burns.

On the other hand, the increasing friendliness between the LRC, the trade unions and the Liberal Party during these years, led to inevitable grumbling from the rank-and-file members of the Independent Labour Party, especially as the ILP, after a period of decline, now rapidly increased

⁹⁰ Trevelyan, *English Social History*, 391.

its membership in the country. The cry of 'Socialism betrayed' had already led to the disaffiliation of the SDF in September 1901 and the Fabians' attitude to the LRC was one of the benevolent passivity. The plain fact of the matter was that in terms of men and money, the socialists were only a tiny minority within the LRC. After 1906, ILP discontent was to bubble away until they finally withdrew from the Labour Party in 1932. However, these deep-rooted problems could easily be ignored in 1905, in November of that year Balfour finally resigned. Campbell-Bannerman then formed a Liberal Ministry and all the parties prepared for the 1906 coming general election.⁹¹

6.4. The 1906 General Election

The Conservatives were in increasing difficulties. Finally, in December 1905, A. J. Balfour, the Prime Minister, resigned in the hope that the Liberal leader, Sir Henry Campbell Bannerman, would be unable to form a government. Yet, the latter succeeded and once the government was formed, he dissolved Parliament. Polling took place between 11 January and 8 February 1906.⁹² The primary issues were free trade, education and Chinese Labour in South Africa. This suited the MacDonald-Gladstone agreement⁹³ because Labour candidates were in support of liberal trade.

There were 50 LRC candidates, with a further 5 being endorsed by the Scottish Workers' Representation Committee. Three-fifths of the Labour candidates stood in Lancashire, Yorkshire and the North-East. As well as the five in Scotland, there were only four candidates in the whole of

⁹¹ Shaw, *The Labour Party since 1945*, 03.

⁹² *Ibid.*, 03.

⁹³ Coates., *Labour Party and the Struggle for Socialism*, 11.

the London area, five in the Midlands and two in Wales.⁹⁴ Broadly speaking, the MacDonald-Gladstone treaty worked well enough. It enabled many Labour candidates to have a free run against the Conservatives. It was particularly successful in Lancashire where the Liberals were weak. The Labour movement was relatively strong, there were numerous double-member constituencies which allowed each Party to run a candidate, and the threat of tariffs helped to mobilise a reaction against the Conservatives in what had been one of their strongest areas. The pact worked less well in places like Yorkshire and Scotland where official Liberalism did not agree at all.⁹⁵

The outcomes of the general election were very encouraging for the LRC and the Liberals' achievement in winning almost 400 seats. There were 29 LRC MPs which increased to 30 as soon as Parliament met. Thirteen of these came from the Lancashire area, four from Yorkshire and three from the north-east; two thirds of the Labour MPs sat in northern English seats. There were just three MPs from the London region, two from Scotland and one from Wales. Only five seats had been won against Liberal opposition. Following the election, the LRC changed its name to become the Labour Party. They adopted a simple title of the Labour Party.⁹⁶ A new parliamentary Party had been held.

The Parliamentary Labour Party (PLP) elected in 1906 was firmly rooted in the working class. About 23 of the MPs were active trade unionists. In policy terms, most of them were mainly concerned with welfare issues and unemployment. On the whole, they were middle-aged and 'respectable'. Most had been Liberals as young men, as in the case of

⁹⁴ Wood, *Nineteenth Century Britain 1815-1914*, 397.

⁹⁵ R, J. ,White, *A Short History of England* (Great Britain: Cambridge University Press, 1987), 276.

⁹⁶ *Ibid.*

Henderson, into early middle age. A significant number were active nonconformists.

The Party did not have a leader until 1922. Therefore, the key position was the chairmanship of the PLP. After a tied first ballot, Hardie defeated Shackleton by a single vote through which Shackleton (vice chairman), MacDonald (secretary) and Henderson (chief whip) could do business. Subsequently, the chairmanship rotated in turn to Henderson (1908-10) and George Barnes (1910-11).

7. The Labour Party in the Liberal Era 1906-1914

The 1906 election was a landslide victory for the Liberals who secured 400 seats.⁹⁷ The Conservatives fell out under Arthur Belfour over the issue of tariff reform.⁹⁸ In Parliament, under the Liberal Prime Minister, Campbell-Bannerman (and after 1908, Asquith), the Labour and Liberal parties worked in concert. The first fruit of these couple years was the Trades Disputes Act of 1906,⁹⁹ which considered that the unions irresponsible for damages because of strikes, which Taff Vale had thrown into doubt.

Despite the Liberals' ideology of free market and Laissez- faire, they recognised the need to introduce social reform in order to deal with some of the most serious problems of the day. Under the influence of Joseph Chamberlain, the Liberal Party began to re-consider its placement on social

⁹⁷ White, *A Short History of England*, 276.

⁹⁸ Gardiner, *the Penguin Dictionary of British History*, 653.

⁹⁹ A., Mabileau, et M., Merie, *Les Parties Politiques en Grande -Bretagne* (Presse Universitaires de France, Troisième Edition, 1970), 23.

reform of the 1870s. The 'New Liberalism'¹⁰⁰ attempted to create an interventionist role for the state while continued to encourage the private enterprise. By the end of the nineteenth century, the Liberals realised that to win they had to develop this aspect of their policies. Despite the new vision, the Liberal Chancellor, Lloyd George avoided making any specific commitment regarding welfare reform.

The Labour played a part in the implementation of social reforms in response to the Liberal government. The latter introduced a series of welfare reforms between 1906 and 1914. For instance, school meals were introduced. Local authorities were allowed to provide free school meals, but this was not made compulsory until 1914. The extension of the scope of workmen's compensation that granted compensation for accidents at work and a slight increase in expenditure on unemployment relief works. In 1908 and in the following year, Old Age Pensions were introduced and a system of voluntary Labour exchanges were established to help the unemployed. In 1911, a National Insurance Act was made compulsory for both employers and employees to contribute to a government fund from which benefit could be paid in the event of sickness or unemployment.

However, bigger projects made less progress. In 1907, the Party deposited its 'Right to Work' Bill. The latter called on the government to increase expenditure at times of slump in order to offset increased unemployment. In 1908, the Minority Report of the Poor Law Commission largely written by Fabian Beatrice Webb and Labour MP George Lansbury suggested sweeping changes in social policy. They included the abolition of the Poor Law and the prevention of poverty through comprehensive

¹⁰⁰ New Liberalism, most Liberals today believe that, though taxes and regulations, the government must seek to improve the economy and society. Arquíe, Henry, Poiré, Puyjarinet & Sérandour, *A Glossary of British and American Institutions Politics*, 201-202.

social reforms. But, aside from old-age pensions, which were introduced in 1908, this too was mostly neglected by the Liberal regime. The Liberals were certainly not pressured to enact legislation by the Labour Party.

The new Liberalism of the period after 1906 carried with it many old Liberalism social attitudes. The working class consisted of two different groups: the skilled working class and the rest, and the reforms were designed at the skilled working class. For instance, the Old Age Pensions were not to be paid to anybody who failed to work for their own maintenance.

Moreover, those who had been imprisoned for any offence in the ten years prior to their claim were also excluded. This included anyone imprisoned because of involvement in strikes and political activity. Such decision was as a control device on working class behaviour. In general, the aim of the reform was to save the 'respectable' worker and to detach him or her from the appeal of the Labour Party. For instance, in 1909, Winston Churchill, President of the Board of Trade in the Liberal Government explained the thinking behind workmen's insurance:

The idea is to increase the stability of our institutions by giving the mass of industrial workers a direct interest in maintaining them. With a 'stake in the country' in the form of insurance against evil days these workers will pay no attention to the vague promises of revolutionary socialism.¹⁰¹

With only 30 MPs, and the Liberals in reforming mood, the new Labour Party found it very difficult to make a distinctive mark on the House of Commons after the initial successes of 1906.¹⁰² The Labour distinguished itself from the Liberals, not so much by its policies, but rather by its ability to see things from a working class perspective. Despite their

¹⁰¹ Thomson, *England in the Twentieth Century*, 194.

¹⁰² *Ibid.*

Lib-Lab MPs, the Liberals remained a predominantly middle-class Party with values and attitudes.¹⁰³

The real problem for the Labour Party, between 1906 and the outbreak of the First World War in 1914 lied in translating this distinctive working-class viewpoint into a clear political programme.¹⁰⁴ In fact, up to 1914 there had been few differences between the policies of both the Labour Party and the Liberals.

Consequently, many Labourites became discontented with the PLP's performance.¹⁰⁵ The importance to the young Party of retaining the support of moderate trade unionists militated against the adoption of overtly socialist policies. Only the matter got a source of intense debate inside the Labour Party. A further sign of discontent came in 1908, with the publication of a Ben Tillett's hostile pamphlet *Is the Parliamentary Labour Party a Failure?*¹⁰⁶ Unemployment was rising rapidly and, for Tillett, it was there that the Party had to make it stand, on moral and political grounds. Nevertheless, the Labour Party resisted the calls to adopt a more clearly socialist stance. With the affiliation in 1909 of the Miners' Federation with its Lib-Lab traditions,¹⁰⁷ the Party went further away from socialism.

In whatever instance, the Party was going even more union dominated at this point. In the first decade of the twentieth century, TUC membership rose to 1,662,133, and the percentage of members affiliated to the Party also increased. Since 1905, the membership of the socialist societies had been rising, the unions forming 97.5 per cent of the Labour

¹⁰³ Thomson, *England in the Twentieth Century*, 194.

¹⁰⁴ Ibid.

¹⁰⁵ John Stevenson, *British Society 1914-45* (England: Penguin Books, 1990), 49.

¹⁰⁶ Ibid.

¹⁰⁷ Beer, *Modern British Politics*, 114.

Party membership in 1910 as opposed to 93.9 per cent at the formation of the LRC in 1900.¹⁰⁸

The most significant development in this field concerned the miners. The MFGB was the largest union in the country. By 1908, it had over half a million members.¹⁰⁹ The weakness of the new Party, with little funding provided by the unions, was demonstrated by the Osborne Judgement of 1909.¹¹⁰

During this year a Liberal trade unionist and member of the Trade Union Political Freedom League, W. V. Osborne, with the full backing of the employers, took legal action against the Amalgamated Society of Railway Servants for using its funds for political purposes. After success in the Appeal Court, the issue was brought to the House of Lords.

The Law Lords upheld the appeal, and declared in the Osborne Judgment that it was illegal for trade unions to finance Labour candidates or indeed any political objective, yet another example of legal interference in trade union affairs. At this time, no individual membership of the Labour Party relied overwhelmingly on affiliated union fees. The judgement threatened one of Labour's main funding sources, served to paralyse the Party's activities. This was particularly damaging to the Labour Party as its leaders were less than those of political parties.

The Labour was soon confronted with a general election. About 40 of Labour's 78 candidates were victorious, more than in 1906, but a net loss of five seats on its pre-dissolution strength. Significantly, only one of the Labour's successful candidates faced Liberal opposition. However, the

¹⁰⁸ Beer, *Modern British Politics*, 114.

¹⁰⁹ Stevenson, *British Society 1914-45*, 50.

¹¹⁰ *Ibid.*

Liberals lost heavily, emerging with 275 seats to the Conservatives' 272. But the Labour did not really hold the parliamentary balance of power. There could be no question of them allying with the Conservatives, so they were forced, willy-nilly,¹¹¹ to back the Liberals. The latter had the greater strength of the 82 Irish Nationalists to back them.

A second election soon followed. The budget was passed, but the government was eager to deal with the House of Lords and could only do so with a fresh electoral mandate. At 1910 December election, the Labour Party straggled more than ever by the Osborne Judgment, it could offer only 62 candidates and emerged with 42 seats. The other parties' positions scarcely changed, the Liberals emerged with the same number of seats as the Conservatives, but were safe in power because of the Irish and the Labour support.

The Labour's position in the period between the end of 1910 and the outbreak of the First World War did not suggest that the Party was about to make a major leap forward. Performance in by-elections was poor. Indeed, the Labour lost four seats. Three of these were north Midland mining seats where there were no Liberal candidates in 1910, but Lib-Labbism remained a potent force there.

For eight other seats, the Labour Party offered candidates where it did not succeed in December 1910. Evidence from local government elections offered somewhat less bleak picture. In some areas, the Labour managed to secure votes from the Liberals. In every year between 1909 and 1913 Labour made a net gain of seats, with especially strong performances in 1911 and 1913.¹¹² But still the image remained of a third Party struggling

¹¹¹ Stevenson, *British Society 1914-45*, 50.

¹¹² *Ibid.*, 190.

with no great success to establish a greater presence in most parts of the country.

Of course, not all working men were entitled to vote. Some 40 per cent was still disenfranchised by the registration clauses attached to the Reform Act of 1884¹¹³ in which Gladstone introduced his proposals that would give working class males the same voting rights as those living in the boroughs. This measure gave the counties the same franchise as the boroughs. Nevertheless, the harsh reality for the Labour in this period was that most working people who possessed the franchise still voted for the other two parties and mostly for the Liberals. The Labour's weakness in Westminster derived from this fact.

When Barnes fell ill in 1911, MacDonald retired from the Party secretaryship in favour of Henderson and took over the chairmanship from Barnes. This was a significant development. MacDonald was a man of charisma and style, a fine orator and had clear electoral appeal. Besides, he was a master of organisation and strategy and had a coherent ideology. His aim was to improve contact between an evolutionary form of socialism with the trade unionists who made up the mass of the Party, and with those progressives who were still in the Liberal Party but shared some attitudes with the Labour Party.

The Labour's consolidation was helped out by two parts of legislation passed in reaction to the Osborne Judgment. The first one was in 1911, the Labour found itself relying on the Liberals to legislate against the Osborne Judgment. In 1911, the Liberals introduced an act to provide salaries for MPs for the first time.¹¹⁴ This measure removed a burden from

¹¹³ Danièle, Frison, Nicole, Bensoussan, & Wesley, Hutchinson, *Civilisation Britannique Documents Constitutionnels* (Paris : Ellipses, 1993), 204.

¹¹⁴ Thomson, *England in the Twentieth Century*, 197.

sponsoring organisations mainly unions which previously had to find the money for MPs' wages solving the problem. The second one was the Trade Union Act of 1913. The Labour had been waiting for a long time which overturned the Osborne Judgement in 1913.¹¹⁵ All of this reinforced the Labour's parliamentary dependence on the Liberals.

Many Liberals hoped these complexities would be an obstacle for the Labour, but, in fact, the Act clarified the relationship of the Labour with its partners. Given the considerable expansion of trade unionism during this period, the clarification of the legal financial relationship between the Party and the unions was very important, TUC-affiliated unions had had 1,200,000 members in 1900. This rose by 37.3 per cent in the following ten years, and then by a further 62.8 per cent between 1910 and 1914, when membership stood at almost 2,700,000.¹¹⁶

This increased rate of expansion after 1910 was due to two main causes. First, it was a period of trade prosperity. Second, many members were recruited around the time of the major industrial disputes of the period. These included, among others, a short national railway strike in August 1911 which resulted in the recognition of the rail unions of the railway companies and a national miners' strike early in 1912. This expansion benefited the Labour Party. Its trade union affiliated membership rose by a third to 1,858,178 between 1910 and 1912. The immediate effect of the 1913 Trade Union Act was to reduce this figure somewhat, given the contracting out clause. Even so, membership was still over 1.5 million in 1914. But trade unionists were still only a minority of workers.

After 1910 another strategic option appeared. The failure of the

¹¹⁵ Stevenson , *British Society 1914-45*, 191.

¹¹⁶ *Ibid.*

Liberals to deal with contemporary social problems was reflected in another explosion of trade union activity. This trade union's explosion and the growth of a militant women's movement claiming the right to vote represented the re-birth of direct action.

At the national level, women prominent like Katharine Bruce Glasier¹¹⁷ were women at the grassroots who could play a significant role. For many, socialism was the appeal. For others, the Labour seemed the most likely Party to push for women's suffrage.¹¹⁸ In 1911, when the government introduced a franchise reform bill which did not include women's suffrage, the Labour Party conference declared that this would be unacceptable. This led to greater co-operation between the Labour Party and the moderate National Union of Women's Suffrage Societies (NUWSS).¹¹⁹ Many Liberal women began to see the Labour Party as the better one on this issue. Ultimately, the NUWSS set up a fund to support the Labour candidates in by-elections where there was no pro-suffrage candidate.¹²⁰

Despite these attacks and difficulties, the trade union membership had grown to two-and-a-half million by 1910. This was to result in a growth of syndicalist and semi-syndicalist tendencies in many unions, a rejection of political parties and the belief that trade union action alone was sufficient to resolve workers' problems known in Labour history as the 'Great Unrest'.¹²¹ The Liberal Party was inadequate to meet the problems of the British society and the post-war Labour Party was to be the main beneficiary of the Liberals' difficulties after the First World War.

¹¹⁷ Katharine Glasier (25 September 1867 – 14 June 1950) was a British socialist journalist., [https:// www.Britannica.com/Katharine_Glasier](https://www.Britannica.com/Katharine_Glasier)

¹¹⁸ Coates., *Labour Party and the Struggle for Socialism*, 32.

¹¹⁹ Ibid.

¹²⁰ Ibid.

¹²¹ Wood, *Nineteenth Century Britain 1815-1914*, 390.

Chapter Two

The Labour Party between the Two World Wars

At the outbreak of World War I, Ramsay MacDonald led a pacifist Wing of the Party, but the majority of the Party supported the War effort, and the Party's leader, Arthur Henderson, served in the Wartime coalition governments.

The Labour Party became the second largest Party in the House of Commons and thus the official opposition, in 1924. It formed its first government, with MacDonald as Prime Minister. As the Labour Party was a minority in Parliament, the enactment of legislation was difficult and the government's domestic programme of unemployment relief and housing differed little from that of its Conservative predecessor which led to being out of office in October 1924.

In 1929, the Labour formed another minority government. MacDonald and Philip Snowden reacted to the severe depression with conservative economic policies that involved reducing unemployment relief. When the majority of the Cabinet refused the proposal in 1931, MacDonald formed a coalition government. However, he and the Labour leaders who joined him were barred from the Party and were defeated in the election of 1931.

In the early 1930s the Party passed anti-War resolutions and advocated collective security through the League of Nations, but it came to accept rearmament against the threat from Nazi Germany. After the fall of France to German forces in World War II, the Labour Party agreed to join

Winston Churchill's coalition government; Ernest Bevin as Minister of Labour and Attlee as Deputy Prime Minister, together with other Labour ministers, took charge of domestic affairs during the War years.

The thesis's second chapter will discuss the period between the Wars when the Labour Party was transformed from a failed alternative to the Conservatives to a majority Party of government. After it developed, it went on to win a landslide victory that brought in the Attlee government of 1945.

The chapter will shed light on the outbreak of the First World War and some political, economic and social impacts. It will deal with the formation of 1924 first government in Labour history, as well as the second Labour government of 1929 which both fell. The first was unable to resist under Conservative exploitation of the Zinoviev letter. It collapsed in the same year, and the General Strike of 1926 refreshed again the Labour Party's members and it was able to return back to power in 1929. The second government was affected by an economic disaster that led to the government's downfall and the formation of a National Government in 1931. This chapter will also deal with the Second World War in which Britain was involved for the second time.

1. The First World War and its Impact

The official cause of Britain's declaration of the War on 4 August 1914 was the German invasion of Belgium which was meant to deliver a rapid knock-out blow against France. In 1882 Germany, Austria-Hungary and Italy formed the Triple Alliance and agreed to support each other if attacked by either France or Russia. This Alliance, in fact, threatened France. Britain was also concerned with the growth of the German Navy.

In 1904, the two countries, Britain and France signed the Entente Cordiale, friendly understanding.¹

The objective of the alliance was to encourage co-operation against the perceived threat of Germany. Three years later, Russia that feared German Army joined Britain and France to form the Triple Entente. The Russian government was also preoccupied with the possibility of Austria Hungary increasing the size of its empire. Therefore, it made promises to help Serbia if it was attacked by members of the Triple Alliance. The British role in the War was based on the Western Front.

The Labour Party pacifist ideology prevented it from participating in the War at the beginning. The War enabled the Labour Party to reach so many opportunities because of the Party's basic underlying unity during the battle, although a number of topics divided the Party during the Warfare. The most important was its entry into the War itself.

The Labour leader James Ramsay MacDonald opposed the War from more fundamental principles of pacifism.² On the other hand, many members of the Party were strongly motivated by patriotic sentiments that were channelled into the Coalition Government by Arthur Henderson. It seemed that Labour were to be split, and permanently damaged, by the War.

On Sunday 2 August, the Germans set up an immense offensive in the West, Labour arranged a vast anti War demonstration in London's Trafalgar Square because it was a member of the Second International. The latter was an organisation of socialist and Labour parties formed in Paris in

¹ Wood, *Nineteenth Century Britain 1815-1914*, 393.

² Pacifism is the opposition to War or violence as a means of settling disputes. Pacifism covers a spectrum of views ranging from the belief that international disputes can and should be peacefully resolved, to absolute opposition to the use of violence, or even force, under any circumstances. Pacifism is not limited to just War, but can include resisting to use any form of violence at all. [http //: Spartacus. Schoolnet. Co. uk/](http://Spartacus.Schoolnet.Co.uk/)

14 July 1889 officially devoted to fighting a War. Arthur Henderson succeeded Macdonald as leader of the Labour Party after Macdonald had invited the principal institutions in the Labour movement to a meeting on 5 August to discuss the next steps; some Labourites endorsed the War, and by the German violation of Belgian neutrality allowed many more to fare over.

When Parliament debated the situation on 3 August, the PLP majority was in favour of a declaration of War on Germany, as MacDonald could not support this, he resigned the chairmanship the same day. The following day, War was declared. Before the end of the month an electoral truce had been agreed and the Party put its organisation at the disposal of the military recruiting campaign. Many Labour leaders who were doubtful about the War realised that Labour might cause itself great damage by running against the wave of patriotism. For most leading Labourites, including Henderson, the concern was that a critical approach of defeatism would isolate Labour at the general election, which would follow an early victory because the monumental vision was that the War would be transitory.

The Defence of the Realm Act (DORA) of August 1914³ gave the government executive powers to suppress published criticism, imprison without trial and to commandeer economic resources for the War effort. During the War, publishing information that was calculated to be indirectly or directly of use to the enemy became an offence and accordingly punishable in a court of law. This included any description of War and any news that was likely to cause any conflict between the public and military authorities.

³ Robert Eccleshall and Graham Walker, *Biographical Dictionary of British Prime Ministers* (London and New York: Routledge, 2002), 249.

It also enabled the government to impose censorship and to nationalise those industries considered vital to the War effort. As the demands of the front grew, government powers were extended. Conscription was introduced for all men younger than 41 in May 1916⁴ because of this year the number of soldiers volunteering had fallen. Meanwhile, there had been growing government interference in the lives of the British people through a series of smaller measures designed to condition the population to being at War. DORA was also used to control civilian behaviour including alcohol consumption and food supplies. A number of the Licensing Acts reduced the opening hours of public houses and increased the tax on alcohol; a minimum wage was introduced in munitions factories. The Munitions of War Act banned strikes, and food rationing was introduced throughout the country in 1918.

On the 5th of August, the War Emergency Workers' National Committee (WEC) was formed. It held meetings whose main concern was to protect the working class living standards against the economic and social disaster that might be caused by the War. WEC included representatives from the Labour Party, the TUC (Trade Union Congress) and the GFTU, (General Federation of Trade Unions) in addition to elected and co-opted members, gathering under the chairmanship of Henderson and with J. S. Middleton, assistant Secretary of the Party, as secretary.

1.1. Political, Economic and Social Impact

The First World War led to substantial political changes. Along with extended governmental powers came an experiment in coalition politics. Asquith's main concerns in August 1914 had been to prevent any split in

⁴ Eccleshall and Walker, *Biographical Dictionary of British Prime Ministers*, 249.

his Liberal administration. It soon became evident that Asquith was a peacetime Prime Minister, preferring to leave the conduct of the War to the military, and he demonstrated a poor War leader. He got under great critique and this contributed to open the door to his rival Lloyd George to explore the shell scandal of 1915.

The shell scandal of 1915 was generated by the publication of the British Commander-in-Chief's view that a shortage of munitions would lead to the bankruptcy of the British offensive at the battle of Neuve Chapelle in March 1915. Therefore, Lloyd George encouraged the proprietor of the *Times* and *Daily Mail* newspapers' Lord Northcliffe, to publish details of the shell scandal in his newspapers. Asquith set up a coalition in May 1915, and a new Ministry for Munitions was created whose duty was handed to Lloyd George.⁵ This was to be the political base from which more damaging attacks were to be made upon Asquith in the future.

The Conservatives were not pleased with the offices they received in this new government and Tory leader Andrew Bonar Law became dissatisfied with Asquith and the Liberals' conduct of affairs. The government collapsed because of the resignation of the Conservatives, who refused to serve any longer under Asquith. The latter and most of the Liberals then moved into opposition, while the Conservatives formed a new coalition with a minority of the Liberals, under the leadership of Liberal David Lloyd George who accepted an invitation to form a government in December 1916.

His dynamism ensured that he was regarded as the right man to give Britain's War much needed impetus. Lloyd George made two recommendations for the more effective conduct of the struggle against

⁵ Thomson, *England in the Twentieth Century*, 40.

Germany. One was the introduction of conscription and the other demand was that the political and military leadership of the War should be more integrated in the form of a smaller War Cabinet. Lloyd George advanced himself as an alternative leader and received large-scale support at Parliament and from the press. Under his leadership, he led Britain to victory by November 1918.

Lloyd George had been able to convert his Wartime leadership into a peacetime equivalent, and he received his mandate in the general election in December 1918. In the same year, the 'coalition coupon',⁶ an agreement drawn up between the Conservatives and a large part of the Liberal Party produced a Landslide victory. Lloyd George was acclaimed as the man who won the War. Accordingly, in 1918 the coalition won a huge majority. The supporters of the Coalition won 437 seats, 339 of which went to the Conservatives, 45 to the Liberals and 13 to Labour. The opposition included 23 non-Coalition Conservatives, 28 Asquithian Liberals and 63 Labour MPs, while the 73 Sinn Fein members refused to take up their seats at Westminster. The 1918 election was the first election in which women were allowed to vote through the Representation of the People Act 1918 that widened suffrage by enfranchising women over 30 who met minimum property qualifications.

Lloyd George was troubled by domestic problems, but he played an efficient role at the Paris peace-conference. In 1919, he signed the Treaty of Versailles which established the League of Nations and the War

⁶ The 'Coalition Coupon', often referred to as 'the coupon', refers to the letter sent to parliamentary candidates at the 1918 elections, endorsing them as official representatives of the Coalition Government. The 1918 election took place in the heady atmosphere of victory in the First World War and the desire for revenge against Germany and its allies. Receiving the coupon was interpreted by the electorate as a sign of patriotism that helped candidates gain election, while those who did not receive it had a more difficult time as they were sometimes seen as anti-War or pacifist. The letters were all dated 20 November 1918 and were signed by Prime Minister David Lloyd George for the Coalition Liberals and Andrew Bonar Law, the leader of the Conservative Party. As a result, the 1918 general election has become known as 'the coupon election'. *The Hutchinson Illustrated Encyclopaedia*, 198.

reparations settlement. He lost some of the powers he had held under the Defence of the Realm Act, but retained his image aloof from the Party political struggle.

The Labour Party was in a difficult position at the outbreak of the War. Although it had managed to secure a solid base of seats in the House of Commons (30 in 1906, 40 in January 1910 and 42 in December 1910), it was not even close to achieving a breakthrough. The Labour Party argued that the War was wrong and that the duty of the government was to restore peace and promote cooperation between the workforces of Europe.

Additional disputes surrounded Labour Party's entry into the Lloyd George Coalition in 1916, but after all Labour Party did join the new government with Henderson becoming a Minister without Portfolio. Thus, new ministries of Labour and Pensions were given to Labour ministers, state control of the coal mines. Thus, the Labour leaders voted, by a majority, to join the new government.

A further source of dispute came in 1917 with the proposal for a meeting of European socialists at Stockholm. In March 1917, a revolution in Russia removed the Tsar from power, and on the 22nd April Camille Huysmans, Secretary of the Second International, proposed a conference of socialists in the Swedish capital where international socialism attempted to end the First World War through negotiation. The latter was rejected by Labour's NEC because it did not wish to meet with enemy socialists, and proposed a conference of Allied socialists instead. Arthur Henderson, leader of the Labour Party and Labour representative in the War Cabinet, recommended to a large Labour conference in London that they should send a representative to Stockholm. Henderson himself intended to go to Stockholm; however, in early August the War Cabinet decided to refuse passports and forced Arthur Henderson to resign. In this way, he was

pushed back towards the Party. Ironically, a threat to its unity served ultimately to reunite Labour.⁷ Labour was able to make use of many of the opportunities provided by the War because of its basic unity.

The same could not be said for the Liberals. The most striking symbol of Liberal problems was the split between Asquith and Lloyd George in December 1916. Lloyd George took with him only about a third of the Party's MPs; the rest, including most leading Liberals, followed Asquith into opposition.⁸ The two sides were reunited only in 1923, and in the intervening period a series of disputes embittered relations still further. It was difficult for the Party to move forward on policy in Wartime. This was less true of the Labour Party; policies were made aside the annual conference and implemented by the NEC and PLP. In the Liberal Party, policy depended much more on the representation of individuals.

The Labour also benefited from gaining experience in office, Arthur Henderson became the first member of the Labour Party to become a member of the Cabinet, as President of the Board of Education (1915-16) and later as Paymaster-General under Asquith and as Minister without Portfolio (1916-17) in Lloyd George's small War Cabinet. He acted in all three posts as adviser on Labour matters. When he was excluded in August 1917, he was replaced by another Labour man, George Barnes. The new Ministries of Labour and that of Pensions went to Labourites while others served in junior posts. In a sense, Labour men showed that they could fill an office, in some cases with distinction.

The War had a significant impact on the franchise reform from which the Labour Party benefited. Before 1914, only about 60 per cent of men, and no women, had had the Parliamentary vote. The Act of 1918

⁷ Dick Leonard, *A Century of Premiers Salisbury to Blair* (London and New York: Palgrave Macmillan, 2005), 133.

⁸ Wood, *Nineteenth Century Britain 1815-1914*, 397.

greatly enlarged the ranks of Labour voters since it enfranchised the lower levels of the working class. This enabled the Labour Party to achieve the breakthrough that had confounded it before 1914.

The War strengthened the Labour Party in other ways that led to the expansion of trade union membership during the War. The economy was soon at full stretch to fuel the War effort. Thus, employers were more willing to tolerate union membership and, indeed, government sometimes encouraged it as a way of increasing Labour discipline. The shifting workplace conditions in many industries during the War, encouraged the workers to join unions as a defence against State and employers on real wage levels and established working practices. The result was a near doubling of TUC membership to almost 5.3 million in 1918 with a peak of over 6.5 million the following year. The Labour Party trade union membership increased quickly by 88.3 per cent during the War and more than doubling to 2,960,409 between 1910 and 1918.⁹ With the membership of affiliated socialist societies also increasing, the Party was boosted to new heights.

The danger of the state being in the wrong hands also played a significant part in pushing the Co-operative movement towards independent political action. Membership of the Co-ops steadily increased from 1,793,770 in 1901 to 3,054,297 in 1914. By 1919, it was to stand at 4,131,477 Co-operators had tried to align the movement with the Labour Party before 1914 but without success.¹⁰ The Co-operative movement had not been on the verge of a shift to Labour by 1914. What changed, or at least greatly speeded matters was the War's demonstration of the state as a threat.

⁹ Ward, *Chartism*, 217.

¹⁰ *Ibid.*

The imposition of excess profits duty on the Co-ops' trading surpluses, the feeling that essential Co-op employees were discriminated by military service tribunals and discrimination by the Ministry of Food. Both in the allocation of foodstuffs and in the exclusion of Co-op representatives from local food control committees caused great anger. In May 1917, the Cooperative Congress voted by 1779 votes to 201 to set up a political wing, which became known as the Cooperative Representation Committee and two years later as the Cooperative Party.

Although a national Labour Cooperative agreement was not concluded until 1927, the two parties were to form effective alliances in many parts of the country long before then, and the Co-operative Party was to prove a source of great strength to Labour. In addition, the fact those women had most day-to-day contact with the Co-op shops meant that a link was made between those women and the Labour movement. Labour would be able to pose as the Party which protected Co-operators, and this must have been a help in the Party's relationship with the new women voters after 1918. It was crucial in extending Labour's appeal further beyond the workplace and trade unionists.¹¹

Britain had after all lost 750,000 men, or about 9 per cent of men under 45¹² and the shortage of houses were estimated at some 800,000 none having been built during the War years.¹³

During the First World War some industries - iron and steel, coal and shipbuilding - experienced revival, followed by rapid reduction with the arrival of peace. Collectivism too gained credibility in the industry. Rail

¹¹ Ward, *Chartism*, 217.

¹² Bancroft Glough, Shepard, *Economic History of Europe* (Boston, USA: D.C. Heath and Company, 1952), 732.

¹³ Philip Lynch, *The Politics of Nationhood Sovereignty, Britishness and Conservative Politics* (London and New York: Palgrave Macmillan, 1999), 16.

and coal were taken under state control. Although there was no intention to nationalise them, this showed the miners, in particular, the potential benefits of a shift from private ownership. By the end of the War, there was a widespread feeling that state intervention in industry was the reason for the victory.¹⁴

Society and social issues were affected by the War in two ways. The first was direct, based on government involvement through a process that can be seen as largely political. The second was indirect, largely through the operation of economic forces that were often beyond the government's control.

As with the society, there was no single pattern of social problem and government solution. In some ways, the War interrupted social policy to be undertaken by the government. For example, the Liberal President of the Board of Education, Joseph Pease, reported that a new education bill would be introduced into Parliament in 1914.¹⁵ However, this initiative was suspended for four years and when it reappeared in 1918; education had to take its place in the tailback of social priorities. The Fisher Education Act was therefore much more restricted than Pease's earlier proposals.¹⁶

The same thing happened especially with health. The treatment of the War wounded placed massive strains on existing services, while large scale recruitment had revealed the poor health experienced as a matter of course by many thousands of men. The main administrative change was the establishment of the Ministry of Health immediately after the War through the Ministry of Health Act.¹⁷ However, there could be no attempts to extend the basic health provisions provided by the Liberals before 1914.

¹⁴ Lynch, *The Politics of Nationhood Sovereignty*, 16.

¹⁵ Stevenson, *British Society 1914-45*, 248.

¹⁶ Oakland, *British Civilization an Introduction*, 242.

¹⁷ Tim Brown, *Stakeholder Housing A Third Way* (London: Pluto Press, 1999), 67.

Similar problems existed with housing and unemployment insurance, and demobilisation¹⁸ became major political priorities. But Addison's Housing Act (1919)¹⁹ scarcely scratched the surface because its subsidies tended to promote building at the upper end of the price-range, while the Unemployment Insurance Act of 1920²⁰ was overtaken by the rapid increase in the numbers of men out of work following the collapse of the post-War boom.

The War demonstrated its positive potential, and made more credible and practicable the collectivist policies with which Labour was associated. This was mainly demonstrated in housing, 'fair shares' and industry. The housing issue made it felt over the question of rents. At this time, 90 per cent of housing was rented from private landlords. Faced with rising Wartime prices, and in some cases at least seeing a chance of profiteering, landlords sought to increase rents.

Thus, in 1915, a series of largely spontaneous protests resulted. These were often co-ordinated by local Labour movements, as in Glasgow, where the ILP played a leading role.²¹ Ultimately the government was forced to pass legislation fixing working-class rents at pre-War levels. This was significant in that it showed that Labour, more than its rivals, was the Party which would defend working-class interests in housing. It helped move Labour away from union based issues and towards areas with some direct appeal to women, in particular. It also added credibility to the idea of state action to control market forces which disadvantaged the working class. Labour also campaigned for 'fair shares', building up a powerful

¹⁸ Demobilisation, is an act of changing from a War basis to a peace basis including disbanding or discharging troops; "demobilization of factories"; "immediate demobilization of the reserves". <http://www.wordreference.com/definition/demobilisation>

¹⁹ Leonard, *A Century of Premiers Salisbury to Blair*, 88.

²⁰ Francis Williams, "The Program of the British Labour Party an Historical Survey". *The Journal of Politics* 12.2 (1950): 189–210. Retrieved from <http://www.jstor.org/stable/2125981>, 17.

²¹ *Ibid* .

rhetoric which once again attacked unrestricted market forces and profiteering.

The excess profits duty was imposed in 1915 and reached 80 per cent by 1917. The WEC's 'Conscription of Riches' campaign, which began in 1916, further established Labour's credentials. Since 'fair play' was one of the great traditions of British radicalism, it was clear to Labour's advantage to push in this direction, and the fact that such policies could be implemented greatly enhanced the Party's general credibility.²²

The First World War contributed directly to the expansion of the female workforce, itself an indication of a social revolution. In 1918, the Representation of the People Act changed the voting system. Women were allowed to stand as MPs. Yet, the underlying problems of demobilisation and the increase in unemployment led to a period between the Wars when women faced increased discrimination from employers. The War profoundly affected life in Britain. The government took much greater control of everyday life: it promoted recruitment through propaganda and, later, conscription, it brought women into the workplace and the ballot, and it rationed food supplies. Attitudes to life changed and no family would have gone through the War without experiencing the loss of someone close.

2. The 1918 Labour Constitution, Programme and Post-war Election

Following his expulsion from the government, Henderson with Webb took time to write the new constitution by a Party conference in February 1918. Whereby, they changed the structure of, and method of election to, the NEC permitted the establishment of Constituency Labour

²² Williams, "*The Program of the British Labour Party an Historical Survey*", 17.

parties (CLPs) with individual membership; and committed Labour, by Clause IV,²³ to a form of socialism for the first time. The important factors led to the insertion of the Clause IV, a desire to mark a clear line of demarcation between Labour and the Liberals, and the success of collectivism during the War. It would become a touchstone of what Labour stood for.

Under the first draft of the 1918 constitution, the same method of election would prevail, but the composition of the NEC would change, with an increase in size from 16 to 21 members, comprising 11 trade unionists, five nominees of the Labour parties, four women and the treasurer.²⁴ The first Party conference of 1918 rejected the proposals. It was only when the unions had seen 13 representatives that agreement could be reached. In addition, the PLP was given a role in policy-making at election times, and disciplinary measures were imposed to ensure greater obedience by Labour MPs.²⁵ In the light of all this, it would be easy to see the 1918 constitution as a socialist victory.

The Labour and the New Social Order was drafted by Sidney Webb; a new programme was adopted during the June 1918 Party conference. The Labour Party formulated its own programme for reconstruction after the War, and criticised the various plans that were being made by the present Government. This programme committed Labour to full employment at decent wages and, a comprehensive system of benefits from the nationalisation of land, railways, canals, coal and electricity. Taxation was based on ability to pay, plus a capital levy to pay off the huge national debt that had been accumulated during the War; and the use of the fruits of

²³ Paul Corthorn, and Jonathan Davis, *The British Labour Party and The Wider World Domestic Politics, Internationalism And Foreign Policy* (London, New York: Tauris Academic Studies, 2008), 78.

²⁴ Matthew Worley, *Labour Inside The Gate* (London and New York: I.B.Tauris and Co.Ltd, 2005),34.

²⁵ Matt Beech, and Kevin Hickson, *The Struggle for Labour's Soul Understanding Labour's political thought since 1945* (London and New York: Routledge Taylor and Francis Group, 2004), 229.

prosperity which would follow from all this for social reforms in housing, education, health and so on.

The War ended on 11th November 1918. Three days later, at a Labour conference, it was decided by 2,117,000 votes to 810,000 to leave the Coalition and fight the anticipated general election as a separate Party. At the election, Lloyd George and the Conservatives fought as the Coalition that had won the War and the result was a massive victory for the Coalition.

Meanwhile, the Party's internal organisation had been developing steadily. Standing sub-committees on organisation and elections, policy and programme, research and publicity, finance and general purposes had been established. In January 1922, three joint Party-TUC departments of research and information, international affairs, and press and publicity came into being. The number of CLPs increased impressively, from 400 in 1919 to 527 in 1922. By 1924, only 19 British territorial constituencies would need such a body.²⁶

By-elections and local government polls were also encouraging. Most of the former were fought, a significant development in itself; the Party lost only one seat East Woolwich and gained 14. The 1919 local elections saw substantial gains. The Labour Party took control of three counties Durham, Glamorgan and Monmouthshire and greatly increased its representation on borough councils nationwide. In London, it increased its representation on the county council from 1 to 15 in March 1919, and on the borough councils from 46 to 572 that November. A rather flat performance in 1920 was followed by further gains in 1921, when Labour took control of Falkirk, its first major authority in Scotland. The auguries

²⁶ Jon Lawrence, *Electing Our Masters The Hustings in British Politics From Hogarth To Blair* (UK: Oxford University Press, 2009), 192.

for the next general election, then, seemed bright.

3. The Labour First Government 1924

Following the election called in 1923 by the Conservative Prime Minister Stanley Baldwin, Labour found itself with 191 seats and an unexpected opportunity of political power. Labour had a larger Parliamentary Party, and the king took the view that Labour should be given a chance. The Conservatives lost the vote of confidence on the following day, and a day later, Ramsay MacDonald became the first Labour Prime Minister.²⁷

Labour's opportunity in 1924 was largely the result of a set of circumstances that prevented either of the two other parties from forming a government. In the first place, the man who had dominated British politics since 1916 had been removed from contention. Lloyd George, dishonoured by the Chanak crisis²⁸ that occurred in 1922, in which he delivered an ultimatum to the Turks. The latter, having seized Smyrna from the Greeks, were poised to strike across the neutralised Straits zone. The Turks agreed to withdraw, but in Britain Lloyd George was accused of recklessness. Lloyd George's rashness was a major factor in the calling of the Carlton Club meeting on 19 October 1922,²⁹ where Conservative MPs decided that they would leave the coalition and fight the next general election as a single united Party.

The Conservatives won the 1922 general election held shortly after the fall of the Lloyd George Coalition with 344 seats, but the Labour was still far from a Parliamentary majority. It only won 142 seats and polled

²⁷ Thomson, *England in the Twentieth Century*, 92.

²⁸ Eccleshall and Walker, *Biographical Dictionary of British Prime Ministers*, 270.

²⁹ Corthorn, and Davis, *The British Labour Party and The Wider World Domestic Politics*, 46.

29.7 per cent of the votes cast.

Three main groups were targeted: the middle class; the remainder of the industrial working class and the agricultural community. The Labour would need to gain significant sections of all three if it was to emulate the old Liberal coalition. To achieve this, the organisation had to be improved, especially in the rural areas.

In the second place, shortly afterwards the Conservative leader, Andrew Bonar Law, died, and was replaced by Stanley Baldwin, the Chancellor of the Exchequer, who reneged on his predecessor's electoral pledge not to introduce protective tariffs, was confronted immediately by an internal split over the issue of tariff reform.

With these circumstances, Lloyd George and his supporters would have preferred to join a coalition government with the Conservatives, but he advised the King to address MacDonald. When he and his ministers arrived at Buckingham Palace to swear, they had worn court dress. This made them look ridiculous to many Labourites and others on the Left, but the main motive was to avoid empty gestures which would only alienate potential support, not least among the working-class voters.³⁰

Was the Labour Party capable of meeting this responsibility which came much sooner than expected? As J.R. Clynes recalled, on the subject:

As we stood waiting for His Majesty amid the gold and crimson of the Palace, I could not help marvelling at the strange turn of Fortune's wheel, which had brought MacDonald the starveling clerk, Thomas the

³⁰ David Richards, *New Labour and the Civil Service Reconstituting the Westminster Model* (London and New York: Palgrave Macmillan, 2008), 34.

engine-driver, Henderson the foundry Labourer, and Clynes the mill-hand, to this pinnacle.³¹

MacDonald's Cabinet contained only two of the ILPers (John Wheatley and Fred Jowett). Sidney Webb and Lord Olivier were the Fabians. Five had been Liberals, two of whom, Philip Snowden as Chancellor of the Exchequer and C.P. Trevelyan as President of the Board of Education; two had been Conservatives, and one of those, Lord Ghelmsford, and seven trade unionists.

The Cabinet was dominated by Ramsay MacDonald who combined the offices of Prime Minister and Foreign Secretary; Philip Snowden, the Labour's leading financial expert, became Chancellor of the Exchequer and Arthur Henderson became Home Secretary.³² Jimmy Thomas became Secretary of State for the Colonies and J. R. Clynes, the Party's deputy leader, became Lord Privy Seal appointed to lead the House of Commons in order to relieve some of the pressure from MacDonald. The Cabinet did not represent all sections of the movement. For instance, the National Federation of Women Workers that was set up by Mary MacArthur was absent.

The Labour's major asset was the leadership of James Ramsay MacDonald, the most impressive Parliamentary and public speaker of the inter-war period. He had the looks, elegance and personal assurance that helped stamp Labour on the imagination of a large part of the working class and to impress an increasing proportion of the middle class. He was seen as 'the Gladstone of the Labour Party'.

³¹ Richard W. Lyman, "The British Labour Party: The Conflict Between Socialist Ideals and Practical Politics Between the Wars". *Journal of British Studies* 5.1 (1965): 140–152. Retrieved from <http://www.jstor.org/stable/175187>, 03.

³² Worley, *Labour Inside The Gate*, 78.

Following Ramsay MacDonald's decision to form a Labour government, there were high expectations amongst Labour supporters that MacDonald's government would introduce strong socialist policies to assist Britain's working classes. These hopes were soon dashed as it became clear that the first Labour government had modest objectives. The first of these was not to alienate British middle-class voters, and the second was to show to the wider electorate that Labour in office could be trusted to run the affairs of the British Empire in a satisfactory manner.

3.1. The Labour's Achievements at Home in 1924

The administration's chief reforms were in housing, education and economy. The first reform in housing was introduced by Wheatley's Housing Act.³³ Wheatley, as Minister of Health, was the most successful member of the Cabinet, and he correctly analysed the long-term shortage of housing.

The Wheatley Act of 1923 gave state subsidies to local authorities to build houses for rent, a major achievement which improved the lot of many working-class families over the following few years. Wheatley also organised cooperation between the state and industry, by ensuring that government subsidies would run for 15 years. The programme was discontinued during the economic crisis of 1931, but by then the housing shortage had been largely redressed. But, the Wheatley Act did not solve the problem of slums; it rather benefited the prosperous working classes than the very poor, of the achievement and the result was the construction

³³ Shaw, *The Labour Party since 1945*, 07.

of 521,700 houses³⁴ within the following nine years, the main beneficiaries being the large cities, especially Birmingham.

The second main achievement of the Labour administration was in education, but the benefits were not felt until 20 years later. Labour placed more importance than either the Conservatives or the Liberals on state education; Charles Trevelyan was in charge of the Board of Education (January 1924 to December 1924). He aimed to reduce the impact of the Geddes Axe³⁵ by restoring state scholarships. He set up a committee under Sir Henry Hadow to devise a way of practically implementing the Labour education policy stated in their document, "Secondary Education for All".

The Hadow committee which reported in 1926, established the pattern for English state education, and set the goal of raising the school leaving age to 15. It advocated a break between primary and secondary education at 11. These achievements were largely attributed to Trevelyan. These recommendations were the direct continuation of reform in line with earlier landmarks like the Forster's Education Act of 1870 and Balfour's Act of 1902, and were eventually to be incorporated into Butler's 1944 Act.³⁶

The third main reform was in the economy where Labour showed a remarkable degree of continuity with the previous governments. In his economic policy, for example, as Chancellor of the Exchequer, Snowden had much in common with Gladstone. Snowden's budget was in the Gladstonian tradition of tight control over public expenditure and a

³⁴ Stevenson, *British Society 1914-45*, 222.

³⁵ The Geddes Axe was the drive for public economy and retrenchment in UK government expenditure recommended in the 1920s by a Committee on National Expenditure chaired by Sir Eric Geddes and with Lord Inchcape, Lord Faringdon, Lord Maclay and Sir Guy Granet also members. Leonard, *A Century of Premiers Salisbury to Blair*, 89.

³⁶ Christopher Foster, *British Government in Crisis or The Third English Revolution* (USA: Hart Publishing C/O, 2005), 48.

balanced budget. Government expenditure and taxes were reduced,³⁷ the McKenna Duties, imposed during Wartime were abolished, but Labour had no remedy to the problem of unemployment.

Industrial conflict did not end with the establishment of a Labour government, and there were serious strikes,³⁸ first by engine drivers, and then by dockers and London tramway men. The Labour government contemplated using the Emergency Powers Act to quell the unrest, but the dispute was settled by the intervention of Ernest Bevin. Following the dockers' strike, organised by Ernest Bevin of the Transport and General Workers' Union (TGWU), and the strike of the London Transport workers, MacDonald declared a state of emergency and made it quite clear that he was prepared to use the Emergency Powers Act.³⁹

Snowden and MacDonald gradually accepted the economic orthodoxy that the level of unemployment depended on the level of economic and commercial activity, and that there was little immediate scope for direct government intervention. Hence, Labour had virtually no immediate impact on the levels of unemployment. The underlying rate did fall respectfully between December 1923 and June 1924, from 10.6 per cent to 9.3 per cent, but this was no more than a normal seasonal adjustment and the rate had returned to 10.6 per cent by September 1924.⁴⁰ The government could only hope to soften the blow by adjusting unemployment benefits. Hence, the Minister of Labour, Thomas Shaw, introduced two Unemployment Insurance Acts.

Several social reforms were introduced, but had to be given up. One example was the unsuccessful attempt to end the means test for old age

³⁷ Thomson, *England in the Twentieth Century*, 94.

³⁸ *Ibid.*

³⁹ *The Hutchinson Illustrated Encyclopaedia*, 224.

⁴⁰ Stevenson, *British Society 1914-45*, 266.

pensions. Another concerned the regulation of working hours. Despite government sponsorship, a private member's bill concerning the working hours of shop assistants was squeezed out, while an attempt to secure a maximum 48-hour working week failed to make it beyond the drafting stage by the time the government fell.

Two issues showed an actual change of mind by the government. In opposition, the Labour Party had strongly supported the principles of nationalised industries and military disarmament. MacDonald's ministry soon made it clear that it had no intention of implementing these in 1924. The MPs representing mining constituencies complained about this apparent change of heart and introduced their own measure; lacking the support of the government and encountering opposition from the Liberals and Conservatives.

Throughout 1924, MacDonald was determined to project a moderate image and this was the key to understanding his domestic policies. He was aware of widespread public misgivings, on his appointment in January. He knew that there were predictions of a Bolshevik revolution⁴¹ in Britain. MacDonald was clearly unsettled by this reaction and invested his first term as Prime Minister in showing that Labour was a force for step by step reform, not for a revolution. In a letter to Lord Parmoor,⁴² he stated that he wanted above all to gain the confidence of the country. MacDonald found that being in a minority government was an advantage since he had a strong reason for avoiding the socialist policies preferred by the left wing of the Party, but which he himself opposed.

⁴¹ George Lichtheim, *Europe in the Twentieth Century* (Great Britain, Cardinal, 1974), 168.

⁴² Charles Alfred Cripps, 1st Baron Parmoor KCVO PC QC (3 October 1852 – 30 June 1941) was a British politician who crossed the floor from the Conservative to the Labour Party and was a strong supporter of the League of Nations and of Church of England causes. *The Hutchinson Illustrated Encyclopaedia*, 205.

3.2. The Labour's Achievements Abroad in 1924

MacDonald made his largest impact on international diplomacy, although he was a statesman who had gained the reputation of being a pacifist. However, the European situation in 1924 suited the MacDonald's style. With the German government's determination to evade reparations payments and the French invasion of the Ruhr, the time was now ripe for a compromise between France and Germany, and MacDonald proved an effective mediator. On this occasion, Britain had no particular interests beyond the maintenance of European peace, and so MacDonald could legitimately say that Britain supported both sides.⁴³ The result was the Dawes Plan, which was an attempt following World War I for the Allies to collect War reparations debt from defeated Germany, which led to a general reduction of international tension. After five years the plan failed to operate as expected, and the Young Plan was adopted in 1929 to replace it.

The Dawes Plan made possible the withdrawal of French troops from the Ruhr, in return for foreign loans to be made available to Germany. This was unquestionably the major success of MacDonald's ministry. He had dealt with the most difficult issue in European affairs since 1919 and could claim, with some justice, that he had achieved the first really negotiated agreement since the War. At the same time, he was exceptionally fortunate

⁴³ David Runciman, *The Politics Of Good Intentions History, Fear And Hypocrisy In The New World Order* (UK: Princeton University Press, 2006), 111.

in not having to deal with the hard-line French Prime Minister, Poincaré,⁴⁴ who had just been replaced by Herriot,⁴⁵ a more pacific radical leader.

MacDonald intended to go further. According to its 1923 election manifesto, Labour stood for a policy of International Co-operation through a strengthened and enlarged League of Nations; the settlement of disputes by conciliation and judicial arbitration. MacDonald was not in favour of making it compulsory for the League of Nations to intervene against aggression; hence, he declined support for the draft Treaty of Mutual Assistance. He opted for the alternative course, giving his support instead of the Geneva Protocol.⁴⁶ Baldwin's Conservative government refused to ratify the Geneva Protocol and opted in 1925 for the Locarno Treaties. Even so, it could hardly be said that this was a reversal of Labour's policy, merely a slight change in emphasis. Indeed, much of the later success of Austen Chamberlain was due to the foundations laid by MacDonald.⁴⁷

Britain's relation with Bolshevik Russia was a problem in Labour's foreign policy. The Soviet regime was recognised in February, with a commercial treaty following in August 1924. Then in return for Soviet compensation to British bondholders for investments confiscated by the Bolsheviks, the Labour government undertook to provide a loan. This was bound to antagonise the other two parties and to give them the opportunity to accuse Labour of being soft on Communism. The Labour Party itself attached unwarranted importance to the Treaty; many saw it as a means of opening up the Russian market for British goods and of solving the

⁴⁴ Raymond Poincaré (August 20, 1860 – October 15, 1934) was a French conservative statesman who served as Prime Minister of France on five separate occasions and as President of France from 1913 to 1920. www.Spartacus.Schoolnet.Co.uk/

⁴⁵ Édouard Herriot (July 5, 1872 at Troyes, France - March 26, 1957 at Lyon, France) was a French radical politician of the Third Republic who served three times as Prime Minister and for many years as President of the Chamber of Deputies. www.Labour.Org.uk/LabourHistory/

⁴⁶ R.M. Douglas, *The Labour Party, Nationalism and Internationalism, 1939–1951* (London and New York: Routledge Taylor and Francis Group, 2004), 28.

⁴⁷ Eccleshall and Walker, *Biographical Dictionary of British Prime Ministers*, 281.

underlying problem of unemployment whereas in practice it had virtually no effect.⁴⁸

Thus, it seemed that relations with Germany and France represented the positive pole of Labour policy, while relations with Russia were negative. The latter was already attracting extensive opposition before the domestic crises that broke with Labour in the second half of 1924. The combination of the two brought an early election and the fall of MacDonald's government.

3.3. The Collapse of the 1924 Labour Government

The 1924 Labour government collapsed after only nine months, and the events that led to fall were, however, traumatic. During Labour's first term in government, Ramsay MacDonald quickly recognised that the previous Conservative policy of diplomatic non-recognition of the Soviet Union was preventing Britain from retrieving substantial debts, which had been owed since the days of the Tsarist regime.⁴⁹ MacDonald considered Britain's stance as little more than obstinate political posturing, which only prevented Britain from collecting substantial debts that could be used by the government to ease the country's precarious economic condition.

There was nothing Britain could do to change the political nature of the Russian state. MacDonald began discussions with the Soviet government to get back these debts. A deal was soon arranged in which Britain agreed to recognise the Soviet regime and the Soviets agreed to

⁴⁸ Geoffrey Goodman, *From Bevan to Blair Fifty Years' Reporting from the Political Frontline* (London: Pluto Press, 2003), 52.

⁴⁹ Tsarist is derived from "Tsar" which was the official title of the supreme ruler in Russia from about 1480 (or 1547) until 1721 (after 1721 and until 1917, the title was used officially only in reference to the Russian emperor's sovereignty over certain formerly independent states such as Poland and Georgia). [www, History- ontheweb. Co. uk/](http://www.History-ontheweb.Co.uk/)

repay the debt in return for a further loan from Britain. The mainstream press, led by Lord Rothermere's the *Daily Mail*, was outraged at these developments and became increasingly vicious and hostile towards the Labour government.⁵⁰ The re-opening of diplomatic relations with the Soviet Union was to be one step too far for many within the British political establishment. They soon set in motion a sequence of events which would ensure the downfall of the first Labour government.

Following constant sniping from the Liberals and Conservatives over Labour's unemployment policies and relations with the Soviet Union, MacDonald began to look increasingly vulnerable. Soon after Britain reopened diplomatic relations with the Soviet Union a small Communist paper was in the process of being prosecuted for sedition. Charges were brought, under the Incitement to Mutiny Act, against J.R. Campbell, the editor of a Communist paper,⁵¹ who had published an appeal to the soldiers not to fire on workers in a state of emergency. However, this added fuel to the ongoing rumours of a left-wing conspiracy within the Labour government.

The Campbell Case was to be followed by the use of the Zinoviev Letter. In October 1924, the MI5 (Military Intelligence, Section 5)⁵² intercepted a letter written by Grigory Zinoviev, chair of the Comintern⁵³ in the Soviet Union, in which he advised British Communists Party (BCP) to prepare for revolution. This contained instructions on how making paralyse all the military preparations of the bourgeoisie and make a start in turning

⁵⁰ Edward Porritt, "The British Socialist Labor Party". *Political Science Quarterly* 23.3 (1908): 468–497. <http://doi.org/10.2307/2141306>, 22.

⁵¹ Thomson, *England in the Twentieth Century*, 95.

⁵² The MI5 is The Security Service, commonly known as MI5 (Military Intelligence, section 5). <http://britannica.com/MI5>

⁵³ Third International also called Communist International, by name Comintern, association of national communist parties founded in 1919. Though its stated purpose was the promotion of world revolution, the Comintern functioned chiefly as an organ of Soviet control over the international communist movement. <https://www.britannica.com/topic/Third-International>.

an imperialist war into a class war. Vernon Kell, Head of MI5 and Basil Thomson, Head of the Special Branch, were convinced that the letter was genuine.⁵⁴ Kell showed the letter to the Prime Minister, Ramsay MacDonald.

It was agreed that the letter should be kept secret, but someone leaked news of the letter to *the Times* and *the Daily Mail*.⁵⁵ The letter was published in these newspapers four days before the 1924 General Election which slightly contributed to the defeat of MacDonald and the Labour Party.

After the election, it was claimed that two of MI5's agents, Sidney Reilly and Arthur Maundy Gregory, had forged the letter and that Major Joseph Ball, an MI5 leaked it to the press. In 1927, Ball went to work for the Conservative Central Office. The result of the election, held in November 1924, was an apparent landslide for the Conservatives, who won 419 seats; while Labour lost over 40 seats and the Liberals 40.⁵⁶ It is likely that MacDonald had expected defeat, but not accompanied by such a large increase in the Conservative vote compared with their showing in 1923.

The Labour Party was disappointed because of the outcome of the election. The reduction in the Labour seats from 191 to 151 was too difficult to accept. Yet, the Labour Party increased its total number of votes from 4.4 million in 1923 to 5.5 million in 1924 and its share from 30.5 per cent to 33 per cent.⁵⁷

At all events, this was not a defeat for the Labour Party as a triumph for the Conservatives and a catastrophe for the Liberals. It ended the brief period in which three parties had just about managed to fit into an electoral

⁵⁴ Thomson, *England in the Twentieth Century*, 95.

⁵⁵ *Ibid.*, 96.

⁵⁶ Claude Guillot, *Les Institutions Britanniques* (Paris: Presses Universitaires de France, 1970), 12.

⁵⁷ Lawrence, *Electing Our Masters The Hustings in British Politics From Hogarth To Blair*, 140.

system designed for two. The Liberals had been squeezed out of the reckoning and the Labours had taken their place, not a bad legacy for nine months in government. The new Conservative government led by Stanley Baldwin faced a number of Labour problems, most notably the General Strike of 1926.

4. The General Strike of 1926 and the Labour Party

The British coal-mining industry suffered an economic crisis in 1925. The most important issue to confront the British working class was the General Strike of 1926. It lasted nine days, from 3 May 1926 to 12 May 1926.⁵⁸ It was called by the General Council of the Trades Union Congress (TUC) in an unsuccessful attempt to force Stanley Baldwin government to prevent wage reduction and worsening conditions for coal miners.

In fact, several factors led to the strike. The most important of these were four main the decline of the coal export, the fall in the prices, the reintroduction of the Gold Standard and the reductions in wages. First, during the First World War, it was led to the depletion of coal because of heavy domestic use of it. Britain exported less coal in the War than it would have done in peacetime, allowing other countries to fill the gap. The United States, Poland and Germany benefited in particular.⁵⁹ Second, the fall in prices resulting from the 1925 Dawes Plan that, among other things, allowed Germany to re-enter the international coal market by exporting “free coal” to France and Italy as part of their reparations for the First World War.

⁵⁸ Patrick Renshaw, *the General Strike* (London, Eyre Methuem, 1975), 117.

⁵⁹ *Ibid.*, 117.

Third, the reintroduction of the Gold Standard in 1925⁶⁰ by Winston Churchill made the pound too strong for effective exporting to take place from Britain, and also because of the economic processes involved in maintaining a strong currency raised interest rates, hurting all businesses. The fourth was that the mine owners wanted to normalise profits even during times of economic instability which often took the form of wage reductions. The latter, coupled with the prospect of longer working hours, put the industry into disarray.

In 1926, the owners responded to these problems by asking the miners to accept cuts in their wages and work an extra hour per day. The owners insisted on large cuts, whilst the Miners Federation of Great Britain fought these proposals. The miners responded in the famous slogan of their militant leader, A. J. Cook, 'Not an hour of the day, not a penny off the pay'.⁶¹

On 30 April 1926, the miners who refused the cuts were locked out and Britain's coalfields came to a stop. The miners refused and so the Government intervened by paying the owners a subsidy to balance their losses. Under the threat of this new trade-union unity, the Conservative government temporised on 31 July 1925 'Red Friday'⁶² and it announced a nine-month subsidy to maintain wages at their present level, until a new royal Commission, headed by Sir Herben Samuel, could investigate its state of health and propose remedies.⁶³ Red Friday was regarded as a splendid victory over Baldwin by the trade union movement, but it simply led to overconfidence.

The Samuel Commission submitted its report in March 1926 and

⁶⁰ Renshaw, *the General Strike*, 117.

⁶¹ Christopher Farman, *May 1926 the General Strike* (Great Britain, Panther Books, 1974), 92.

⁶² Renshaw, *the General Strike*, 125.

⁶³ *Ibid.* 124.

recommended long term reforms in the industrial sector. However, it was accompanied by immediate wage reductions.⁶⁴ The miners rejected any wage cuts. Consequently, the owners refused to support reorganisation and subsequent deadlock reigned. The majority of the TUC leaders believed that the Samuel's recommendations provided a basis for negotiations;⁶⁵ but they were unwilling to oblige the miners over the wage claim.

Accordingly, the government abandoned the idea of imposing a settlement on the owners. It prepared to face a showdown with the TUC leaders over their support for a general strike in defence of the miners which none of them really wanted, but to which they were now committed.

On the 1st May 1926, the subsidy ran out;⁶⁶ and since they refused to accept the owners' terms, the miners were locked out. They believed that Red Friday had shown that the government could be forced into supporting the level of miners' wages. In fact, the government was determined not to repeat the experiment, and had used the nine months to prepare for such a strike. Accordingly, when the strike began, it was met with firm government resistance. Negotiations broke down between the TUC leaders and the government on the night of the 3rd and the 12th May.⁶⁷ On the following morning, the General Strike began.

The TUC called all trade unionists to strike. Consequently, Britain became paralysed as most of the British workforce came out on strike to support the miners. On the 12th May, the TUC was forced into unconditional surrender after nine days, the other unions returned to work as the TUC had managed to agree on terms with the Government.⁶⁸ The

⁶⁴ Williams, "*The Program of the British Labour Party an Historical Survey*", 19.

⁶⁵ Lyman, "*The British Labour Party: The Conflict Between Socialist Ideals and Practical Politics Between the Wars*", 12.

⁶⁶ Eccleshall and Walker, *Biographical Dictionary of British Prime Ministers*, 299.

⁶⁷ *The Hutchinson Illustrated Encyclopaedia*, 303.

⁶⁸ Worley, *Labour Inside The Gate*, 98.

miners carried on their strike for several months, but by October 1926 hardship forced many miners back. By the end of November most miners were back at work. However, many were victimised and remained unemployed for many years. Those that were employed were forced to accept longer hours and lower wages.

4.1. The Effects of the General Strike on the Labour

The immediate results were negative. The miners, whose case against wage reductions had been the main factor involved in the General Strike, were now either forced back at work or were isolated and abandoned. Their prospects were worse than ever before. There was no chance that the government would now heed the action of a single union, and any further chance of support from workers in other industries had gone for good.

Despite the hopelessness of their position, the miners struggled on until the end of 1926 before being forced back to work on lower pay scales. Of all the sectors of the working class, they became the most radical. The coal industry was severely affected through the fall in production: the amount of coal mined in 1926 was under a half of what produced in the previous year; and huge quantities were imported from Germany and Poland.⁶⁹ There were also knock-on effects on other industries, as altogether 500,000 men were made redundant and some £270 million were lost in wages.⁷⁰

After 1926, there were obvious curbs on the power of the trade unionism in Britain. A major result of the strike, the Trade Disputes Act of

⁶⁹ Farman, *May 1926 the General Strike*, 305.

⁷⁰ *Ibid.*, 239.

1927⁷¹ was imposed by Baldwin's government. It replaced 'contracting out' of the political levy as established by the 1913 Act with 'contracting in'.

This Act made all sympathetic strikes illegal and ensured that trade union members had to voluntarily "contract in" to pay the political levy. This was a significant threat to the Labour Party because under the 1913 Act the apathetic worker wished to pay the levy. Under the 1927 legislation, it also forbade civil service unions from affiliating with the TUC, and made mass picketing illegal.

By the end of 1926 trade-union membership fell from 5.5 million to under 5 million.⁷² There were also fewer strikes from 1927 onwards as trade union leaders tried to avoid further conflicts not only with the government but also with employers. This process was directly influenced by a swing to the right and the predominance of moderates like Ernest Bevin. Labour tried to arouse nationwide opposition to the legislation, but its protest campaign flopped and the Party had to face a significant fall in income.⁷³

The General Strike had also a major impact on political developments between 1926 and 1929. The cost and failure of industrial action confirmed the faith of the Labour Movement's leaders in political action. Indeed, as after Taff Vale, resentment at the 1927 Act tended to increase trade-union support for the Labour Party, which in any case was now forced to concentrate more on building up its individual membership. All this strengthened the position of Ramsay MacDonald. He had played no part in the General Strike and shortly after the strike was over, he wrote in the 'Socialist Review',

⁷¹ Renshaw, *the General Strike*, 240.

⁷² *Ibid.*, 243.

⁷³ Worley, *Labour Inside The Gate*, 76.

The General Strike is a weapon that cannot be wielded for industrial purposes. It is clumsy and ineffectual. . . I hope that the result will be a thorough reconsideration of trade union tactics. If the wonderful unity in the strike... would be shown in politics, Labour could solve the mining and similar difficulties through the ballot box.⁷⁴

The Trade Disputes Act 1927 consolidated working-class support behind the Labour Party that contested it bitterly in Parliament. The Conservative Party seemed to become more and more disjointed, with a growing rift between the hardliners, like Churchill, and the younger moderates, with Baldwin to hold the centre. In these circumstances, these led to the vastly increased support for Labour in the 1929 election.

In the case of women, radical feminism before 1914 started to play a part in Labour politics. The 1912 by-election agreement between Labour and the NUWSS was registered. In 1918, the Party constitution had provided for separate women's representation on the NEC, the formation of women's sections in the CLPs and an annual women's conference.

All this had led to high expectations among women, but their hopes were soon disappointed. Attempts to achieve a higher status for the women's conference were repeatedly rejected by the NEC. The calls for the women members of the NEC to be elected by women, rather than by the Party conference as a whole, were similarly unsuccessful. Issues like birth control were swept under the carpet, despite strong support from the women in the Party. Women continued to play an important role in the Party, especially at the grassroots, but overall the Party slid away from too overt a link with 'women's issues'.⁷⁵

The Labour Party moved towards a set of policies which sought

⁷⁴ Renshaw, *the General Strike*, 244.

⁷⁵ *Ibid.*, 251.

minimal short term change at home alongside ‘pacification’ abroad. The result was the 1928 programme, *Labour and the Nation*. This took almost a year to produce, and it was more comprehensive than *Labour and the New Social Order 1918*. It was significant that at the 1928 conference Wheatley chose to attack the lack of prioritization and specificity of the proposals. According to him, what was needed was not a list of ideal policies to be implemented over fifty or a hundred years, but a hard-nosed choice of policies which would be implemented by a single Labour government in a five-year term.⁷⁶

5. The Second Labour Government 1929-1931

In the spring of 1929 Baldwin called for an election, basing his appeal on the record of his government, to play on fears about socialism and the Liberals’ radical programme, while the Conservatives fought on the slogan ‘Safety First’. The Liberal Party put up over five hundred candidates. They polled over five million votes but gained only fifty-nine seats. The Labour and Conservative polls were both close, over eight million votes each, giving the Conservatives 260 and Labour 288 seats.⁷⁷

The Labour Party was, for the first time, the largest Party in the House of Commons, it made significant gains and it appeared that MacDonald’s constitutional and moderate policies had paid off. Only in East Anglia did Labour gain fewer seats than in 1923. In every other region of the country, it had never done better in terms of seats gained, doubling its representation in London, the Midlands and Lancashire. Nevertheless, since the electorate had clearly voted against the Conservative Party, Baldwin, refusing to negotiate with Lloyd George for Liberal support,

⁷⁶ Renshaw, *the General Strike*, 158.

⁷⁷ Thomson, *England in the Twentieth Century*, 125.

resigned immediately on 4 June 1929, and Ramsay MacDonald became Prime Minister for the second time.

MacDonald's second Cabinet was not different from the first. With Snowden once again at the Treasury, it was clearly right-wing in outlook, and the only prominent left-wing George Lansbury became the First Commissioner of Works.⁷⁸ Thomas became Lord Privy Seal in charge of employment schemes and Clynes became Home Secretary. Seven other members of the 1924 Cabinet returned, and there were seven new faces. Margaret Bondfield became the first woman Cabinet member, as Minister of Labour. Sankey, darling of the miners on the strength of the 1919 coal commission, became Lord Chancellor. Younger men included William Wedgwood Benn, a former Liberal, Arthur Greenwood, A. V. Alexander (the Co-operative Party's leading MP), and William Graham (at 42 the youngest member of the Cabinet) who as President of the Board of Trade. The government was in a slightly stronger position than in 1924, since Labour this time was the largest group in the House and the Liberal Party was prepared to support radical measures.

In foreign affairs, Arthur Henderson carried through his policies of conciliation, arbitration and cooperation through the League of Nations with considerable short-term success, despite the obstruction by both MacDonald, and Snowden. This cleared the way for Henderson's outstanding support for disarmament that soon earned him the Presidency of the World Disarmament Conference.⁷⁹ His policy was given some

⁷⁸ The First Commissioner of Works and Public Buildings was a position within the government of the United Kingdom of Great Britain and Ireland. It took over some of the functions of the First Commissioner of Woods and Forests in 1851 when the portfolio of Crown holdings was divided into the public and the commercial. The position was frequently of cabinet level. The office was renamed Minister of Works and Buildings and First Commissioner of Works in 1940, Minister of Works and Planning in 1942, Minister of Works in 1943 and finally Minister of Public Buildings and Works in 1962. On 15 October 1970 the Ministry was amalgamated in the Department of the Environment. https://britannica.com/First_Commissioner_of_Works.

⁷⁹ Thomson, *England in the Twentieth Century*, 125.

practical support by the conclusion in 1930 of an agreement in favour of naval limitation by Great Britain, Japan and the United States. Diplomatic relations were again restored with the Soviet Union, and ambassadors were exchanged for the first time.

In domestic affairs, a few minor social reforms were implemented. Arthur Greenwood's Housing Act of 1930 extended the subsidy for house building and introduced a scheme of slum clearance.⁸⁰ The Land-Utilisation Act and the Agricultural Marketing Act established a series of marketing boards. In addition, the Coal Mines Act of 1930 reduced the works hours from eight hours to seven and a half hours a day.⁸¹

The government also attempted a series of other measures. These included an education bill to rise the school-leaving age to 15, a bill to introduce a maximum working week of 48 hours, and an attempt to repeal the Trade Union Act of 1927.⁸² But the major problem was that Labour had to deal with unpredictable Liberal support in the House of Commons and constant Conservative opposition in the Lords, which frustrated the government's reforming programme.

Useful rationalisation schemes were introduced for the coal and agricultural industries. Herbert Morrison, as Minister of Transport, put forward his great scheme for the establishment of the London Passenger Transport Board, which was implemented by his successor in 1933. However, the MacDonald Government achievements in both domestic and foreign affairs were exceeded by its huge failure over unemployment that weakened the will and confidence of the Labour Ministers and left them in a desperately weak position to struggle with the even greater problems that

⁸⁰ Stevenson, *British Society 1914-45*, 222.

⁸¹ Thomson, *England in the Twentieth Century*, 132.

⁸² Papers relating to the Educational policy of the Labour Government, ED 24/1393, National Archives, UK.

faced them in the crises of 1931. In this year, however, there was the increase in unemployment and the 1931 slump. What did the Labour government do to reduce unemployment during the 1931 slump? What were the circumstances of its downfall and replacement by the National Government?

6. The Economic and Political 1931 Crisis

The Second Labour government faced unemployment which had been a feature of the British economy since the beginning of the post-War slump. When MacDonald assumed office for the second time in 1929 the unemployed were already counted over a million. The Wall Street Crash and the Great Depression led to financial and political crisis of 1931. MacDonald commissioned reports, one by a special committee led by Sir George May in March 1931 to find a way out of the financial crisis. Very little was done to remedy the unemployment problem by the time the economic crisis broke.

6.1. The Onset of the Great Depression

The cause of the Great Depression lay in the world depended on American capitals and American demands. Nevertheless, the American capitals ceased to flow with the Wall Street Crash on 24 October 1929.⁸³ It compounded a downturn in American industrial production to produce a worldwide slump. The crisis spread rapidly to Germany and Britain, with a run on gold in the Bank of England itself, which disrupted trade and led to the withdrawal of American funds from Europe.

⁸³ Worley, *Labour Inside The Gate*, 121.

In Britain, the registered number of unemployed workers rose from 1,534,000 million in January 1930 to 2,783,000 in July 1931.⁸⁴ The reasons for this trend are a combination of long-term structural decline in the staple industries and the immediate impact of the 1929 Wall Street crash in the United States, which accelerated the shrinking of world trade. The implications for the government were extremely serious since increased unemployment meant an inevitable increase in public expenditure so as to maintain unemployment benefit that, in turn, threatened to result in an unbalanced budget.

However, the government tried to solve the problem by giving J.H. Thomas, ex-railwayman, the responsibility for unemployment policy by MacDonald. It was helped by a small committee including Lansbury and Oswald Mosley, then Chancellor of the Duchy of Lancaster. It soon became clear that Thomas had not the intellectual grasp to cope with the immensity of his task.

By January 1930, Mosley drew up a set of proposals which became known as the Mosley Memorandum. It argued that economic activity should be increased by the inauguration of a big scheme of loan-financed public works; and that the size of the Labour market should be reduced through an increased school-leaving age and improved retirement pensions. The whole scheme would be implemented by a small emergency Cabinet.

The Parliamentary Labour Party rejected Oswald Mosley's imaginative plans⁸⁵ for an expansionist economic policy. Despite a speech by Mosley in its defence, it was also defeated by the Labour Party Conference in October- still loyal to MacDonald and Snowden. MacDonald removed Thomas from his post, assumed himself personal responsibility

⁸⁴ Worley, *Labour Inside The Gate*, 122.

⁸⁵ *Ibid.*, 128.

for unemployment policy.

As far as foreign policy was concerned, the government attempted to secure international pacification. It promoted attempts to revise reparations payments enjoying some success with the Young Plan of late 1929, and to sort out debts. It achieved a limited degree of naval disarmament in 1930. And, in May 1931, the League of Nations was encouraged by Henderson to organise a world disarmament conference for February 1932 with himself as president.

MacDonald was forced to rely for economic advice on others by looking for sources of information to be available to the government. This was done both informally, through consultations with business people and trade unions, but also in a formal way through the Economic Advisory Council (EAC),⁸⁶ set up in February 1930. It was hoped that the EAC, which included representatives of business, unions and academia, would advise ministers on solutions for Britain's economic crisis.

Finally, the government invested limited sums of money in public works, but the jobs created were viewed sceptical by 'informed' opinion. In 1930, the economic position grew worse as the effects of the worldwide depression were reflected in declining production and trade in Great Britain. A collapse of foreign investment, increasing unemployment, and a growing burden on the Treasury put MacDonald in a difficult position. He appointed a committee led by Sir George May to find an exist for the financial crisis.

⁸⁶ Rex Pope, *The British Economy since 1914, A Study in Decline?* (London & New York : Longman, 1998), 26.

6.2. The May Committee

In February 1931, a committee on national expenditure was set up following a Liberal motion in the House of Commons, under the chairmanship of Sir George May, head of an insurance company. Although there were two Labour representatives, it was not difficult to predict that substantial cuts in expenditure would be recommended.⁸⁷

The Committee's report, published in July 1931, estimated a budget deficit of £132 million for 1932, and recommended £96 million-cuts for all employees in the public sector, together with a reduction in unemployment benefit by 20 per cent; cuts of up to the same level in public servants' salaries; and more stringent testing of the needs of unemployed persons who had exhausted their insurance benefit entitlement.⁸⁸ The report was called by Skidelsky Keynes, "the most foolish document I ever had the misfortune to read".⁸⁹ 'The appearance of such a document at this particular time', added Skidelsky, 'converted what had in essence been a technical financial crisis into a crisis of confidence in the Government and the country'.⁹⁰ Therefore, MacDonald and Snowden accepted almost its major principles; but they departed for the summer vacation without giving any public hint of their attitude towards the Report.

Therefore, once back to London, MacDonald's immediate political task was to find a programme of cuts which would be acceptable to his Cabinet colleagues with the TUC leaders lowering in the background and also to the opposition parties. The latter's support was prerequisite to convince the British Parliament to carry the proposals. This was a very difficult task which MacDonald found impossible to fulfil.

⁸⁷ Worley, *Labour Inside The Gate*, 130-131.

⁸⁸ Leonard, *A Century of Premiers Salisbury to Blair*, 139.

⁸⁹ *Ibid.*

⁹⁰ *Ibid.*

On the 12th August 1931, the members of the Cabinet Economy Committee; MacDonald, Snowden, Henderson, Thomas and Graham⁹¹ agreed on cuts in the pay of teachers, police, etc., which amounted to more than £30 million, and to a ten per cent cut in unemployment insurance payments amounting to £43.5 million while the May Committee had proposed a twenty percent cut of £67 million.⁹² However, they refused to cut the standard rate of unemployment benefit and this became the crucial point of the whole dispute.

The TUC leaders, headed by Ernest Bevin and Walter Citrine, who, since they completely opposed the May Committee's diagnosis, rejected the whole programme of cuts, and suggested import duties, heavier taxation and devaluation of the pound.⁹³ At the Cabinet meeting on Friday 21 August, the majority of the members, led by Arthur Henderson who had been very impressed by the TUC's arguments refused the budget beyond the figure of £56 million, and this became the final figure that MacDonald agreed to place once more before the Opposition leaders. The TUC and a large part of the Labour Party tried to put across alternative proposals, which might include a more graduated tax on profits and income.⁹⁴

Financial events now surpassed the discussions of the politicians and delivered them into the hands of the bankers. The crisis came to a head when leading bankers informed MacDonald of the devaluation of the pound. There had been a collapse of the banking system in central Europe. An Austrian bank collapsed, and when German banks tried to intervene on its behalf, they went under.⁹⁵ The central gold reserves were run down and

⁹¹ Financial Policy: Financial crisis of 1931; Diary of events up to the resignation of the Labour Government, PREM 1/96, National Archives, UK .

⁹² Worley, *Labour Inside The Gate*, 131.

⁹³ O., Kennet, *the Oxford History of Britain*, 610.

⁹⁴ Ibid.

⁹⁵ Ibid.

the banks insisted on an international conference to restore confidence in the pound, a condition for a balanced budget.

Ernest Harvey, the Deputy Governor of the Bank of England, showed MacDonald that the government's policy in finalising the economic plans had accelerated the flight from the pound, so immediate credits were now urgently needed from New York and Paris. Harrison, the Governor of the New York Federal Reserve Bank approved a fresh loan, but only after Parliament had approved an economic programme.⁹⁶

Since MacDonald believed that these conditions were already fulfilled, the only thing wanting now was the approval of the Labour Cabinet to the ten percent cut. When the Cabinet reassembled, the Prime Minister represented the whole proposals. In the end, it appeared that, eleven ministers, including MacDonald, voted for the ten per cent cut, and nine opposed it.⁹⁷ Since the minority included such leading ministers as Henderson, Clynes and Graham, the resignation of the second Labour Government and the establishment of a national government became inevitable.⁹⁸

7. The National Government

MacDonald left the Palace with the collective resignation of the Cabinet. Most of his colleagues expected the formation of a Conservative/Liberal Ministry. Nevertheless, the alternative of a National government emerged when the leader of the Liberal faction, Herbert Samuel succeeding Lloyd George proposed at a meeting between

⁹⁶ O., Kennet, *the Oxford History of Britain*, 610.

⁹⁷ Worley, *Labour Inside The Gate*, 132.

⁹⁸ Political: matters arising from resignation of Labour Government and formation of National Government, PRO 30/69/383, National Archives, UK .

MacDonald, and Baldwin to secure the opposition parties' consent to the cuts.

Baldwin supported the idea, as did the king, who regarded the situation as one of national crisis, and therefore favoured a coalition government. MacDonald was drawn to the idea that was the right thing for the country, and he did not expect that he would be cut off from the Labour Party as a result. He announced to his colleagues at the last meeting of the Labour Cabinet that he had agreed to head a National Government for meeting the present emergency only, and asked for their support.

Only three members of the government agreed to follow him, J. H. Thomas, Lord Sankey and Philip Snowden and shortly afterwards the members disseminated.⁹⁹ MacDonald did not seek the Labour Party's approval of the plan before going ahead with it. The National government was formed on 25th August 1931. The Cabinet comprised 4 Labour, 4 Conservative and 2 Liberal ministers.¹⁰⁰ MacDonald remained as Prime Minister and Snowden as Chancellor. Both the Liberal and the Conservatives Parties gave their formal support to the government on the 28th August. However, only four ministers and about a dozen other Labour backbenchers supported the government.

On the 3rd September 1931, Ramsay MacDonald sent to the King the list of appointments for approval.¹⁰¹ The TUC declared itself against it on the 26th August and on the 28th August; the Parliamentary Labour Party met and voted Henderson as Party leader. Thus, they joined the opposition. Moreover, within the Labour movement a myth developed that MacDonald had betrayed them.

⁹⁹ Worley, *Labour Inside The Gate*, 133.

¹⁰⁰ Coates., *Labour Party and the Struggle for Socialism*, 31.

¹⁰¹ Ministry of J Ramsay MacDonald, 25 Aug 1931 (First National government), PREM 5/201, National Archives, UK .

A month later, in September, Snowden introduced an emergency budget, which raised the income tax, and cut the unemployment benefit by 10 per cent and the public sector pay by up to 15 per cent.¹⁰² MacDonald then sought a mandate for further changes in the future under the National Government by calling a general election in October 1931.

The results appeared catastrophic for the Labour Party, which declined from 287 seats to a mere 52.¹⁰³ MacDonald's National Government was given a massive vote of confidence by the electorate, but out of the 521 MPs who supported it, no fewer than 473 were Conservatives - clearly the real beneficiaries of the 1931 crisis.

Therefore, on the 21th September 1931, Britain abandoned the gold standard. The bank rate was then raised to six per cent which brought to an end the long-drawn-out financial crisis. Of the older Labour leaders, only Lansbury was returned, and he became Leader of the Parliamentary Party. Thus, as in 1918, the power and prestige of the Parliamentary wing of the Party slumped, and control passed more and more to Ernest Bevin, Citrine and the TUC. Thus, the MacDonald era ended.

8. The Labour Party in the 1930s

Following the collapse of the Labour Government, it was the TUC General Council, which held the Party together insisting on the expulsion of MacDonald, Philip Snowden and James Henry Thomas. In 1932, George Lansbury became leader of the Party, since he was the only senior member returning to the House of Commons in the previous election. Clement Attlee became his deputy. When Lansbury retired as leader after the 1935

¹⁰² Worley, *Labour Inside The Gate*, 132.

¹⁰³ http://www.Britannica.com/UK_general_election

Party Conference, Attlee succeeded him. Even so, the Party constitution was changed to make it more difficult for the Party leader to assume office without the consent of the Party Executive.

In December 1931, the General Council increased its representation on the National Joint Council of Labour, a consultative body representing the Parliamentary Party, the National Executive and the TUC, and used it to impose its will on the Labour Party as a whole. The ability of the General Council to dominate the Labour Party in the 1930s rested not only on the decisive role it had played in August 1931, but also on the overwhelming predominance of trade unionists in the Parliamentary Party following the 1931 election. Half the Labour MPs were sponsored by the Miners Federation alone.

In 1931, the Party Conference demanded that any future Labour Government would have to undertake definite socialist legislation. In 1934, the Party also settled its domestic policy for the rest of the decade, a major reassessment of the politics of Parliamentary gradualism was undertaken.

The early 1930s saw a fundamental debate about what Tawney called the radiant ambiguities of the word Socialism. Party intellectuals organised in the Socialist League (established 1932) and Cole *New Fabian Research Bureau* (established 1931) discussed the lessons of the crisis and issued an avalanche of advice. One conclusion was that to avoid destruction by a financial crisis any future socialist Government would have to nationalise both the Bank of England and the joint-stock banks.

8.1. The Impact of the Crisis on the Labour Party after 1931

The Labour Party lost many prominent MPs in 1931 general election. The collapse was nationwide.¹⁰⁴ This was due to the moderate image of Baldwin's Conservative Party, and because of Macdonald's vision in forming a national government of reconciliation. It also experienced financial problems as the Party went rapidly into deficit. Lack of funds meant that the Labour Party had difficulty in contesting by-elections.

The Party's leadership had been destroyed by 1931. Lansbury became chairman of the PLP, acting as leader in Parliament pending the return of Henderson, with Attlee and Cripps joining him in a leftist leadership troika. The change paved the way for new and younger leadership. The election manifesto had been a call for a return to fundamentals.

Henderson spent much of 1932 ill or presiding over the world disarmament conference at Geneva. A few days later, he resigned the Party leadership, to be succeeded by Lansbury. Although he did return to Parliament in 1933, he remained Party secretary until 1934 and was treasurer until his death in 1935.¹⁰⁵

The Labour Party still clung to its policy of peace and disarmament, as indicated in the resolutions passed by the 1934 Party Conference. However, the National Council produced its own policy statements, encouraging a more realistic assessment of the international situation. The 'Peace Ballot' of 1935 showed that many people were prepared to support military sanctions against an aggressor.

The event of 1935 year indicated the confusions in Labour foreign

¹⁰⁴ Worley, *Labour Inside The Gate*, 135.

¹⁰⁵ Charles L. Mowat, "The Fall of the Labour Government in Great Britain, August, 1931". *Huntington Library Quarterly* 7.4 (1944): 353–386. <http://doi.org/10.2307/3815737>, 20.

policy. The Parliamentary Party voted for the government's anti-armament while the General Council and the Party Executive were strongly in favour of real sanctions against Italy, following her invasion of Abyssinia in October 1935,¹⁰⁶ even if it implied War. The Labour Party Conference that met in the same month provided an opportunity for a showdown between the different points of view. Both Cripps and Lansbury, the leader of the Party, opposed the Executive's resolution.¹⁰⁷

By the late spring of 1935, Baldwin replaced MacDonald as Premier and reshuffled the Cabinet. The Labour's electoral performance between 1931 and 1935 suggested that it could be expected to make some advances. Ten seats were gained in by-elections, some on very large swings, and there were heavy local election gains in 1933 and 1934. But the Labour Party was merely recovering lost ground in 1930 and 1931.

The Independent Labour Party (ILP) disaffiliated from the Labour Party in 1932¹⁰⁸ after showing persistent opposition to the policy of gradual reform. Despite the break with MacDonald in 1931, the Independent Labour Party persisted in its hostility to reformism¹⁰⁹ of the Labour Party leadership, and disaffiliated from the Party in the following year. Moreover, there was also increased vigilance against penetration by Communists.

The events on the international scene in 1935-36 the Italian invasion of Abyssinia (Ethiopia), the German reoccupation of the Rhineland and the

¹⁰⁶ Italo-Ethiopian War, (1935–36), an armed conflict that resulted in Abyssinia (Ethiopia's subjection) to Italian rule. Often seen as one of the episodes that prepared the way for World War II, the war demonstrated the ineffectiveness of the League of Nations when League decisions were not supported by the great powers. <https://www.britannica.com/event/Italo-Ethiopian-War-1935-1936>

¹⁰⁷ Mowat, "*The Fall of the Labour Government in Great Britain, August, 1931*", 21.

¹⁰⁸ Beer, *Modern British Politics*, 144.

¹⁰⁹ Reformism is the belief that gradual changes in a society can ultimately change its fundamental structures. This belief is contrasted to revolutionary socialism which believes that there must be a revolution to fundamentally change a society. [www. bbc.co.uk / history/](http://www.bbc.co.uk/history/)

beginning of the Spanish Civil War¹¹⁰ seemed to give countenance to the views of both the Left and the Right within the Party. Labour lost its leader just before the dissolution of Parliament in October 1935. Ernest Bevin and Dalton could argue that British rearmament was now vital, particularly in view of the League's failures to bring peace to the world. In opposition, Cripps feared that rearmament that would lead to War should still be opposed. This attitude was seen at the Edinburgh Conference of the Party in 1936¹¹¹ when a compromise resolution was passed which supported collective security, but opposed rearmament.

Nevertheless, the helplessness of the League and the weakness of the National Government in the face of aggression abroad encouraged sympathy for the left-wing point of view. This led to the creation by Cripps and his supporters of a 'Unity Campaign'¹¹² of all left-wing parties and groups, the Socialist League, the ILP, and the Communists; to combat both Fascism¹¹³ and the National Government. Under threat, the Socialist League therefore dissolved itself, and with its demise the 'Unity Campaign' that had been opposed by the 1937 Party Conference collapsed. The only concession made to leftist sentiment was to change the Party's constitution to allow the constituency parties to elect their own delegates to the National Executive, and these were increased from five to seven.¹¹⁴

Cripps revived the project of creating unity on the Left again in 1938 under the title of the 'Popular Front',¹¹⁵ this time embracing a wider spectrum of progressive opinion than the earlier campaign. This too earned

¹¹⁰ Thomson, *England in the Twentieth Century*, 163.

¹¹¹ Ibid.

¹¹² Ibid.

¹¹³ Fascism was political system, which existed in Italy between 1922 and 1945. Fascism was an authoritarian, nationalistic and illiberal political movement arising out of the social and economic crises following the First World War, which were perceived as proving the inadequacy of Liberalism and the democratic process. N., Abercrombie, S., Hill. & B., Turner. *The Penguin Dictionary of Sociology* (England: Penguin Books, England 2000), 129.

¹¹⁴ Thomson, *England in the Twentieth Century*, 137.

¹¹⁵ Shaw, *The Labour Party since 1945*, 17.

the hostility of the Party Executive and the Party Conference. In the end led to Cripps expulsion from the Party in the spring of 1939.¹¹⁶ By the late 1930s, the tide had turned in favour of the right-wingers within the Party. In 1936, Dalton became Chairman of the National Executive and Ernest Bevin Chairman of the General Council of the TUC. Thus, they were able to use their influence in favour of their policies.

Following the resignation of George Lansbury in 1935, a leadership election was held. The candidates were Attlee, Greenwood and Morrison. In the first ballot, Attlee emerged with 58 votes, Morrison 44 and Greenwood 33. But in the second one, the results were quite different. Attlee got 88 votes whereas Morrison's score was only 48.

In the early 1930s, pacifist arguments became powerful within the Party. A pacifist resolution at the 1933 Hastings conference was passed unanimously largely for procedural reasons.¹¹⁷ The period of fascist aggression in Europe had not really started yet. And it was still possible at that stage to hope of the world disarmament conference and the Labour Party and Socialist International as mechanisms to avoid War.

The Labour Party supported collective security through the League of Nations which had itself been strengthened by the USSR's entry in September 1934. In Parliament the PLP continued to vote against rearmament. This position began to be challenged as the danger of War seemed to increase and the League's mobility to stop the Italian invasion of Abyssinia in 1935.

In July 1936, Alexander and Dalton led a movement within the PLP to abstain on, rather than vote for War and about 20 MPs followed their line. A year later, with the Spanish Civil War in full swing, the PLP voted

¹¹⁶ Shaw, *The Labour Party since 1945*, 17.

¹¹⁷ Douglas, *The Labour Party, Nationalism and Internationalism, 1939–1951*, 36.

by 45 to 39 to change the line to one of abstention.¹¹⁸ Although there remained a small pacifist section around Lansbury, most MPs now pressed for rearmament, though they missed no opportunity to register distrust of the uses to which the National government might put its increased firepower.

A further development of this period was the continual adoption programmes for the Party. In 1936 detailed plans for the nationalisation of coal were adopted. In March 1937, *the Labour's Immediate Programme* was published, giving details of the measures a majority Labour government would implement in a single five-year term. It promised planning through the national investment board and nationalization of the Bank of England but not the commercial banks, and of coal, power and transport.

There would be state control over the location of industry. Working conditions would be improved through a 40-hour week and the introduction of holidays with pay. The means test would be abolished. The school-leaving age would be raised to 15 and later 16. Health services would be improved.¹¹⁹ At that time, the Labour Party had concrete plans for the implementation of most of its policies whereas earlier programmes had been expressions of wishes rather than the plans of a campaign. *The Labour's Immediate Programme* formed an essential base of the work of the 1945 Attlee government. At the same time, it can be seen as putting an end to the policymaking process, with little else being done on domestic policy before the War.¹²⁰ Thus, it partly served to stifle the debate which remained as necessary as ever in Labour's planning for the future.

The 1930s had witnessed a limited revival and consolidation after the

¹¹⁸ Douglas, *The Labour Party, Nationalism and Internationalism, 1939–1951*, 36.

¹¹⁹ *Ibid.*

¹²⁰ Beer, *Modern British Politics*, 143.

disasters of 1929-1931. The Party's organisation held good, at a time rising individual membership pointed to a widening appeal in the country. At the same time trade union affiliated membership was also rising from 1935 onwards. However, continuing union stickiness about increasing affiliation fees left the Party shorter of cash than it would have hiked. By 1939, it was facing serious financial worries which in turn were hampering its campaigning plans ahead of the general election expected in the autumn of that year. Meanwhile, election results were largely disappointing, reflecting continuing distrust and a failure on the part of the Labour Party.

In its foreign policy, the Labour emerged from a long period of confusion to become. By late 1938, a staunch opponent of appeasement, although a small section of the Party's membership remained an outright pacifist. A much larger number remained very deeply uneasy about any prospect of Britain going to War, especially under such a bitter political opponent as the National government.

At home, the Party's policies were better worked out than ever before. However, the swing to the left in the early 1930s had produced few lasting results and the Party was more centralizing. By the end of the decade the right was very clearly in the ascendant, partly because, to some extent understandably, the left had spent so much of the decade concentrating on the international situation and advancing various 'fronts'. The Second World War which they had hoped to prevent was, paradoxically, to provide Labour with a massive boost to be fortunes.

Changes were made to the Party's constitution and the National Executive was reformed. At the same time, programmes were developed in the future, such as '*For Socialism and Peace*' (1934) and Labour's

Immediate Programme' (1937).¹²¹ The containment of the swing to the left could be seen in the adoption of the new Party programme, *For Socialism and Peace*, by 1934 Party conference. This replaced *Labour and the Nation*. It differed from the latter in giving a higher priority to nationalization of land, banking, coal, iron and steel, transport, power and water supply. It also called for the setting up of a National Investment Board to plan investments and industrial development.

Thus, the increasing influence of the trade unions within the Party was made clearer. They changed the constitution of the old National Joint Council, on which the TUC, the Labour Party Executive and the Parliamentary Labour Party had had equal representation. They gave the TUC half the representation of a new body, the National Council of Labour. It was in this Council that Ernest Bevin's influence was so important as far as the Labour Party's policy decisions were concerned. It was the National Executive that became preoccupied with the details of the Labour Party programmes for proposed legislation.

On the question of the influence of the Left, it was not involved in the Labour Party at this time on an organised basis. For example, the Communist Party's attempts to affiliate to the Labour Party failed. It had inherited many of the sectarian attitudes of its predecessor, the Social Democratic Federation. Although, it committed to work in the Labour Party as part of the policy of the Communist International, it had never been successful.

After the defeat of the general strike the Labour leadership consolidated its position by supporting the Left Wing movement which had the backing of the Communist Party. However, by 1928 the Communist Party of Great Britain, like the rest of the Communist International, carried

¹²¹ Shaw, *The Labour Party since 1945*, 09.

out the sectarian policies associated with the 'Third Period'. This was a period when the Communist Party denounced Labour and Social Democratic Party members as 'social fascists'. The Communist Party organised front organisations, substituting itself for the Labour movement.

The Communist Party of Great Britain had less impact on the British Labour movement, because of its small size than in other countries. Furthermore, the influence of the Communist Party led to the defection of the Independent Labour Party from the Labour Party. Nevertheless, it disaffiliated in 1932 on a procedural issue, at a time when Labour was moving to the left and building its strength.

This defection had more impact on the organisation of the Labour Party than the defeat inflicted by the formation of the National Government and Ramsay MacDonald's defection. Consequently, it was split from the Labour Party over the issue of support for the Popular Front. A policy pursued by the Communist International and the Communist Party of Great Britain which called on all workers and progressive bourgeois parties to sink their differences to form an alliance against fascism.

In terms of the Party's future, what mattered was the securing of continual popular support. Therefore, the 1931 performance was Labour's bedrock and the situation could only improve. In 1935, Labour secured 37 per cent of the vote despite the fact that circumstances of the National Government translated this into only 154 seats. Although the Labour Party was not to win a general election victory for over a decade, the Party's membership was not affected. It made significant gains in the 1930s in local government and the membership continued to grow. The trade unions, an integral part of the Party, also made progress in the second half of the 1930s.

The same could be seen in by-elections that the Labour could afford to contest. In 1932, Labour won Wakefield from the Conservatives and secured Wednesbury. In 1933, the Labour regained seats lost in 1931 at Rotherham and East Fulham and also achieved high swings in middle-class seats such as Hitchin.¹²² In 1934, Labour recaptured North Hammersmith and Upton, with North Lambeth and Swindon.¹²³ There was also a remarkable recovery in local government elections, following a series of disastrous results in 1931. The situation improved further in 1933 as Labour gained control over Swansea, Norwich, and Barnsley, Bootle and Sheffield and seven other councils for the first time. On the whole in 1933, Labour gained 181 constituencies and lost 5, while the Conservatives gained 6 and lost 112, and the Liberals gained 5 and lost 33.¹²⁴

In 1945, the Labour Party was able to take over because its leadership had the only programme which could modernise Britain for the capitalist class. The Tories were in disarray, still tinged with the mass unemployment image of the 1930s and many were still wedded to the unrestrained free enterprise. The Labour remained a Party rooted in the working class, based on the trade union movement and with a commitment to socialism on behalf of its rank and file.

Finally, the impact of the 1931 crisis on the Labour appeared at the time to be devastating but proved, in the longer term, to be superficial. Phillips added that the Labour split of 1931 was less serious than that of the Conservatives over the repeal of the Corn Laws in 1846 or of the Liberals over Home Rule.¹²⁵ The key point here was that MacDonald took only three ministers with him while the rest of the Party remained united. Therefore, the Labour Party was able to run down the man who had

¹²² [http:// www. Britannica.com/ List_of_UK_by-elections](http://www.Britannica.com/List_of_UK_by-elections)

¹²³ Beer, *Modern British Politics*, 148.

¹²⁴ *Ibid.*

¹²⁵ Beer, *Modern British Politics*, 145.

contributed so much to its early development. Indeed, the legend of MacDonald's treachery became an integral part of the Labour's recovery.

During the Bournemouth Party Conference was supported rearmament, even though the Left still argued, in the words of Aneurin Bevan that such a policy would 'put a sword in the hands of our enemies that may be used to cut off our own heads'.¹²⁶ This new firmness was seen in the Labour Party's strong opposition towards a Neville Chamberlain's policy of appeasing Nazi Germany¹²⁷ in the course of the next two years that witnessed the annexation of Austria, the destruction of the Czechoslovak state and the German invasion of Poland.

Finally, the Party firmly supported the British declaration of War on Germany on the 3rd September 1939 though few months earlier, they voted against conscription. Once the War began, the international squabbles within the Party became trivial and irrelevant. The Labour Party entered the Second World War united and resolute in its determination to defeat Nazism and to defend a better post-War world.

9. The Second World War and the 1945 General Election

If the First World War hastened Labour's progress in becoming the second Party in the state, then the Second World War undoubtedly speeded the Party's opportunity of competing with the Conservatives on equal, or even superior, terms. In 1939 Labour looked like losing yet another general election, probably by quite a margin. Six years later it was to win what remained its greatest electoral victory.

¹²⁶ Beer, *Modern British Politics*, 145.

¹²⁷ Nazi Germany refers to Germany in the years of 1933 to 1945, when it was governed by the National Socialist German Workers' Party, or Nazi Party, with Adolf Hitler as chancellor and, from 1934, head of state. The policies of Nazi Germany led to the Second World War. [http://www. Britannica.com](http://www.Britannica.com)

Between 1939 and 1945, the British people had their second experience of total War, and indeed for much of the War Britain was by far the most important nation of the allies. There was extensive political and social impact.

9.1. The Political, Economic and Social Impact of the War

The outbreak of the Second World War found Labour less divided on the justice of the conflict and the need for British intervention than had been the case in 1914. Following the German invasion of Poland on the 1st September, Labour's leadership remained united, and Greenwood, acting leader for much of 1939 due to Attlee's absence through illness, did his and his Party's reputation much good by appearing, in the Commons debates, keener than Chamberlain on an early declaration of War. The great majority of Labour MPs supported the leadership, although with a small group of about 20 MPs, including pacifists and supporters of a negotiated peace, dissenting. Labour refused Chamberlain's offer of a Coalition, but accepted an electoral truce shortly after the War broke out.

There were two important reasons for Labour's greater unity in 1939 than in 1914. First, the nature of the enemy was much clearer. In 1914, Germany had a large Social Democratic Party (SPD). It was much admired by the British Left and the question of how far the War had been caused by Germany had been debatable. However, by 1939, the nature of Hitler's regime was a matter of little debate. It had banned the SPD and imprisoned its leaders, crushed free trade unionism, carried out policies of racial discrimination and persecution which appalled the British Left.

Second, the nature of the Party itself had changed. Since 1914, it had become more centralised and more disciplined. The dispute had been

marginalised, while disruptive elements like the ILP had been forced out of the Party altogether. Thus, Labour's response to the outbreak of War was one of unity in the face of a common. Although the majority of the Party remained united behind the War effort, the first winter of the conflict, the co-called 'Phoney War', saw some tensions.

An 'electoral truce' was agreed on by the three major political parties. The Prime Minister, Chamberlain, was forced to strengthen his team. He enclosed a number of rebellious Tories, particularly Winston Churchill and Eden. During this period, the Labour Party acted in the House of Commons as critical supporter of Chamberlain's government. It pressed for an effective mobilisation of the nation's resources. The leadership of Neville Chamberlain came to a head in the spring of 1940.¹²⁸ When following the German attack on Scandinavia, the British forces in Norway, after a badly handled campaign, were forced to withdraw British troops from Norway. The Chamberlain's majority slumped to 81, and he had lost the confidence of an important section of his Party. When the vote took place on the 8th May, the government's majority fell to 81 instead of its usual 200, with some of its supporters votes against the government and others abstaining.¹²⁹

However, Chamberlain still believed that his premiership might be saved if he could obtain the support of the Labour Party. On the 9th May, he invited Attlee and Greenwood for this reason, in the presence of Churchill and Halifax. Attlee refused to commit himself without consulting his Party. The NEC, meeting in Bournemouth on the eve of the Party conference, refused to serve under Chamberlain, but stated that Labour would be prepared to serve under someone else.

¹²⁸ Beer, *Modern British Politics*, 150.

¹²⁹ *Ibid.*, 153.

Some preferred the Foreign Secretary, Lord Halifax who was respected, and seen as a liberal figure. The alternative was Churchill. He had returned to the Cabinet as First Lord of the Admiralty in September 1939, but who was still widely distrusted in Labour circles as an enemy of socialism and trade unionism. But Churchill's anti-appeasement credentials were impeccable, he was clearly a fighter on the following day, marked by the commencement of the German attack on the Low Countries, Attlee informed the Prime Minister from Bournemouth that the Labour Party would be prepared to join a new government, but not under his leadership. Chamberlain was forced to resign, and was succeeded by Churchill, who immediately established a coalition government.

The Labour Party attained a stronger position in the new government. This was partly achieved because Churchill needed a strong offset against a suspicious Conservative Party. The need for union cooperation in a total War effort meant that the Labour movement's extra-Parliamentary strength had also to be taken into account. Attlee and Greenwood became members of the small War Cabinet. Attlee, who was surprisingly effective in office, became Lord Privy Seal and chair of the Food and Home Policy Committee. Greenwood was put in charge of the Production and Economic Policy Committee. In 1943, Attlee became Lord President of the Council and *the facto* deputy Prime Minister, co-ordinating the home front during Churchill's frequent absences on War business. Greenwood, on the other hand, had little success in office and was effectively sacked in March 1942.

Ernest Bevin was given the key post of Minister of Labour and later entered the War Cabinet where he had made the greatest impact. Meanwhile, The Ministry of Labour had been transformed by War from the Cinderella of government departments into the powerhouse of the War

effort, since workers were in short supply, and total War required high levels of production and productivity. During the War, Ernest Bevin generally handled manpower problems with an enviable confidence. He impressed officials, and Churchill, with his abilities, and further developed his interest in foreign affairs, particularly the German question.¹³⁰

Herbert Morrison, Albert Victor Alexander and Hugh Dalton were given important positions, and Sir William Jowitt became Solicitor-General.¹³¹ There was some reshuffling of offices later on. Morrison served in the War Cabinet (from November 1942 onwards). After a brief spell as Minister of Supply, he became Home Secretary in October 1940, and retained the position for the duration. An experienced administrator from his time as secretary of the London Labour Party, Minister of Transport and the leader of the London County Council, he was generally regarded as successful, and remained Attlee's main rival for the leadership.

Sir Stafford Cripps, another important Labour figure who had been expelled from the Party in 1939, and did not rejoin it until February 1945. However, his left-wing reputation helped persuade Churchill to appoint him Ambassador to the USSR in 1940. His role in forging the Anglo-Soviet Alliance which followed the German invasion of Russia in June 1941 was played up by the press, and he returned to a hero's welcome in January 1942. The following month he joined the War Cabinet as Lord Privy Seal. After the British victory at El Alamein in October Cripps was sacked from the War Cabinet, but he served as Minister of Aircraft Production for the remainder of the conflict.¹³²

Other leading Labour figures also served in the office. At ministerial rank outside the War Cabinet, A. V. Alexander returned to the position of

¹³⁰ Gordon Wright, *The Ordeal of Total War 1939-1945* (USA: Harper & Row Publishers, 1968, 32.

¹³¹ *Ibid.*

¹³² Beer, *Modern British Politics*, 155.

First Lord of the Admiralty that he had held in the 1929 government. Tom Johnston became Secretary of State for Scotland in February 1941 and used his position to push forward a number of valuable reforms. Hugh Dalton became Minister for Economic Warfare and then President of the Board of Trade, where he promoted a vigorous regional policy which was of direct assistance to some of Labour's strongest core areas of support.¹³³ Sir William Jowitt, who had defected to National Labour in 1931, rejoined Labour in 1939, and held a succession of minor offices. Labour also took more than its fair share of junior posts with five of those involved, Ellen Wilkinson, George Hall, Tom Williams, James Chuter Ede and Joseph Westwood, later serving in the Attlee Cabinet. Finally, a number of Labour's future leaders, like Hugh Gaitskell, Douglas Jay and Harold Wilson, served during the War as temporary civil servants in Whitehall.

The War also had a significant impact on trade unionism and this, of course, had major implications for the Party. Union density had fallen from 45.2 per cent in 1920 to 22.6 percent in 1933. Growing prosperity later in the 1930s had led to revival, but even in 1938 membership and density were well below the figures for 1920. The number of trade union members affiliated to the Labour Party had fluctuated. Standing at 4,317,537 in 1920, it had fallen to 1,857,524 in 1934, followed by a gradual recovery to reach 2,158,076 in 1938, but then the War led to a massive change. The TUC membership rose to a Wartime peak of 6,642,317 in 1943; by 1946 the figure was 7,540,397 (43.0 per cent).¹³⁴

The reason behind this increase of trade unions membership was the economy moved on to a full War footing, demand for Labour soared. Unemployment, which had stood at 1,471,000 in January 1940, fell to

¹³³ Beer, *Modern British Politics*, 157.

¹³⁴ *Ibid.*

653,000 a year later. By December 1941 only 151,000 were out of work and full employment was maintained for the remainder of the War.¹³⁵

In addition, the unions were taken closer to the centre of government and industry than ever before. The state's powers over the workforce were increased to unprecedented levels. In 1940, Defence Regulation 58A gave the Minister the right to direct Labour something which, as 'industrial conscription', had been bitterly opposed by the Labour movement during the First World War, and banned strikes and lockouts, making all disputes subject to compulsory, binding arbitration.

In 1944, the Regulation Act imposed penalties for agitation and incitement to strike. However, since Ernest Bevin preferred conciliation, and tried to avoid invoking the regulations wherever possible, relatively few workers were directed into specific jobs. Strikes still took place: there were actually more stoppages per year on average than during the First World War although fewer workers were involved and the disputes were settled more quickly. Legal penalties on strikers were used sparingly. The unions' reward was close consultation with government and employers.

On the outbreak of War, a National Joint Advisory Committee of the Ministry of Labour, with 15 employers and 15 trade unionists, had been established. But Ernest Bevin found this ineffective, and appointed a more effective joint Consultative Committee comprising seven representatives from each side and himself in the chair. It met twice a month and monitored events closely.¹³⁶ Unions were also represented on regional production committees; and, at factory level, management often consulted closely with shop stewards on how to speed up production. Meanwhile, with regard to news censorship of strikes meant the suppression of less

¹³⁵ Wright, *The Ordeal of Total War 1939-1945*, 28.

¹³⁶ *Ibid.*, 34.

favourable images. All this helped the public image of trade unionism. High levels of unionization increased the affiliated membership of the Party from 2,158,076 in 1938 to 2,510,369 in 1945, and the Party's finances were boosted accordingly.¹³⁷ By 1945, indeed, Labour's financial position would be stronger than at any previous point in its history.

Therefore, the political effect of the War on the population was transitory and democracy could be restored in 1945. However, the impact on the political parties was more permanent and the Labour Party got fruitful results. The Second World War ended the bitter divisions of the 1930s provoked by the policies of Ramsay MacDonald in 1931. In this respect, it did the very reverse of the First World War which had brought on the fatal split within the Liberal Party. The Labour Party was also given much more responsibility in the Second World War than in the First, when only Henderson had been included in the War Cabinet.

The Labour Party derived considerable advantage from this. Its credibility as a governing Party, so damaged by the events of 1929-31, was largely restored as its leaders proved their competence and gained, or regained, valuable experience. Policy-making was helped by having both senior and junior figures on the 'inside track' of government. And Labour ministers, although constrained by Coalition politics, were able to push through some important schemes of reform, such as Ernest Bevin's Catering Wages Act of 1943 and Dalton's regional policies. Wartime collaboration between state, employers and unions was taken by many as a model of what might be possible in the future, rather than as an exceptional product of exceptional circumstances.

¹³⁷ Wright, *The Ordeal of Total War 1939-1945*, 35.

Churchill as overall leader was responsible primarily for running the War effort while Labour's triumvirate of Attlee, Ernest Bevin and Morrison ran domestic affairs and pushed their ideas through the Reconstruction Committee,¹³⁸ under the leadership of Greenwood. This provided the key link with the post-War years, while the contribution of other ministers, such as Dalton, was sound and effective.¹³⁹

As Deputy Prime Minister, Attlee's supervised home affairs throughout these War years. As a result, his stature with his Cabinet colleagues and especially with Ernest Bevin, increased enormously, and the remarkable trust and admiration that developed between the two widely contrasting men was important in giving the Labour Party a new period of strong and stable leadership that was to be of profound importance for the future.

Consequently, of its undoubted success in office, in marked contrast with the dismal period of the 1930s, the morale of the Labour Party was given a real improvement, and its prestige increased in the eyes of the public. Ernest Bevin wrote to Attlee in 1945, 'the five years have been a great experience and worthwhile. We have faced many great problems together and have overcome them. One thing it should have done is to remove the inferiority complex among our people'.¹⁴⁰ Attlee was aware of the importance of these special circumstances. 'I am quite certain that the world that must emerge from this War must be a world attuned to our ideas'.¹⁴¹ Social perceptions and expectations were radicalised by the War, to the obvious political benefit of Labour.

¹³⁸ Wright, *The Ordeal of Total War 1939-1945*, 30.

¹³⁹ *Ibid.*

¹⁴⁰ *Ibid.*

¹⁴¹ O., Kennet, *the Oxford History of Britain*, 632.

In the short term, the Conservatives got fruitful results from the inter-Party truce on political activity drawn up on 26 September 1939, by which the parties agreed ‘Not to nominate candidates for the Parliamentary vacancies that now existed against the candidate nominated by the Party holding the seat at the time of the vacancy occurring’.¹⁴² This perpetuated the huge majority gained by the Conservative in 1935 for the longest period between general elections in two centuries of British constitutional history.¹⁴³ For the Liberals, meanwhile, the Second World War was a disaster, completing their transition from a major to a minor Party.

Throughout the War years, the Labour Party was also thinking, much more than its Conservative allies, of the post-War world by the refinement of the Party policy.¹⁴⁴ As early as October 1939 the Party had produced its first thoughts on *Labour War Aims*; and this was followed in 1940 by *Labour, the War and the Peace*, and *Labour’s Home Policy*. The latter stated that ‘for the Labour Party a Socialist Britain is not some far-off Utopia, but an ideal that can be realised within our time’.¹⁴⁵ Indeed, for Labour the lessons of Wartime ‘planning’, public control and egalitarianism were to be carried over into the post-War world.

The Labour Party, as an opposition, was created to respond to the mood of public opinion and seized opportunities when offered to gain the ground. For instance, by the autumn of 1942, a major upheaval in public opinion had taken place; ‘Dunkirk’¹⁴⁶ was one event in 1940 that drove home in a dramatic and shocking way. Therefore, it helped to turn public opinion against those held responsible for this, and the other pre-War evils

¹⁴² O., Kennet, *the Oxford History of Britain*, 632.

¹⁴³ Ibid.

¹⁴⁴ Ibid.

¹⁴⁵ Ibid.

¹⁴⁶ The Battle of Dunkirk was the defence and evacuation of the British and Allied forces that had been separated from the main body of the French defences by the German advance. [http // : www. Labour. Org. UK/ Labour History/](http://www.Labour.Org.UK/LabourHistory/)

of appeasement¹⁴⁷ and mass unemployment, Baldwin, Chamberlain and the Conservative Party.

The year 1940 also saw the beginnings of the policy of ‘blood, toil, tears and sweat’¹⁴⁸, the total mobilisation of the whole nation for the War effort which implied a new emphasis on ‘planning’ and ‘egalitarianism’. These ideals fitted Labour’s ethos, and they were even emphasised more by the lavish admiration for Russia that followed her invasion by Germany in the summer of 1941.

The ethos of the Labour Party was expressed in Wartime, through the media. The Labour Party also gained from the simple fact that the Home Front was dominated by front-rank Labour Ministers like Ernest Bevin and Morrison. The latter were able to push their ideas on future domestic policy through the government committees they largely controlled. In all these ways, the Labour Party appeared to be the Party concerned with the people’s welfare, especially as Churchill was no longer uninterested¹⁴⁹ in seeing the implications of the public’s new radical mood.

In April 1940, *Labour’s Home Policy* was published. It emphasised the need for planning and controls in order to win the War and stressed that such methods would still be needed in peacetime. As Attlee put it: ‘the occasion should be seized to lay the foundations of a planned economic system’.¹⁵⁰ It also highlighted the need for social reform as a means of maintaining morale up. In early 1941, the Party set up a Central Committee on Problems of Post-War Reconstruction, and from this evolved the *old*

¹⁴⁷ Appeasement is commonly used to describe the Munich settlement (1938) which affected the dismemberment of Czechoslovakia and gave Germany virtual command of Eastern Europe. In the post-War period, such was the opprobrium associated with it, especially in the United Kingdom and the United States, that it becomes synonymous with weakness and cowardice. Graham Evans & J. Newnham, *the Penguin Dictionary of International Relations* (England: Penguin Books, 1998), 27.

¹⁴⁸ Thomson, *England in the Twentieth Century*, 166.

¹⁴⁹ *Ibid.*

¹⁵⁰ *Ibid.*, 188.

World and the New Society, drafted by Laski and published in February 1942.¹⁵¹ It repeated the message of *Labour's Home Policy*; planning and controls should remain in place. The post-War had to guarantee full employment, social security, reconstruction, a reform of education and the establishment of a national health service.¹⁵²

Later that year the Beveridge Report on Social Insurance and Allied Services was published. It called for a comprehensive welfare state. It was met with scepticism by most Conservatives, but the Labour members of the War Cabinet pressed for a government commitment to the report. However, the government could only agree to make no pledge for or against legislation on the basis of the report.

However, when the matter came up for debate in Parliament in February 1943, 97 Labour MPs led by James Griffiths, voted against the government line, in defiance of the Labour whip. This split actually helped Labour, since it showed clearly which Party was more committed to the principles of what was an exceptionally popular report.¹⁵³ The Party supported the Education Act and the introduction of family allowances in 1944. In the same year, the government's White Paper on Employment committed the state to the maintenance of a high and stable level of employment'. Unlike Labour's published statement, *Full Employment and Financial Policy*, it did not commit the government to maintain controls once a full transition to peacetime had been made.¹⁵⁴

However, some important social legislation was passed even in Wartime, mainly because of Labour influence and pressure. Allowances

¹⁵¹ Thomson, *England in the Twentieth Century*, 166.

¹⁵² *Ibid.*

¹⁵³ *Ibid.*, 187.

¹⁵⁴ *Ibid.*, 190.

and pensions were raised; Ernest Bevin's Catering Wages Act¹⁵⁵ aimed at improving conditions in a notoriously backward industry. Beside, the Butler's Act of 1944¹⁵⁶ proved to be a landmark in British educational policy.¹⁵⁷ The Labour Party supported the 1944 Education Act, accepted a number of policies which looked to future generations decidedly compromised, such as the failure to enforce comprehensive schools at secondary level, the continuation of private education, the failure to set specific dates for the raising of the school-leaving age and the continuation of fees in direct grant schools.

The Act offered an end to the old system of elementary education: for the first time, all children would receive some secondary education. Further, fees for secondary schooling were abolished. There was a settlement of the thorny question of religious control of schools which had stymied Labour's earlier attempts to reform the system and cost it much in electoral terms. Though there was strong support for comprehensive education, many Labourites continued to see selection and grammar schools as positive, in so far as they allowed the brightest working-class children to gain an education similar to their social betters.

In 1942, when reconstruction was in the air, Churchill spoke of 'a dangerous optimism, growing about post-war conditions', but he could not prevent members of his government doing something about it. During that same year, William Beveridge produced his famous Report on the Social Services, the basis of the post-War Welfare State.

Two years later, the Coalition Government in a famous White Paper committed itself to the maintenance of 'Full Employment' after the War. It also produced plans for a national health service. On health, the Labour

¹⁵⁵ Wright, *The Ordeal of Total War 1939-1945*, 33.

¹⁵⁶ Thomson, *England in the Twentieth Century*, 191.

¹⁵⁷ Wright, *The Ordeal of Total War 1939-1945*, 38.

Party welcomed Wartime advances. Its ministers helped to draft the February 1944 White Paper which promised a national health service free at the point of use. But, both sides saw it as a consultation document rather than a definitive plan of campaign. The period between then and the end of the War saw the Conservatives retreating from the White Paper and returning to earlier, less comprehensive proposals, while Labour continued to press for its own distinctive policies, such as a salaried medical profession and provision of health centres.¹⁵⁸

By the spring of 1945, with Allied armies driving towards Berlin from both east and west, the position of Germany was hopeless. On the 7th May, the German High Command surrendered unconditionally. With the effective end of the European campaign, the question of the government's future became of immediate political importance.

Churchill favoured continuing the Coalition until the end of the War against Japan. Though his Party advisers, hoped to cash in on Winston's popularity and victory, favoured an immediate election. Herbert Morrison, acting leader of the Labour Party while Attlee was attending the opening sessions of the United Nations Organisation in USA. He favoured an October election in order to enable the electoral registers to be brought up to date.

However, when Attlee returned, he was given the choice by Churchill of either an immediate election or one after the defeat of Japan. Attlee personally supported the latter course; but the Labour Party Conference, then meeting at Blackpool, rejected this notion and demanded for an early election. Churchill then resigned on the 23rd May as head of the Coalition and formed a 'Caretaker' Government until the result of the general election, to be held on the 5th July, was known.

¹⁵⁸ Wright, *The Ordeal of Total War 1939-1945*, 38.

The NEC, in a statement to the December 1944 Party conference, declared that “there should be an election after the War’s end, and that the election must be fought on Party lines; there would be no repeat of the coupon election of 1918”. After Germany’s surrender in May 1945, there were those who favoured continuing the Coalition until Japan had been defeated. However, Churchill resigned immediately and was then reappointed as Premier of a ‘Caretaker’ government composed of Conservatives plus a few Liberal Nationals and non-Party figures. Parliament was dissolved on the 5th June, with polling to take place exactly a month later. The votes being counted on the 26th July to allow time for postal votes from members of the armed forces serving overseas to be sent to Britain.

The ex-coalitionists departed on friendly terms; but the mood changed once the election campaign got under way. The Conservative manifesto was called *Churchill’s Declaration of Policy to the Electors*, and it emphasised the need for continuity in government under Churchill’s leadership and ‘national’ policies.

The Labour’s programme, *Let Us Face the Future*,¹⁵⁹ indicated clearly what its programme of domestic legislation would be if back to office: nationalisation, full employment and improved social services. As far as the campaign was concerned, in his opening broadcast to the nation of the 4th June, Churchill argued that the return of a Labour Government would mean a Gestapo.¹⁶⁰ Attlee replied to these attacks calmly and the mood of the electorate was thus, quiet, serious and insular.

¹⁵⁹ Danièle, Frison, Nicole, Bensoussan, & Wesley, Hutchinson, *Civilisation Britannique Documents Constitutionnels*, 262.

¹⁶⁰ The Gestapo (secret state police) was the official secret police of Nazi Germany. Under the overall administration of the (RSHA) (head office of the security service) and was considered a dual organisation of the (security service) and a (security police). [http // : www. Labour, Org. uk/ Labour History/](http://www.Labour.Org.uk/LabourHistory/)

Churchill told the King that he expected a majority of 'between thirty and eighty'. The Labour leaders were rather pessimistic about their chances; and some prophesied a Liberal revival. When the results were declared, there was some surprise at the scale, if not entirely at the fact, of the Labour victory. The Labour took almost 12 million votes (48.0 per cent of that cast) and emerged with 393 seats, as against the Conservatives and their allies who had only 213. On the evening of the following day, Churchill resigned and Attlee accepted the King's commission to form a new government.

The Labour had polled well in all its core areas. It took 84 of the 111 seats in the Greater London area. No fewer than 143 Labour MPs now represented constituencies south of the Severn-Wash line. This all meant a great change in the Party's complexion; there was now no region of Great Britain where it did not have at least one MP. Even old Liberal areas like the southwest of England and rural north Wales's contained Labour MPs. The Labour Party took seats like Taunton, Winchester, Wycombe, Great Yarmouth, Dover and Watford. This was a real national performance and the Labour seemed to have arrived as a Party of the government.

The Labour Party had an overall majority of 146 seats. For the first time in its history, it had a real power in the House of Commons. Two-thirds of its members had entered the Commons for the first time and many were youngish professional men rather than working men; the number of trade-union members was now less than a third. The Parliamentary Labour Party was a 'national' Party, much more than either its predecessors especially its Conservative opponents.

The Labour's victory in 1945 was the result of two positive factors. First, it had proved itself, as a Party of government, able to deal with the major issues of domestic policy which preoccupied the electorate. Second,

because of Wartime experience, there was more support for collectivism,¹⁶¹ for planning, for a more egalitarian society; and all this fitted in closely with the ethos of the Labour Party. Moreover, these ideas now appealed also to groups outside the old working-class core of Labour voters. Hence, the Labour's victory in 1945 was also the result of deeper, more profound changes in society's attitudes.

In fact, the Conservatives suffered in the election from being the Party which had taken Britain into a long and difficult War. In addition, five years of full employment, fostered by government action, suggested that the National governments had been negligent in allowing mass unemployment to remain a feature of British life in the 1930s. It was registered that Lloyd George's promises of a better post-War world in 1918, had been dissatisfied by the selfishness of the Conservative MPs who were his main supporters. The polls agreed that Churchill had been a fine War leader, but there were misgivings about his future intentions. All this helped Labour.

At the same time, the Labour Party no longer seemed as sectional as it was in the 1930s. Its leaders were now well-known figures who had served effectively in government for five years. Churchill's attacks on Attlee during the campaign aroused sympathy for the latter and increased his public profile. Labour's policies were more credible and comprehensible than previously, as in 1918, the Party's main argument was the need to develop and extend the measures which had helped to win the War.

Young voters turned to the Labour. For them, unemployment was

¹⁶¹ Collectivism is a term used to describe any moral, political, or social outlook that stresses human interdependence and the importance of a collective, rather than the importance of separate individuals. Collectivists focus on community and society, and seek to give priority to group goals over individual goals. [http // : www. bbc.co.uk / history/](http://www.bbc.co.uk/history/)

associated with the Conservative dominated National governments rather than the 1929-31 Labour administration. Housing was also an issue which pressed particularly hard on young people and so Labour's past record in local and national government and its ongoing commitment to council housing, undoubtedly helped it.¹⁶²

The Labour Party increased its support among lower middle-class voters.¹⁶³ This was probably less significant than the rise in the working-class support. But social reform might benefit them too; and some sections of the middle class liked the Labour's emphasis on a big state, seeing in it opportunities of employment and status. To a certain extent, it might be argued, the Fabians' aim of a middle-class bureaucracy voting for Labour out of self-interest was being achieved. The Labour Party was elected to office in 1945 with probably its strongest ever team of leaders.

The War changed the structure of the workforce. The staple industries, especially coal mining and textiles, continued to decline.¹⁶⁴ However, some industries, like iron and steel, engineering and chemicals, benefited from advances in science and technology under the direct influence of military need. There were also advances in agriculture. For instance, in 1940 the government introduced a national minimum wage for agricultural workers. In return, farmers received guaranteed prices and regular price reviews which contributed to an overall increase in home-produced food from 42 percent of total consumption in 1938 to 52 per cent in 1945.¹⁶⁵

The extent of these changes made a strong case for greater state intervention. It was partly in the form of nationalised industries and partly

¹⁶² Wright, *The Ordeal of Total War 1939-1945*, 33.

¹⁶³ *Ibid.*

¹⁶⁴ Robert Pearce, *Attlee's Labour Governments 1945-51* (London & New York: Routledge, 1994), 70

¹⁶⁵ *Ibid.*, 70.

in the widespread adoption of Keynesian economics. These provided the essential infrastructure for the social changes, generated by the War, from the early welfare plans for the eventual establishment of the welfare state.

The War is also associated with numerous social developments. It brought revelations about the disparity in the standards of health care and provision and resulted in free school meals as well as the general provision of orange juice, milk and vitamins. There was, in addition, a considerable increase in maternity care and the Emergency Medical Service (EMS)¹⁶⁶ greatly expanded the number of beds available initially for service casualties and then for the population at large. The social landmark of the Second World War was the Beveridge Report, which was published in December 1942. This identified the five major deficiencies or 'giants' as Want, Disease, Ignorance, Squalor and Idleness. The intention was to substitute for the existing Social Insurance, based on Want, a new Social Security, which was intended to cover all five. There followed a series of formative measures in 1944, including *the White Paper on Health*, two others on Employment Policy and on Social Insurance and a new Education Act.

The size of mobilisation was considerable. For instance, by 1943 17.1 million¹⁶⁷ people were directly involved in the War effort, either in the armed forces, in the home defences or in the essential industries. This was bound to have a levelling effect on the social consciousness of the population, as did the unexpected impact of the policy of evacuation which started as an emergency measure and turned into a social issue. The public reception of the Beveridge Report was a key factor in accelerating the

¹⁶⁶ Pearce, Attlee's *Labour Governments 1945-51*, 70.

¹⁶⁷ *Ibid.*

social change. The Labour Government didn't ignore this Report's proposals during its 1945-1951 period in power.

Chapter Three

The Labour Party in Government and in Opposition 1945-1979

In 1945, the election result represented a turning point in British politics. For the first time, the Labour Party realised a landslide victory; a victory that meant Labour could for the first time form a government with an overall majority. For a Party which had suffered party divisions and disastrous electoral defeat in 1931, and won only 154 seats in the 1935 election, it was a splendid return.

The Labour government of Clement Attlee, up to 1951, was able to introduce a major programme of reforms shaping the character of British society in the early Post-War period. Subsequently, in the 1951 election, the Labour Party found itself back in opposition while the Conservatives won more seats. The Labour Party had lost again in 1955 and Attlee was replaced by the young right wing leader Hugh Gaitskell. Despite the change of direction and the apparent end of splits with the Bevanite Left,¹ the Labour Party saw its vote slide still further in 1959. After Gaitskell's death in 1963, the Party chose the young Harold Wilson as its new leader. He had managed to contrast himself with the ageing conservative Premier Sir Alec Douglas Home and took Labour back to power.

Harold Wilson headed two Labour governments, (1964-1970, 1974-1979), he was succeeded by James Callaghan (1976-1979). The end of Callaghan's government was marked by the Winter of Discontent, a period of serious industrial dissatisfaction. This was followed by the election of Conservative Margaret Thatcher in 1979.

¹ Beech, and Hickson, *The Struggle for Labour's Soul Understanding*, 24.

This chapter will discuss the extent to which the Labour reforms succeeded in making a modern Welfare State, and how significant the welfare reforms of the Labour Government 1945-1951 had on the lives of the British people. It will deal also with the defeat of the Labour Party in 1951, when it became split over the future direction of socialism. The Gaitskellite Right² of the Party led by Hugh Gaitskell wanted the Party to adopt a moderate social democratic position, whereas the Bevanite Left, led by Aneurin Bevan, wanted the Party to adopt a more radical socialist position. This split, together with the 1950s economic recovery and general public satisfaction with the Conservative governments of the time, prevented the Party to be in power for thirteen years. This chapter will deal with the Labour Party in opposition and then back to power with two governments led by Harold Wilson.

1. The Labour Government 1945-1951

The British people were invited to cast their votes in the last year of the Second World War. In the election held in the autumn of 1945, Labour won 393 seats against the Conservatives' 213 and the Liberals' 12.³ This was the first time that Labour had achieved an overall majority in Parliament and came as a surprise to the Conservatives, who had been relying on a vote of confidence in Churchill's leadership.

The Labour Party's participation in the First World War, the Conservatives' failure to convince electors and the Labour manifesto "*Let Us Face the Future*" (1945) were factors that led to the Labour Party victory. By 1945, the Party emerged with an impressive team of ministers

² Eccleshall and Walker, *Biographical Dictionary of British Prime Ministers*, 335.

³ Brian Brivati and Tim Bale, *New Labour in power: precedents and prospects* (London and New York: Routledge Taylor and Francis Group, 2001), 80-85.

who were active during the War, but their work was concentrated on domestic matters, particularly in reconstruction, the issue of most concern to the electorate.

Perhaps the most popular Labourites were Ernest Bevin, Herbert Morrison, Hugh Dalton, Stafford Cripps and Clement Attlee. The first was a trade union leader, who had not even been an MP before the War. He served as a successful Minister of Labour and National Service from 1940 to 1945. The second, Herbert Morrison was Minister of Supply in 1940 and shortly became Home Secretary after he succeeded Sir John Anderson. Hugh Dalton was Minister of Economic Warfare (1940-1942) and then President of the Board of Trade (1942-1945). The last two Labour men were Stafford Cripps and Clement Attlee; the latter served as a member of the War Cabinet for the duration of the coalition and as Deputy Prime Minister (1942-1945). Few Conservatives made a name for themselves during the War, though they had to bear the failures of the inter-war period, especially mass unemployment and foreign policy. The policy of appeasement which was conducted by Neville Chamberlain, Churchill's Conservative predecessor, damaged the Conservative Party re-election.

With the War ending by 1945, the National Government sought to call an election to return to a two party-system.⁴ As Churchill's personal popularity remained high, the Conservatives were confident of their victory and based their election campaign on this instead of focussing and paying attention to propose new programmes. Meanwhile, the Labour Party offered a new comprehensive welfare policy, reflecting a consensus that social improvements were required. The Conservatives were not willing to

⁴ Party system is the relationships between the political parties operating in a state. Unlike the one-party systems of the former Soviet Union and its eastern satellites, Britain, in common with other liberal democracies, offers voters a choice of party candidates in elections. Many European countries have multi-party systems (usually the result of a proportional system of representation), where more than two political parties either are competing for government or play a significant part in influencing government. Jones, *Dictionary of British Politics*, 206-207.

make the same concessions that Labour proposed, and for this reason appeared disjointed with public support.

To deal with the Conservative election strategy, Churchill went so far as to accuse Attlee of seeking to behave as a dictator. He attempted to create a horrific picture of the Labour Party by associating their rather mild form of socialism with totalitarian governments on the Continent:

I declare to you, from the bottom of my heart, that no Socialist system can be established without a political police... No Socialist Government conducting the entire life and industry of the country could afford to allow free, sharp, or violently worded expressions of public discontent. They would have to fall back on some form of Gestapo, no doubt very humanely directed in the first instance.⁵

In the same speech he added:

Leave these Socialist dreamers to their Utopias or nightmares. Let us be content to do the heavy job that is right on top of us. And let us make sure that the cottage home to which the Warrior will return is blessed with modest but solid prosperity, well fenced and guarded against misfortune, and that Britons may remain free to plan their lives for themselves and those they love.

This speech, which was widely reported by the media, showed that Churchill was unable⁶ to adjust his talents as a war leader to the demands of political campaigning.

In fact, the greatest factor in the Labour Party's dramatic win appeared to be the policy of social reform. In one opinion poll, 41 percent of respondents considered housing to be the single most significant issue that confronted the nation.⁷ The welfare state, founded on the Beveridge report, offered a dramatic turn in British social policy, with provisions for the nationalised health care, extended education, national insurance and a new housing policy. The Labour Party, which proclaimed its 1945

⁵ Brivati and Bale, *New Labour in Power*, 114.

⁶ Beech, and Hickson, *The Struggle for Labour's Soul Understanding*, 11.

⁷ *Ibid.*

manifesto '*Let Us Face The Future*', was seen as a Socialist Party and was proud of it.

1.1. Attlee and His Ministers

The Attlee government ruled from 26 July 1945 till 26 October 1951. Ernest Bevin was Foreign Secretary until shortly before his death in April 1951. Hugh Dalton became Chancellor of the Exchequer until 1947 when he had to resign, while James Chuter Ede was Home Secretary for the whole length of the Party's stay in power.

Other remarkable figures in the government included Herbert Morrison, Deputy Prime Minister and Leader of the House of Commons, who replaced Ernest Bevin as Foreign Secretary in March 1951; Sir Stafford Cripps, initially President of the Board of Trade, who replaced Dalton as Chancellor of the Exchequer in 1947. Arthur Greenwood was Lord Privy Seal and Paymaster General and future Prime Minister Harold Wilson became the youngest member of the Cabinet in the 20th century when he was made President of the Board of Trade in 1947 at the age of 31. The most famous of the few female members of the 1945 government was Ellen Wilkinson, who was Minister for Education until her death in 1947. Patrick Gordon Walker served in the government as Commonwealth Secretary in 1950. But the two key figures were Aneurin Bevan who became Minister of Health in 1945, and Hugh Gaitskell who became the first Minister of Fuel and Power in 1947 and then Chancellor of the Exchequer in succession to Cripps in 1950.

Only five key members formed the Big Five, Ernest Bevin, Herbert Morrison, Hugh Dalton, Stafford Cripps and Clement Attlee. The latter had

become the Party Leader since 1935⁸ and led the Labour Party to victory. Indeed, he defeated the Conservatives who were headed by the charismatic War hero, Churchill. Once the results of the 1945 general election became known, Attlee was urged to stick out for re-election by the Parliamentary Labour Party (PLP) before accepting George VI's invitation to organise a government. It was an attempt by the Labour politicians to replace him by a bigger personality as Herbert Morrison as Party leader and later as Prime Minister.

Yet, Attlee's public profile increased during the election campaign because of Churchill's backfiring attacks. The latter immediately resigned and advised the King to send for Attlee who accepted the commission and presented Labour MPs with a *fait accompli*. Morrison was appointed Lord President of the Council to act as *de facto* Deputy Prime Minister and co-ordinator of domestic policy.

Clement Attlee, the first one of the Big Five was a reformer. He entered politics by way of social work in the East End of London. He wished to see a more caring and more equal and stable society. According to Eric Show, Attlee lacked substantial understanding of economics, he only took in the humility to recognise deficiencies and require the advice of those better qualified than him. In that, he was the contrast of Ramsay MacDonald. He was always well-informed, and everyone recognised that he was powerful and efficient.⁹ Above all, he was an excellent chairman of the Cabinet with a remarkable ability to get through an agenda and to silence over talkative colleagues. Since democracy means government by discussion, Attlee was aware that unless people knew when to stop talking,

⁸ Lyman, "The British Labour Party: The Conflict Between Socialist Ideals and Practical Politics Between the Wars", 10.

⁹ Ibid., 10.

democracy could degenerate into a discussion without government.¹⁰

The second one was Ernest Bevin. He was also extremely imaginative and an administrator of outstanding skill. He was called the finest negotiator of his contemporaries.¹¹ One reason Attlee sent Ernest Bevin to the Foreign Office was to minimise clashes with Herbert Morrison who as Leader of the House of Commons and Lord President of the Council, had overall responsibility for domestic affairs.

The third one was Herbert Morrison. He was a successful Leader of the London County Council in the 1930s and an equally successful Home Secretary during the Wartime coalition.¹² In addition, he was behind the Labour Party's 1945 election strategy and had practically written its manifesto.

The fourth member of the 'Big Five' was Hugh Dalton who was appointed by Attlee as Chancellor. He was educated at Eton and King's College, Cambridge and appeared as a class traitor to his Conservative enemies. He imposed redistributive taxation in order to reduce inequality. He was one of the few ministers determined to press for the nationalisation of the steel industry. The last member of the 'Big Five' was Sir Stafford Cripps who was identified with economic austerity that marked the late 1940s.

Above all, Attlee was lucky that his two main rivals for the leadership, Ernest Bevin and Herbert Morrison were bitter enemies who preferred to serve under him than under each other. So, two different trends appeared in the government, represented respectively by Herbert Morrison

¹⁰ Nigel Todd, "Labour Women: A Study of Women in the Bexley Branch of the British Labour Party (1945-50)". *Journal of Contemporary History* 8.2 (1973): 159–173. Retrieved from <http://www.jstor.org/stable/259998>, 14.

¹¹ Todd, "Labour Women: A Study of Women in the Bexley Branch of the British Labour Party (1945-50)", 14.

¹² Beech, and Hickson, *The Struggle for Labour's Soul Understanding*, 210.

and Aneurin Bevan. Herbert Morrison believed that the Labour Party would only be re-elected if it won a proportion of middle-class votes while Aneurin Bevan believed that socialism meant not mere piecemeal reform but, the transformation of society. In 1948 Herbert Morrison's recipe for victory was consolidation rather than nationalisation of further industries, Labour should make sure that those already brought into public ownership were working well and for the public interest.

Aneurin Bevan did not like to consider the nationalisation of the whole of the means of production, distribution and exchange, but considered that in a mixed economy the public sector should be predominant. After the 1950 election, Morrison was removed from direct confrontation with Aneurin Bevan by becoming Foreign Secretary after Ernest Bevin's removal because of his illness. Hugh Gaitskell faced a battle occurred which he considered a fight for the soul of the Labour Party. The battle was about the Labour Party's ideology.

Hugh Gaitskell, educated at Winchester and New College, seemed unemotional and highly self-controlled. Aneurin Bevan believed that intellectuals like Hugh Gaitskell, with no real roots in the Party, did not understand ordinary working masses. He feared that under such figures as the new Chancellor, socialism would degenerate into administrative efficiency.¹³ On the other hand, Gaitskell insisted that Labour had to be a coalition of different interests and should not be devoted to a class which will lose its traditional character and becoming more diverse. He believed that the Party should be modernised and he was later to urge that Clause IV be dropped from the Party's constitution.¹⁴ If Aneurin Bevan was a 'fundamentalist' and Morrison was a 'consolidationist', Gaitskell tended to

¹³ Eccleshall and Walker, *Biographical Dictionary of British Prime Ministers*, 314.

¹⁴ Geoffrey Ostergaard, "The Transformation Of The British Labour Party". *The Indian Journal of Political Science* 24.3 (1963): 217-238. Retrieved from <http://www.jstor.org/stable/41853974>, 10.

be a revisionist.¹⁵ Aneurin Bevan and Gaitskell embodied the fundamentalist and reformist or socialist and social democratic trends in the Labour Party.

The government's reform programme achieved much of the welfare state. Twenty per cent of the industry was nationalised, but this very success made it harder for the two wings of the Party to cohere on the basis of an agreed programme. The Labour Party had to make up its mind about its socialism.

1.2. The Economy under The Labour Government 1945-1951

The period witnessed a move from macro-economic¹⁶ policies to economic survival under Hugh Dalton as Chancellor of the Exchequer (1945-47) who was successively succeeded by Stafford Cripps (1947-50) and later Hugh Gaitskell (1950-1).¹⁷ The last two were more influenced by neo-Keynesianism with the school of macro-economic thought¹⁸ than by any visions of centralised economic planning. This type of policy was different from what was obviously carried out by a Conservative government.

The War had cost Britain about a quarter of its total wealth, a threefold increase in the national debt and the decline of exports by two-thirds.¹⁹ Therefore, the priority had to be a short-term reconstruction

¹⁵ Revisionism is the name given to the ideas of those in the Labour Party who disagreed with members who wished to extend the programme of Clement Attlee's 1945 Labour government into the 1950s and beyond. Those who conducted the rethink were intellectuals for the most part and included Hugh Gaitskell, Anthony Crosland, Denis Healey and Roy Jenkins. Jones, *Dictionary of British Politics*, 246.

¹⁶ Macroeconomics is a branch of economics dealing with the performance, structure, behavior, and decision-making of an economy as a whole rather than individual markets. Jones, *Dictionary of British Politics*, 224.

¹⁷ Alan Fox, "The British Labour Party After the Elections". *The Australian Quarterly* 32.1 (1960): 13–20. <http://doi.org/10.2307/20633588>, 02.

¹⁸ *Ibid.*

¹⁹ Hawkesworth, and Kogan, *Encyclopedia of Government And Politics*, 160.

accomplished by any means available, including overseas investments and loan assistance.

Britain was heavily reliant on the provision of Lend-Lease assistance from the USA.²⁰ The end of the War with Japan in August 1945 was followed by the equally abrupt termination of Lend-Lease. A massive crisis loomed and a British delegation under Keynes set off for Washington to negotiate a loan. Agreement was finally reached in December 1945 on a loan of \$3,750,000 from the USA and \$1,250,000 from Canada.²¹ However, this was reversed during the harsh winter of 1947 which witnessed several crises. One was the run on Sterling, which forced the suspension of the earlier policy of putting the pound on convertibility with the dollar.²² There were also a fuel shortage, a trade deficit of £500 million and a fall in the reserves by £1,000 million.²³ The loan allowed the government to push ahead with social and economic reforms so as to maintain domestic living standards. When convertibility was introduced in July 1947, the pound collapsed and the result was a sterling crisis and the suspension of convertibility after just five weeks.

Attlee appointed Stafford Cripps as Minister of Economic Affairs and set up a new committee of the Big Five plus Addison, leader in the Lords, to deal with major issues.²⁴ Stafford Cripps was appointed to the Board of Trade by the 31-year-old Harold Wilson. Then, in November, Hugh Dalton told budget secrets to a journalist and resigned. He returned to

²⁰ The Lend-Lease policy was a program under which the United States supplied Free France, the United Kingdom, the Republic of China, and later the USSR and other Allied nations with food, oil, and materiel between 1941 and August 1945. This included warships and warplanes, along with other weaponry. It was signed into law on March 11, 1941 and ended in September 1945. In general the aid was free, although some hardware (such as ships) were returned after the war. In return, the U.S. was given leases on army and naval bases in Allied territory during the war. Canada operated a similar smaller program under a different name. [https:// www. Britannica.com/ Lend-Lease](https://www.Britannica.com/Lend-Lease).

²¹ Ostergaard, "*The Transformation Of The British Labour Party*", 12.

²² Ibid.

²³ Mark Phythian, *The Labour Party, War and International Relations 1945–2006* (London and New York: Routledge Taylor and Francis Group, 2007), 26.

²⁴ Phythian, *The Labour Party, War and International Relations 1945–2006*, 27.

the Cabinet the following year in a minor post. The Treasury passed to Stafford Cripps who combined Economic Affairs with the Exchequer.²⁵ Ultimately, Cripps replaced Hugh Dalton as Chancellor. Judged on its own terms, his tenure at the Treasury was probably the finest period of his varied career. His ascetic lifestyle fitted well with the nation's need to tighten its belt.²⁶ Even so, the crucial assistance again came in 1948 from the United States, in the shape of Marshall Plan (1948),²⁷ which aimed to revive Western Europe and see off the Communist threat. Britain received around \$2,700,000 until the end of 1950, by time the situation had improved.²⁸

However, a policy of austerity and rationing, normally associated with Cripps, proved essential. Therefore, The Government's first priority was economic survival which meant survival of existing economic arrangements. The government encouraged the export of capital to replace the overseas investments that had been used in financing the War effort.²⁹ All three of the Labour chancellors continued to use the time-honoured medium of the budget to exert financial control, an emphasis that was to be retained by the Conservatives after 1951.

Yet, another sterling crisis during the spring of 1949 occurred when the balance of payments position began to take a turn for the worse. With Cripps being absent and ill, three young ministers, all economists, Hugh Gaitskell, Harold Wilson and Douglas Jay, were forced to recommend devaluation. Cripps and the Cabinet agreed. Thus, on the 18th September

²⁵ Phythian, *The Labour Party, War and International Relations 1945–2006*, 27.

²⁶ Lyman, "The British Labour Party: The Conflict Between Socialist Ideals and Practical Politics Between the Wars", 09.

²⁷ Ibid.

²⁸ John Dumbrell, *A Special Relationship Anglo-American Relations in the Cold War to Iraq* (London and New York: Palgrave Macmillan, 2006), 231.

²⁹ Ibid.

1949 the pound was devalued from \$4.03 to \$2.80.³⁰ Unlike in 1931, the government did not panic, remained united. The government was able to push ahead with its policies for industry and social reform in such a potentially delicate situation.

As a result of the economic crisis in the United States and a run on sterling, Cripps responded by a 30 percent decrease in the value of the pound. Exports increased rapidly, to the extent that by 1951 they were half as heavy again as they had been in 1938. Cripps tried to consolidate this by means of public spending cuts on areas such as housing and food subsidies. Then, during Gaitskell's Chancellorship, Britain was once again confronted to a deficit in the balance of payments, caused by heavy imports from the Continent and speculation over the pound.³¹

The main deficiency was industrial, particularly the absence of industrial investment. The British industry appeared antiquated in many respects before and during the War, especially in terms of machinery and the training and education of the workforce. During the War, the Cabinet Reconstruction Committee had argued that the modernisation of the motor industry needed to be carried out within a period of eight to ten years. However, after 1945 this type of recommendation was not accorded as a priority in Britain as on the Continent.

The programme of nationalisation was based on Clause IV of the Labour Party constitution of 1918, advocated the common possession of the means of production, distribution and exchange. The 1945 manifesto had promised an extensive round of nationalisation: the Bank of England, fuel and power, inland transport and iron and steel would all be taken over by the State with fair compensation paid to the owners, and be run

³⁰ Dumbrell, *A Special Relationship Anglo-American Relations in the Cold War to Iraq*, 231.

³¹ Iain Dale and Dennis Kavanagh, *Labour Party General Election Manifestos 1900-1997* (London and New York: Routledge Taylor and Francis Group, 2002), 86.

efficiently in the interests of consumers, coupled with proper status and conditions for the workers employed in them.³²

The Bank of England and civil aviation were nationalised in 1946; coal, rail, road haulage and cable and wireless in 1947; and electricity and gas in 1948. Most of these measures were relatively uncontroversial although there was strong Conservative opposition in the House of Commons over road haulage and gas. However, the nationalisation of iron and steel was based particularly on political and ideological objectives. The issue divided the Cabinet, with Morrison and others favouring full public ownership and some like Dalton, favouring postponement. Finally, the legislation nationalising the industry was passed.³³

The industries were to be run by boards appointed by the minister but free from ministerial interference in day-to-day affairs. But the claim that each nationalised board should operate its industry on business lines meant a general lack of coordination between the industries. Even worse, the latter varied in the administrative arrangements, some being rather less centralized than others and most adopting different regional coverages.³⁴

Furthermore, there was no attempt to redistribute the balance of power within the industries. No attempt was made at trade union representation on the boards, let alone the workers' control. Despite the facts that many of the industries were heavily unionised, in the case of coal, one union spoke for the entire workforce and that some people on the Left were demanding it.³⁵ The government did not take such proposals seriously.

On a Party political level, joint consultative committees during the War had proved effective with wholehearted workforce and union

³² Dale and Kavanagh, *Labour Party General Election Manifestos 1900–1997*, 54.

³³ *Ibid.*, 55.

³⁴ *Ibid.*

³⁵ *Ibid.*

participation. Some experiments in workers' control were tried at regional level with the aim of extending them if they proved successful or abandoning or modifying them if they did not. Instead, the public corporation model carried all before it was seen as having led to poor industrial relations and, after a very brief honeymoon period, to low levels of workers' commitment to the principle of nationalisation.

1.3. Labour's Social Reforms 1945-1951

The government introduced a variety of reforms between 1945 and 1951. The welfare state was based on eight main measures. The first two of these were the National Health Service Act (1946)³⁶ and the National Insurance Act (1946).³⁷ The first one provided for universal free medical treatment from general practitioners and dentists. Hospitals were nationalised and administered by local management committees and regional boards. The second one provided sickness and unemployment benefit for all adults, together with pensions on retirement, at 65 for men and 60 for women. These were paid by contributions from workers, employers and the state. The National Assistance Act (1948) provided a safety net for anyone not fully handled by National Insurance and also introduced services for the elderly or handicapped.

The 1944 Education Act introduced the 11-plus examination for selection of grammar school pupils. Both the New Towns Act (1946) and the Town and Country Planning Act (1947) allowed the government to designate and to find areas as new and modern towns. The last two were the Family Allowances Act (1945) and the National Insurance Industrial

³⁶ *The Hutchinson Illustrated Encyclopaedia*, 673.

³⁷ Dick, *A Century of Premiers Salisbury to Blair*, 187.

Injuries Act (1946).³⁸ The latter provided a system whereby, in return for regular contributions, the worker would be entitled to compensation for injury or to disability pensions.

The minister responsible for the health sector was Aneurin Bevan. He had considerable administrative ability and drive. Although a national health service was already on the political agenda, there was still a great deal of dispute as to its exact nature and scope.

In late 1945 the Cabinet agreed to a draft bill to nationalise hospitals which would be administered by regional boards, getting them out of the control of local authorities and voluntary bodies. However, there were substantial concessions to the medical profession, including the preservation of capitation fees, instead of the introduction of salaries for doctors, and the maintenance of private practice and pay-beds in NHS hospitals. The bill passed its second reading in May 1946. The doctors remained unhappy and there followed almost two years of wrangling with the British Medical Association, which only ended in April 1948 when Aneurin Bevan announced that there was no question of a move towards a salaried medical profession. The service, free at the point of employment, now came formally into operation.³⁹

Many of the proposals had been derived from the Beveridge Report and the Labour Party's programme during the Wartime coalition. Two further developments emphasized the scope of Labour's changes. One was the emphasis on arrangements being comprehensive and universal in the case of the NHS, free. Second, the state played a more central role in administering all the schemes. Nationalisation was a means of achieving the medical side of the welfare state. It was intended by Aneurin Bevan that

³⁸ Dick, *A Century of Premiers Salisbury to Blair*, 187.

³⁹ *Ibid.*, 186.

GPs should also come under state supervision, although this eventually had to be abandoned because of the opposition of the BMA. The application of the insurance schemes was directed by the administration and not by insurance companies, while the cost of the NHS was borne by general taxation, a new departure in financing the welfare state.⁴⁰

The Labour government overcame opposition and won the support of the people. This in itself was a major achievement. The revolt in 1948 by the BMA threatened the very foundations of the new welfare state. The NHS was opposed by 40,814 members and supported by only 4,734.⁴¹ Aneurin Bevan conducted sensitive negotiations with the BMA, denying that he intended to turn doctors into civil servants. The BMA eventually agreed to a compromise whereby doctors would receive a salary from the NHS, but could also take private patients. Meanwhile, the British public remained firmly attached to the welfare state more than to nationalisation.

The selection of Aneurin Bevan for the Ministry of Health in 1945 was certainly Attlee's most daring appointment. It was also one of his most successful. Aneurin Bevan proved a highly competent and constructive minister. The inauguration of the National Health Service in 1948, arguably Labour's greatest achievement, owed a great deal to him.

The War exerted pressure so as to build up to do something about social security. Here, another Welshman, James Griffiths, Minister of National Insurance, piloted the National Insurance Act through Parliament in 1946. Under this Act, people at work paid a flat-rate national insurance contribution, in return for which they and the wives of male contributors were eligible for flat-rate pensions, sickness benefit, unemployment benefit and funeral benefit. This was followed in 1948 by the National Assistance

⁴⁰ Goodman, *From Bevan to Blair Fifty Years' Reporting from the Political Frontline*, 82.

⁴¹ *Ibid.*

Act, which gave financial help to those with no other source of income.⁴²

Rates of benefit were not set at a realistic rate of subsistence.⁴³ However, Labour was under pressure, not least from working-class voters, to ensure that money was not wasted; and the insurance principle was generally accepted as fair.⁴⁴ Finally, Labour's continuing concentration on the world of work meant that minds focused most on unemployment benefits. Here the argument was that in a situation of full employment and labour shortages, there was no real problem if benefits were pitched rather on the low side.

With reference to education, the 1944 Education Act provided free secondary education to the age of 15. This was based on examination at 11 leading to a tripartite division between education in grammar, secondary modern and technical schools. The LEAs were also to provide for meals, milk and medical services. By 1951, the Party policy was moving away from selection and towards comprehensivization.

The Labour's social changes involved the growth of administrative costs which in 1951 necessitated the imposition of prescription charges. This decision provoked an internal dispute of the whole administration as Aneurin Bevan, Harold Wilson and John Freeman resigned from the Cabinet. There were also missed opportunities - not least in education. It is true that Labour's hands were tied by the 1944 Education Act. However, they lost the chance to influence the future of education or considered the possibility of comprehensive schools, in which the majority of ministers really believed. They also failed to come to terms with independent schools, leaving a legacy of growing hostility towards them. Finally, ministers showed little knowledge of educational theory: they accepted in

⁴² Goodman, *From Bevan to Blair Fifty Years' Reporting from the Political Frontline*, 82.

⁴³ *Ibid.*

⁴⁴ Foster, *British Government in Crisis or The Third English Revolution*, 48.

its completely the Norwood Report of 1943⁴⁵ upon which the 1944 Act was based. Indeed, it was probably disillusionment with secondary modern schools and concern about the 11 plus which alienated substantial numbers of the lower middle class who had been persuaded to vote Labour in 1945.

By the end of the War, housing became seriously an important issue. Enemy action, lack of repairs during Wartime and the virtual cessation of new building or five years had all taken their toll. There was a massive shortage of housing units while many existing houses had become slums. Many local authorities entered peacetime with high hopes of rapid progress but these hopes were soon dashed. In Hull, for example, it was estimated that there was a shortfall of 32,000 dwellings and the corporation aimed to build 5,000 in the first post-war year. However, shortages of materials and labour, and confusion at the centre did not allow the city from building more than 1766 permanent and 2457 temporary dwellings by 1950.⁴⁶

A major programme of Aneurin Bevan's Ministry of Health to replace the housing shortfall caused by the War improved living conditions. The environment was enhanced by two measures, the New Towns Act (1946) and the Town and Country Planning Act (1947). By the first the government assumed responsibility for planning for new areas of urbanisation, thereby avoiding the squalor associated with older conurbations. The results were fourteen new towns established between 1945 and 1951, including Stevenage, Hemel Hempstead and Harlow.⁴⁷ A year later, the Town and Country Planning Act required from the local authorities to create development plans for rural areas and maintain the local heritage where appropriate. But, Labour's record in housing was

⁴⁵ Foster, *British Government in Crisis or The Third English Revolution*, 48.

⁴⁶ Goodman, *From Bevan to Blair Fifty Years' Reporting from the Political Frontline*, 79.

⁴⁷ *Ibid.*

perceived as less successful.⁴⁸

By the end of 1947 fewer than 200,000 permanent dwellings had been completed since 1944. Although just over 200,000 were completed in each of the succeeding four years, these figures were not approaching the annual average figure of 361,000 dwellings for 1934-38.⁴⁹ By 1951, there was a shortfall of over a million housing units. In so far as 79 per cent of the new housing was owned by local authorities, though the Party was clearly adding further to its clientage up and down the country.⁵⁰

Labour's record on social policy was generally sound with clear success in the creation of the National Health Service. But Labour had at least set out the parameters of a system of state welfare more extensive than anything previously known in Britain. This system, though it can be criticized, improved the life-chances of most of the population. The War and its aftermath almost doubled the number of civil servants and the state had taken on new roles in wide areas of the nation's life. Yet Labour in power did not really address any of the constitutional implications of these developments. At the same time, Labour perhaps became too satisfied about its achievement and was to fail in later years adequately to reflect on where improvements were still needed.⁵¹

1.4. Attlee Government Foreign Policy

Deteriorating relations with the USSR and increased warmth between Britain and the USA meant events were moving away to the Left. Suspicion of Soviet aims increased rapidly. In 1948, the Communist coup

⁴⁸ Tim, *Stakeholder Housing A Third Way*, 236.

⁴⁹ Ibid.

⁵⁰ Goodman, *From Bevan to Blair Fifty Years' Reporting from the Political Frontline*, 82.

⁵¹ Ibid.

in Czechoslovakia, the creation of the Communist Information Bureau, Moscow's break with Marshal Tito in Yugoslavia and the Soviet blockade of Berlin all suggested that the USSR intended to strengthen its grip on its sphere of influence in eastern and central Europe. Anti-Communist feeling was further strengthened by the Communists' victory in China in 1949 and the announcement that the Soviet Union had developed its own atomic weapons. By 1948, many Labourites had been criticizing Ernest Bevin admitted that there was now no real prospect of co-operation with the USSR.⁵²

Meanwhile, relations with the USA improved. At first, there had been very real fears that America would withdraw into isolation, as had happened at the end of the First World War. Relations were not improved by the abrupt termination of Lend-Lease in 1945 and the stringent terms of the American loan agreed in early 1946. It was partly uncertainty about future American intentions that led a small group of Cabinet ministers to decide, in January 1947, to develop an independent British nuclear weapons capacity.⁵³

However, matters soon began to ease with the help of the Soviet threat. When, in February 1947, Ernest Bevin told Washington that Britain could no longer aid Greece and Turkey, the Americans agreed to take over those responsibilities. They also accepted the suspension of sterling convertibility in August 1947. Marshall Aid was warmly welcomed in 1948 and Britain's withdrawal from Palestine in the same year removed a source of tension. And in April 1949, the North Atlantic Treaty Organisation

⁵² Tim, *Stakeholder Housing A Third Way*, 236.

⁵³ *Ibid.*

(NATO)⁵⁴ was formed, for the first time binding Britain and the USA together in a formal peacetime alliance. It guaranteed its member states against external aggression and the basis of British foreign policy to the present day.

There were contradictions about foreign policy. At one extreme were India and Palestine.⁵⁵ The Labour hoped at first that India would continue gradual political development to become a single entity within the Commonwealth. However, a British mission under Cripps in 1946 made little progress, and it became clear that British rule was breaking down rapidly. In March 1947, the decision was taken to withdraw in order to prevent a disaster. Indeed, the process was completed in August of the same year. Although withdrawal was presented as a victory for common sense, it was followed by a massive ethnic conflict which claimed up to a million lives and produced millions of refugees. The ultimate result was partition into a largely Hindu India and a mainly Muslim Pakistan. This, in fact, was just the opposite of what the government had wanted.

On the other hand, withdrawal from Palestine the following year was also attended with massive violence. Both withdrawals were prompted more by expediency than by principle. The British left behind many problems which were only solved by bloodshed. Mahatma Gandhi, the father of free India and of freedom movements everywhere, who was assassinated months after independence, ended years of British Raj, and King George VI would be the last British monarch to put himself emperor of India.

⁵⁴ North Atlantic Treaty Organisation (NATO) is a military and political alliance established in 1949. After the Second World War, the perceived threat of the Soviet Union encouraged Britain and then the USA to take defensive measures. Marshall Aid was designed by the USA to strengthen European economies against the internal threat of communism. Jones, *Dictionary of British Politics*, 190-191.

⁵⁵ Ritchie Owendale, "The Palestine Policy of the British Labour Government 1945-1946". *International Affairs (Royal Institute of International Affairs 1944-)* 55.3 (1979): 409-431. <http://doi.org/10.2307/2615148>, 03.

The loss of India did not really end British Empire. Ernest Bevin argued that, if the resources of Britain's African colonies could be fully exploited, it might be able to rival the USA as a superpower.⁵⁶ There were attempts both to develop the colonies as markets and as sources of raw materials and to increase their dollar-earning potential in the interests of the home country. The results were, first, a series of attempts to locate and extract mineral resources and to propagate new crops. The most spectacular example was the fiasco and public humiliation for the government which attended the attempt to grow groundnuts in Tanganyika. And second, the closer binding together of the sterling area. The latter development was significant, especially for the future. Overall, the result was that Britain 'actively and blatantly exploited colonial producers'; bulk buying meant producers were getting less than the world price for their goods while the terms of trade were deliberately turned in Britain's favour.⁵⁷

Immigration increased from the new Commonwealth, particularly from the West Indies. In 1948, a number of Jamaicans arrived to look for work in Britain during the period of Labour shortage. Eleven Labour MPs demanded an immediate ban on immigration. More generally, many trade unions saw it as a threat to employment prospects and wage levels, and many union branches refused to accept black workers as members. Although, in February 1951, 97 Labour MPs signed a Commons motion demanding racial equality throughout the Commonwealth, the government's attitude remained hesitant and no attempt was made to legislate against racial discrimination.⁵⁸ The Labour Party's problems with the issue of race were beginning to expose themselves.

⁵⁶ Thomas Benjamin, *Encyclopaedia of Western Colonialism since 1450* (USA: Macmillan Reference Volume 1A-E, First Edition, 2007), 198.

⁵⁷ Benjamin, *Encyclopaedia of Western Colonialism since 1450*, 198.

⁵⁸ Brivati and Bale, *New Labour in power*, 84.

1.5. The 1950 and 1951 General Elections

Attlee decided to hold in February 1950 the general election. The latter resulted in 315 seats for Labour, 298 for the Conservatives, 9 for the Liberals and 3 for the other parties.⁵⁹ This result was a disappointment to Attlee who had hoped for more than a majority of 10. The main reason for the slide in seats since 1945 was the reduction in the support of the middle class from 21 per cent to 16 per cent. The effects of the War in radicalizing this part of the population had clearly worn off, even though the support of the working class was as firm as ever.

The 1951 general election was held soon after the 1950 one which the Labour Party won, but with a very slim majority. Attlee called an election on 25 October 1951, hoping to win more seats but the Conservative Party won with by a small majority, making Winston Churchill Prime Minister for the second time.

The 1950 general election campaign was not very inspiring. The Labour Party's manifesto was about consolidation with proposals for further nationalisation confined to sugar, cement and water supply.⁶⁰ The Conservatives had improved their organisation greatly and had also done enough in the presentation of their policies to suggest that they would not, if elected, start a headlong dismantling of all what the Labour Party had done.

The results were not terribly favourable to Labour since it emerged with an overall majority of just five seats, with 315 to the Conservatives' 298. This was not such a bad performance; only the elections of 1945 and 1966 had left Labour in a stronger Parliamentary position and with 46.1 per cent of the votes cast, the Party was some way ahead of the Conservatives'

⁵⁹ Brivati and Bale, *New Labour in power*, 84.

⁶⁰ *Ibid.*, 189.

43.5 per cent. However, the loss of 78 seats compared with 1945 was disappointing, and the fact that there were only nine Liberals and three others meant that Labour's room for Parliamentary manoeuvre was very limited.

Three major factors seem to have pulled the Labour Party from its 1945 heights. First, some middle-class electors who had voted Labour or abstained in 1945 now voted Conservative. The proportion of non-manual workers voting Labour fell from 28 per cent in 1945 to 23 per cent. The Labour support among men where it had a massive lead over the Conservatives in 1945 collapsed more than its support among women, 55 to 47 per cent and 46.5 to 43.5 per cent respectively.⁶¹ Second, the Conservatives had greatly improved their image and organisation. Finally, the redistribution of seats carried out in 1949 affected the Labour Party by taking seats from its declining heartlands, especially in inner-city areas and giving them to the suburban areas which had burgeoned since 1918. On the whole, the Labour's losses were heavy in the areas of the big towns, particularly in London'.

2. Searching for a New Direction 1951-1964

After the Conservatives' victory in the 1951 election, it was believed that the Labours would be able to regroup in opposition. However, they had to wait until 1964 to be able to return to the office with an overall majority of only five.

The Conservatives could stay in power for so long because they obtained the mixed economy, the welfare state and total employment. The Conservatives were capable to gain cheap popularity for lifting the

⁶¹ Fox, *"The British Labour Party After the Elections"*, 02.

remaining controls and rationing, and then introduce themselves as the Party of freedom as opposed to that of austerity.

The Conservative government constructed houses where the pledge to build 300,000 houses a year was fulfilled, in abrupt contrast with Labour's performance.⁶² By 1955, the Conservatives could point to prosperity and contrast it with the perceived austerity of Labour's time in office.

During the Conservative's rule, Labour's splits remained as deep in opposition as in Office. Attlee 68 years old, clung on to the leadership, but Morrison, 63, would be too old to succeed him. Passed on the alienation of Aneurin Bevan, there appeared to be few other likely contenders.

The catalyst for the dispute for leadership was the Korean War⁶³ and the massive re-armament programme which the Attlee Government agreed to in response to American pressure in 1951. This led to the resignation of Aneurin Bevan, Harold Wilson and John Freeman from the Labour Government in April 1951 and the beginning of the bitter internal dispute between the Gaitskellite right and the Bevanite left which consumed so much of the Party's energy and time between 1951 and 1957.

As Minister of Health from 1945 to 1951, Aneurin Bevan was proud of his great achievement in the National Health Service and ready to defend its principles. But when the newly appointed Chancellor of the Exchequer, Hugh Gaitskell, decided to impose charges on teeth and spectacles in order to help pay for the projected vast programme of rearmament, Aneurin Bevan let it be known to Attlee that this was for him a resigning issue. The

⁶² Lynch, *The Politics of Nationhood Sovereignty, Britishness and Conservative Politics*, 137

⁶³ The Korean War (25 June 1950 – 27 July 1953) began when North Korea invaded South Korea. The United Nations, with the United States as the principal force, came to the aid of South Korea. China, with assistance from the Soviet Union, came to the aid of North Korea. The war arose from the division of Korea at the end of World War II and from the global tensions of the Cold War that developed immediately afterwards. [https:// www. Britannica.com/ Korean_ War.](https://www.Britannica.com/Korean_War)

charges would raise 23 million pounds in a year, a trivial sum in relation to the planned arms budget of £4,700 million over three years, but by insisting on pressing health service charges Gaitskell knowingly and unnecessarily provoked the crisis.⁶⁴ Aneurin Bevan and his supporters were right about the rearmament programme, too. It proved, as they said, to be a burden too heavy for the British economy. The Conservatives, once they had returned to power in 1951, lost no time in cutting back. Bevanism came into existence with Aneurin Bevan's resignation from the Government, and the conflict between Left and Right dominated. It seriously damaged the Labour Party for the next five years. It was both an ideological conflict and a struggle over the Party leadership.

Attlee's leadership retirement in 1955 put an end to this conflict. Gaitskell won the leadership election with an outright majority of Labour MPs' votes over his two rivals, Aneurin Bevan and Herbert Morrison. In the course of the following year Aneurin Bevan came to terms with Gaitskell as leader and began to play a major part once more in the Party's leadership, subsequently at a devastating cost to his standing as the champion of the Left within the Party.

Left-wing discontent with the leadership grew throughout 1952. One major issue was the question of whether or not western Germany should be rearmed in the face of the Soviet threat. On March 1952, 57 MPs, including Aneurin Bevan voted against the measure, instead of abstaining as the whips had demanded. This was seen as a Left-wing rebellion and the PLP's standing orders were reimposed, a sure sign that the relatively harmonious times of the immediate post-War period were a thing of the past.⁶⁵ At the Party conference at Morecambe in 1952, the Bevanites enjoyed an

⁶⁴ Fox, *"The British Labour Party After the Elections"*, 05.

⁶⁵ Ostergaard, *"The Transformation Of The British Labour Party"*, 10.

extraordinary success in winning six out of seven seats on the National Executive Committee (NEC). Dalton, Morrison and Gaitskell were among the unsuccessful nominees and later in 1952, the PLP voted to liquidate separate groups.⁶⁶

In April 1954, Aneurin Bevan resigned from the Shadow Cabinet and was replaced by Harold Wilson because it was settled that the Party should vote in favour of German rearmament. Aneurin Bevan suffered a further blow that October when he was defeated by a two-to-one majority by Gaitskell for the Party treasurership in succession to Greenwood who died earlier in the year. And so, in March 1955, Labour accepted that Britain should manufacture the Hydrogen bomb. In the Commons vote, Aneurin Bevan and 62 other Labour MPs abstained. A few days afterwards, the Shadow Cabinet voted to remove the whip from Aneurin Bevan, a move supported by the PLP by 141 votes to 112.⁶⁷

After the expulsion of Aneurin Bevan in 1952, two books were published. They tried to point the future direction of the Party. *In Place of Fear*, Aneurin Bevan's own book, attracted much attention and was widely read. And the book told about a great deal about Aneurin Bevan himself, the experiences and education that drew him a socialist, and the democratic socialist philosophy which provided the basis of his politics. The second book was *The Future of Socialism* which appeared four years afterwards and was immediately recognised as 'the Bible'⁶⁸ of the new revisionism.

The expulsion of Aneurin Bevan did not affect the membership of the trade unions. The latter's membership remained high and continued to expand slowly thanks to full employment and relaxed state and employer attitudes. Union density remained at around 44 per cent and membership at

⁶⁶ Beech, and Hickson, *The Struggle for Labour's Soul Understanding*, 15.

⁶⁷ *Ibid.*, 20.

⁶⁸ Goodman, *From Bevan to Blair Fifty Years' Reporting from the Political Frontline*, 134.

around eight millions, throughout the period of 1951-64.⁶⁹ The Labour Party was at once securely ensconced in power in local government in many sections of the state. It was seen as the Party which best represented the needs of local government agency employees and tenants.

3. The 1955 General Election

When Winston Churchill resigned in April 1955, he was succeeded by Robert Anthony Eden, his Foreign Secretary who immediately dissolved Parliament. Having been in front in the polls since the start of the year, Eden had few doubts that he would win. On the other hand, the Labour Party policies were dull and uninspiring; and its leadership was clearly split.⁷⁰ The Labour's manifesto was based on consolidation. Apart from a commitment to renationalise road haulage and steel were returned to the private sector by the Conservatives, there was little on public ownership; and there were new departures in calls for comprehensive secondary education and equal pay for women.⁷¹

With the Conservatives winning 344 seats, Labour emerged with only 277 seats.⁷² The support of Labour among men increased, but there was a significant fall in support for Labour among women, from 46 to 42.5 per cent.⁷³

With respect to leadership, it should be noted that the Cabinet's members became older, Attlee was now 72. Of the 12 members elected to that body in November 1954, five were over 60, while the deputy leader,

⁶⁹ Mary Hawkesworth and Maurice Kogan, *Encyclopedia of Government And Politics* (London and New York : Routledge Taylor and Francis Group, 2002), 558.

⁷⁰ Dale and Kavanagh, *Labour Party General Election Manifestos 1900-1997*, 79.

⁷¹ Goodman, *From Bevan to Blair Fifty Years' Reporting from the Political Frontline*, 80.

⁷² *Ibid.*

⁷³ *Ibid.*

Morrison, was 67. Change was needed. When Dalton retired from the front bench, he called on his fellow veterans to follow suit. Attlee announced his resignation. His terms as leader in opposition had often seemed rather ineffectual but in Office, he had been an effective co-ordinator, successful both in Wartime and as post-war Premier, surrounded by able colleagues.⁷⁴

As late as 1953, the anti-Bevanite majority in the PLP and the unions had become divided between Herbert Morrison and Hugh Gaitskell. This was not only on account of age, but also because Gaitskell had done a lot to promote himself into the affections of the Labour right.⁷⁵ With that Gaitskell won an easy victory on the first ballot with 157 votes to Aneurin Bevan's 70 and Morrison's 40.

Gaitskell was now leader of the Party and had a clearer duty and incentive to seek unity than before 1955. His election to the leadership made him more relaxed and self-confident in dealing with his opponent Aneurin Bevan. He realized that continued factionalism was pointless, since the Bevanites had lost every issue they had fought.

Two encouraging signs for Labour were one of some success during the period between Gaitskell's succession to the leadership in December 1955 and mid-1958. First, the Conservatives were in considerable difficulties for much of the period. In October 1955 they were forced to introduce a deflationary mini-budget only months after encouraging a pre-election boom. More serious trouble came after the nationalisation of the Suez Canal by the Egyptian government in July 1956. In November 1956, British and French forces invaded Suez, but the USA made clear its opposition, so Britain had no alternative but to withdraw. In January 1957, Eden had to resign as Premier, not only on health grounds, but also because

⁷⁴ Ostergaard, *"The Transformation Of The British Labour Party"*, 10.

⁷⁵ Mark. *The Labour Party, War and International Relations 1945-2006*, 54.

of the Suez fiasco.

Second, a new spirit of unity emerged at the top of the Party. In June 1955, Aneurin Bevan was re-elected to the Shadow Cabinet. In February 1956, he stood for the deputy leadership, but he was defeated by Jim Griffiths who had increasing popularity. Aneurin Bevan became Shadow Colonial Secretary and in October the Party conference elected him Party Treasurer by a minute margin over George Brown. He co-operated closely with Gaitskell over the Suez issue.⁷⁶

In November 1956, Aneurin Bevan came third in the Shadow Cabinet elections and was appointed Shadow Foreign Secretary.⁷⁷ When, at the 1957 Party conference, Aneurin Bevan launched a fierce attack on unilateral nuclear disarmament, he not only dismayed many of his supporters but also drew himself still closer to the leadership.⁷⁸

Efforts were made to improve the Party organisation during this period. A committee of enquiry appointed to look into the aftermath of the 1955 defeat. The committee's chairman, Harold Wilson, said Labour was 'still at the penny-farthing stage in a jet-propelled era'.⁷⁹ He reported that the Party headquarters were inefficient and pointed out that individual membership had begun to go down from 1,014,524 in 1952 to 843,356 in 1955. At that place was also evidence of some constituencies and still more citywide parties in an advanced state of dilapidation. Glasgow and Liverpool, in particular, were in the hands of Right-wing oligarchies.⁸⁰

Indeed, the report was very revealing. An organisation sub-committee of the NEC was set up on a permanent basis. A decision was

⁷⁶ Fox, *"The British Labour Party After the Elections"*, 05.

⁷⁷ Roger, *Labour's European Dilemmas From Bevin to Blair*, 32.

⁷⁸ Ibid.

⁷⁹ Gerhard Loewenberg, *"The Transformation of British Labour Party Policy Since 1945"*. *The Journal of Politics* 21.2 (1959): 234–257. Retrieved from <http://www.jstor.org/stable/2127164>, 02.

⁸⁰ Loewenberg, *"The Transformation of British Labour Party Policy Since 1945"*. 02.

submitted in 1957 to undermine the hold of city parties and devolve more power in places like Liverpool to the constituencies.⁸¹ Phillips and Williams remained, and Williams went on to succeed Philips when the latter retired in 1962. Suggestions to concentrate agents in marginal seats foundered. Party membership continued to fall until 1961, with members over 750,000.

Meanwhile, the Conservatives recovered strongly from the Suez Canal Crisis and its aftermath under their charismatic young leader, Harold Macmillan. There was a recession in the winter of 1958-59, with unemployment rising to a post - 1947 peak of 620,000, but it fell to 395,000 following days. And, more broadly, a sense of affluence was engendered by the fact that average real wages grew by 7 per cent between January 1956 and June 1959.

On the other hand, increasing strike levels meant more public debate about and criticism of trade unions whose links with Labour were very outstanding. Moreover, within the Labour Party itself, there were new sections opening up, most notably the support afforded by some prominent Left-wingers to the Campaign for Nuclear Disarmament (CND), organised in 1958.

4. The 1959 General Election

Labour entered and fought the 1959 general election campaign with polling set for 8 October. In the first TV election, its broadcasts, masterminded by Anthony Wedgwood Benn, were a striking success. The Labour manifesto was based on the policies which had emerged from the

⁸¹ Ostergaard, *"The Transformation Of The British Labour Party"*, 13.

three-year policy review (1956-59).⁸²

Greater protection would be afforded to consumers, selection in secondary education would be ended and a Welsh Office would be created. In industry, Labour pledged to promote the modernisation of private firms, to be more sensitive to the demands of public corporations and rationalise steel and road haulage. However, the Labour Party declared that no other plans for further nationalisation, except in the case of industries which were failing the nation, was planned although the possibility was held out of the state buying shares in companies.⁸³ Though the Conservatives were criticized for unemployment and rising prices; the latter had led to a decrease in the existent value of benefits, pensions and NHS spending.

The Conservatives increased their Parliamentary representation for the fourth successive election, taking 365 seats with 49.4 per cent of the poll to the Labour Party's 258. The Labour Party lost 28 seats to the Tories. In some regions of the nation, it improved its position, but in others it heavily lost seats. For instance, in the west Midlands, it lost seven of its 27 seats. In opposition, eastern Lancashire which had heavily swung against the Labour Party in 1951, now swung towards the Party, and there was a swing of 1.4 per cent to Labour in Scotland.⁸⁴ Labour's share of the non-manual vote had fallen from 23 to 21 per cent; similarly and more noticed at the time, was a fall in its support among manual workers, from 62 to 57 per cent.⁸⁵

Support from women had actually increased since 1955, but among

⁸² Anthony Smith, *Television Policies of The Labour Party 1951-2001* (London: Frank Cass Publishers, 2005), 22.

⁸³ Dale and Kavanagh, *Labour Party General Election Manifestos 1900-1997*, 89.

⁸⁴ Beech, and Hickson, *The Struggle for Labour's Soul Understanding*, 54.

⁸⁵ *Ibid.*

men, Labour's share of the poll had fallen from 51 to 47.5 per cent.⁸⁶ Age factors were also seen as significant: voters in their twenties, who had split five to four in favour of Labour in 1955, were now divided while it seemed that Labour's pension proposals, plus the ageing of a cohort who were more likely to support Labour, meant a shift in the votes of those aged 65 and over in favour of Labour.⁸⁷

In fact, the Labour Party's failure in 1959 was attributed to short-term factors, such as doubts about Gaitskell and the uninspiring nature of Labour's message. Some feeling in the Midlands, in particular, saw the Conservatives would be better placed to deal with issues of race and immigration which following race riots in Notting Hill and Nottingham the previous year. Radical changes were needed within the Labour Party to enable it to win in the future. The example of the German SPD, which was repudiating Marxism and giving itself a softer, less stridently working-class image at that time, culminating in the Bad Godesberg conference of November 1959, was seen by some as a serious lesson to follow.⁸⁸

Gaitskell's failure made him take up Labour theology by challenging Clause IV. There were some who wanted to go further than that. The leader's close ally, Jay, proposed significant limits to further nationalisation; in private, he wanted to go further on both issues, and to consider both changing the Party's name and working more closely with the Liberals.⁸⁹ After a fierce debate at the 1959 Party conference, it was decided that the existing Clause IV would be retained though supplemented by new statements of principle drawn up by the NEC.⁹⁰

⁸⁶ Tudor Jones, *Remaking the Labour Party From Gaitskell to Blair* (London and New York: Routledge Taylor and Francis Group, 2005), 22.

⁸⁷ *Ibid.*

⁸⁸ Williams, "The Program of the British Labour Party an Historical Survey", 08.

⁸⁹ *Ibid.*

⁹⁰ Beech, and Hickson, *The Struggle for Labour's Soul Understanding*, 18.

Aneurin Bevan played an essential conciliatory role in the crisis, but he died of cancer in July 1960. Even so, Gaitskell's position remained under pressure. Foremost, that September's Party conference narrowly passed a resolve in favour of unilateral nuclear disarmament. Gaitskell pledged to "fight and fight and fight again to save the Party they loved" which impressed his admirers, but raised questions for others by no means all on the Left, about his leadership, particularly his ability to unite the Party.⁹¹

Macmillan government from 1959 to 1964 remained ahead in the polls until late 1961.⁹² But things then began to change. Economic growth slowed down, Inflation rose, unemployment edged upwards and the government's attempts to control public sector wages and salaries through the pay pause of July 1961 suggested continuing Tory hostility towards the public sector.⁹³

Within the Labour Party, meanwhile, a status quo was achieved on the matters which had divided the Party over the past two years. Gaitskell's victory over Wilson marked something a watershed. Clause IV compromise held good and the issue retreated once more. At the 1961 conference, the vote on unilateral nuclear disarmament was reversed after powerful lobbying by Gaitskellites in the Campaign for Democratic Socialism whose president was William Rodgers, secretary of the Fabian Society.

When the Left-winger, Anthony Greenwood, challenged for the leadership in November 1961, he took only 59 votes to 171, a significantly worse performance than that of Wilson the previous year. Barbara Castle's

⁹¹ Beech, and Hickson, *The Struggle for Labour's Soul Understanding*, 18.

⁹² S. Bulmer, B. Burch, C. Carter, P. Hogwood and Scott, *A British Devolution And European Policy-Making Transforming Britain into Multi-Level Governance* (London and New York: Palgrave Macmillan, 2002), 215.

⁹³ Dale and Kavanagh, *Labour Party General Election Manifestos 1900-1997*, 113.

attempt to wrest the deputy leadership from George Brown who had succeeded Aneurin Bevan was equally unsuccessful. Brown was capable to overcome a similar challenge from Harold Wilson in 1962.

In the following year, Gaitskell's attack on Macmillan's proposal to take Britain into the EEC formed in 1957 astonished many of his supporters, but was cheered by many on the Left that was strongly opposed to entry.⁹⁴ By taking this line, Gaitskell greatly strengthened his position within the Party as a whole. Entry to the six-state EEC arose fears that the Commonwealth, of which there were high hopes in the first flush of African decolonization.

By the end of 1962, a strong Liberal revival had allowed Labour to gain three seats from the Conservatives in by-elections, and there was the little sign that Macmillan could pull his Party round. There were real hopes that a Labour government under Gaitskell might follow the next election,⁹⁵ but in January 1963 Gaitskell died of a rare disease at the age of 56.

Gaitskell's death panicked the Party members and especially because of a general election was to take place in late 1964. So, it would be difficult for a new leader to establish himself as Gaitskell who had many qualities, a good brain for economics, the power to urge on those with whom he was in agreement and much personal appeal. He did seem to have overcome many problems and secured his leadership.

Three men stood for the leadership. Harold Wilson was the youngest, the only one with Cabinet experience who could count on the support of the Left and substantial number of MPs who had been impressed by his Parliamentary performances. The two other candidates who were closed to the Gaitskellites were George Brown (49), and James Callaghan (51), the

⁹⁴ Dale and Kavanagh, *Labour Party General Election Manifestos 1900–1997*, 113.

⁹⁵ Beech, and Hickson, *The Struggle for Labour's Soul Understanding*, 227.

latter was a member of the Shadow Cabinet since 1951.⁹⁶ Both were junior ministers in the last Labour government. In the first ballot, James Callaghan took only 41 votes, compared with 88 for George Brown and 115 for Harold Wilson. In the runoff, Wilson beat Brown by 144 votes to 103.⁹⁷

Harold Wilson shared most of the premises of the revisionists and to some extent, he was a technocrat. He had no time for further extensive nationalisation and his keep to Clause IV was just to calm Party activists. His frequent visit to USSR in the 1950s had convinced him of the virtues of centralized economic planning and the application of science to industry. At the Party conference at Scarborough in October 1963, he made a speech, emphasizing the need for democratic planning and scientific revolution.⁹⁸

Harold Wilson became leader at a time when the Conservative government proceeded to confront troubles. The economy slowed down, prices and unemployment rose. There was an increasing perception, much fostered by Wilson that Britain was falling behind its competitors. The French veto on British entry to the EEC in January 1963 and the Profumo Scandal⁹⁹ that summer, severely damaged Macmillan's image. Ultimately, in October 1963, he resigned and was replaced by the Earl of Home, Sir Alec Douglas Home.

5. Labour under Harold Wilson 1964-1970

The Labour Party fought the general election of October 1964 on the basis of revisionism and the coming of industrial modernisation. Social

⁹⁶ Eccleshall and Walker, *Biographical Dictionary of British Prime Ministers*, 350.

⁹⁷ *Ibid.*

⁹⁸ Ostergaard, "The Transformation Of The British Labour Party", 17.

⁹⁹ Dumbrell, *A Special Relationship Anglo-American Relations in the Cold War to Iraq*, 39.

services would be ameliorated. Secondary schools would be comprehensivized, the school-leaving age would be promoted and there would be a massive expansion in higher education. On immigration, the Labours promised to restrict entry and introduce legislation outlawing racial discrimination. Foreign aid would be increased. In defence policy, Labour would re-examine Britain's commitments but despite rhetorical attacks on the government's nuclear weapons policy there were no pledges to disarm.

The Labour Party emerged with 317 against 304 of the Conservatives. A national swing of 3.5 per cent left Labour with 44.1 per cent of the poll, as opposed to 43.4 for the Conservatives and 11.2 for the Liberals. The Labour's support rose among both manual and non-manual workers from 57 to 64 per cent.¹⁰⁰ In terms of gender, with the proportion of women voting Labour fell from 43 to 39.5 per cent.¹⁰¹ This failure to attract women voters in large enough numbers; many saw it as a symptom of the Party's continuing reliance on masculine appeal and trade union imagery and ethos.¹⁰²

The Labour Party won the 1964 election with the second largest majority in its history, with Harold Wilson as the third Labour Prime Minister of the country. The Conservative leader, Edward Heath, could not compete with Wilson's popularity. The new government's Parliamentary position was difficult. Since the election gave it an overall majority of just five, and a seat was lost at an early by-election. With the Conservative opposition in disarray, Labour had a good year in 1965, implementing many of its policies and promulgating the National Plan¹⁰³ September

¹⁰⁰ Smith, *Television Policies of The Labour Party 1951–2001*, 41.

¹⁰¹ Ibid.

¹⁰² Ibid.

¹⁰³ Labour's National Plan for economic development launched in August 1965 by George Brown, Department for Economic Affairs (PREM 13/274), National Archives, UK.

1965. Wilson was able to taunt Edward Heath with threats of an early dissolution. Harold Wilson needed to increase his majority in Parliament.

Labour started the campaign and when the results came in, it became clear that Wilson achieved the difficult task of increasing a Government majority. Labour took 48.0 per cent of the vote to the Conservatives' 41.4 and the Liberals' 8.6, and won 364 seats to their 253 and 12 respectively. Labour had an overall majority of 97. On a swing of 3.5 per cent, it made a net gain of 48 seats.¹⁰⁴

5.1. Harold Wilson's Cabinet and Constitutional Reform

The Harold Cabinet had a strong Gaitskellite feel, it included only three of the 23-strong Cabinet with previous experience; ten had served as junior ministers under Attlee. The Cabinet included 13 graduates. Harold Wilson brought also those who were not elected in the Shadow Cabinet the previous year, like Dick Crossman, Castle and Frank Cousins of the TGWU.

Patrick Gordon Walker became Foreign Secretary, Denis Healey Defence Secretary and James Griffiths the first Secretary of State for Wales. Wilson's main rivals, Callaghan and Brown, were appointed in the Treasury and the new Department of Economic Affairs (DEA) respectively. Promising figures appointed to the junior office included Anthony Crosland, Tony Benn and Roy Jenkins while Peter Shore who was responsible for many of Labour's recent policy statements, became Harold Wilson's Parliamentary private secretary.¹⁰⁵

The Wilson government set out to deal with a number of aspects of

¹⁰⁴ Dick, *A Century of Premiers Salisbury to Blair*, 242.

¹⁰⁵ Beech, and Hickson, *The Struggle for Labour's Soul Understanding*, 171.

the question which had bothered the Attlee government by reforming the House of Lords, the civil services and creating new government departments. An attempt to reform the House of Lords applied in April 1969, a victim of an alliance between the Conservative Right which wanted no change and the Labour Left which wanted abolition and nothing less.

An attempt to reform and modernise the civil service on the basis of the 1968 Fulton Report came to very little. The Redcliffe-Maud committee, set up to look at the functions and boundaries of local authorities, came up with radical proposals, but its suggestion of eight provincial authorities was not adopted by the government; and centralisation continued.¹⁰⁶

Increasing resistance to centralisation began to be expressed, especially through the growing support for Scottish and Welsh nationalism which emerged during the 1960s as new issues on the British political agenda. The Labour Party had a paper commitment to Scottish home rule from the 1920s, a logical step given the Party's commitment to centralisation and the apparent political weakness of nationalism.¹⁰⁷ Its commitment to Welsh nationalism had been weaker. Yet the Welsh nationalist Party, Plaid Cymru, made progress during the 1950s, taking 3.1 per cent of the vote in Wales in 1955 and 5.2 per cent in 1959.¹⁰⁸ Besides this, Wilson's creation of the Welsh Office with its own Secretary of State, in 1964, was aimed to reduce this threat in what was one of Labour's strongest areas of support.

The third attempt of reform was the creation of five new ministries in 1964. The DEA was scrapped in 1969, by the time the Ministry of Land and Natural Resources had already been abolished. Overseas Development was downgraded in 1967. Thus, only two of the new ministries, Mintech

¹⁰⁶ Beech, and Hickson, *The Struggle for Labour's Soul Understanding*, 171.

¹⁰⁷ *Ibid.*, 172.

¹⁰⁸ *Ibid.*, 207.

and the Welsh Office, survived.

5.2. Harold Wilson's Social Reforms

Harold Wilson enacted social reforms in housing, education, health, pensions, gender equality and youth. In the field of housing, there were great achievements. The period from 1965 to 1970 saw over two million new dwellings built and a net increase in the housing stock of 1.3 million.¹⁰⁹ About half the new buildings were council housing for rent, built with financial help from the central government, but the type of council housing built at this time was often rather cheap. Social and extended family networks were disrupted by rehousing, a fact that contributed to increase stress on social services.

In education, Labour's main aims were to keep comprehensive secondary schools, to lift the school leaving age from 15 to 16 and to expand further and higher instruction. The ongoing elimination of selection was accelerated by Crosland's 1965 circular asking local education agencies to make up plans for comprehensivization. By 1970, about a third of secondary pupils in England and Wales were in comprehensives, a ten-fold increase over 1964.¹¹⁰ As comprehensives came under fierce attack in the 1970s, the Labour Party was to be labelled as the Party which favoured levelling down in education.¹¹¹

The other areas of significant achievement came in the higher education sector. Labour implemented existing Whitehall plans to establish polytechnics and increase the number of universities. By 1967, 29

¹⁰⁹ Steven Fielding, *The Labour Governments 1964–70 Labour And Cultural Change* (Manchester and New York: Manchester University Press, 2003), 149.

¹¹⁰ Beech, and Hickson, *The Struggle for Labour's Soul Understanding*, 175.

¹¹¹ Fielding, *The Labour Governments 1964–70*, 88.

polytechnics were being set up.¹¹² The government's other significant achievement was the establishment of the Open University, using distance learning methods to offer higher education to those who had missed it out earlier in life. As to expenditure on education, it rose by between 6 and 7 per cent a year under Labour.¹¹³ But Problems still remained; the raising of the school-leaving age to 16 in 1968 due to spending cuts was a dangerous blow.¹¹⁴

In other areas of social policy, more efforts on health and social services were registered. Poorer families, in particular, benefited from increases in pensions and family allowance. The abolition of capital punishment in 1965, the legalisation of abortion and male homosexuality for those over 21 in 1967 and the easing of divorce in 1969 were achieved. Thus, reforms tended to pay the government a tolerant image.

The issues of gender and youth attained a higher political profile during this decade 1960s. Before the First World War, it had forged alliances with women's groups, and its 1918 constitution had set up separate women's sections in CLPs, reserved four NEC places for women and established a separate women's conference. But the conference and the women's sections were largely ignored when it came to decision-making within the Party. By the 1930s, ambitious women like Barbara Castle were deliberately going around the women's organisation, realizing how it was slight. During and after the Second World War, Labour ministers had resisted women's demands for equal pay with men.

Indeed, the women's movements became more influential than at any time since the First World War while the Labour Party found it difficult to change. Barbara Castle was promoted higher than any previous woman

¹¹² Dick, *A Century of Premiers Salisbury to Blair*, 306.

¹¹³ *Ibid.*

¹¹⁴ Beech, and Hickson, *The Struggle for Labour's Soul Understanding*, 177.

Cabinet minister, and two women sat together in the Cabinet for the first time in 1968 when Judith Hart joined her as Paymaster-General. In 1970, an Equal Pay Act was passed. Merely having one or two adult females in the Cabinet was rather a token victory and the Equal Pay Act came into effect only in 1975.

Moreover, the youth issue was put in the political agenda. The growth of youth culture bloomed from 1950s, the Party did little attempts even in understanding modern movements and feelings among young people.¹¹⁵ The Party's youth movement, the Young Socialists, had been disbanded for ultra-Leftism in 1965 and reorganised as the Labour Party Young Socialists. Youth protest movements offended Party leaders and many stalwart Labour voters.

5.3. Harold's Proposals and Achievements in the Economy

Labour's 1964 manifesto emphasised the application of new technology in the industry to achieve full employment, faster growth, distribution of industry throughout the country, control of inflation and solutions for the British balance of payments problems.¹¹⁶ When Labour won the election, administrative changes were made to implement these plans. The DEA was set up under George Brown, charged with developing a National Plan to encourage quicker development.¹¹⁷ Frank Cousins became the Minister of the Ministry of Technology (Mintech), a new department charged with coordinating research and development (R&D) and generally with increasing the application of new technology in

¹¹⁵ Fielding, *The Labour Governments 1964–70*, 166.

¹¹⁶ Dale and Kavanagh, *Labour Party General Election Manifestos 1900–1997*, 103.

¹¹⁷ *Ibid.*, 253.

industry.¹¹⁸

A crisis followed in July 1965 that was met with more austere economic policies. The real difficulty was that the pound was overvalued against the dollar. On 17 July the Cabinet voted by 17 to 6 against devaluation. The following day agreed upon a severe deflation programme to calm the markets. It worked, at the cost of higher taxes, spending cuts a statutory six month income freeze.¹¹⁹ In November 1967, the government was forced to devalue from \$2.80 to \$2.40. Past experiences of devaluations had not been politically good for the Labour Party. This issue helped to destroy one Labour government in 1931 and rocked another in 1949. Wilson did not want the Labour Party to be known as the Party that could not hold the value of the sterling.¹²⁰

In 1964, the government took advantage of TUC's goodwill to get the latter agree to a joint Statement on Productivity, Prices and Incomes. A National Board for Prices and Incomes was set up in February 1965. Wages and inflation continued to develop. In April 1965, the TUC agreed to a voluntary incomes policy which set a norm for increases of between 3 and 3.5 percent. Yet, inflation increased to 4.7 per cent during the same year.¹²¹

Then, in May 1966, a seamen's strike blew the agreement apart, and following July's Sterling crisis, the government announced a pay freeze to operate until the end of the year, despite TUC opposition. The stage of inflation fell in both 1966 and 1967, but the end of the freeze saw further upward pressure on wages. This, combined with the 1967 devaluation and general inflationary trends in all western economies, led to a renewed growth in inflation which gained 4.7 per cent in 1968 and 5.4 per cent in

¹¹⁸ Stephen Wall. *A Stranger in Europe Britain and the EU from Thatcher to Blair* (UK: Oxford University Press, 2008), 136.

¹¹⁹ Wall. *A Stranger in Europe Britain and the EU from Thatcher to Blair*, 136.

¹²⁰ Dick, *A Century of Premiers Salisbury to Blair*, 289.

¹²¹ *Ibid.*

1969.¹²²

In 1968, the government appointed the Donovan Commission on trade unions which reported broadly in favour of the *status quo*. The Commission originally was inclined to recommend legal constraints on unions, as presaged by Barbara Castle's White Paper, *In Place of Strife*, in order to back up governmental prices and incomes policy. However Clegg, by threatening to issue a minority report, persuaded it instead to back improved collective bargaining.

Strong opposition, led by Callaghan, emerged within the Cabinet itself. In March 1969, almost 100 Labour MPs voted against the proposals, and the NEC declared its opposition. In June, after almost six months of bitter dispute, the White Paper was withdrawn. Instead, the TUC signed a 'solemn and binding undertaking' covering unofficial strikes and inter-union disputes which amounted to face-saving exercise for the government. The whole episode left Wilson and Castle severely damaged. Wilson's approval rating in the polls fell to a then all-time low for a Prime Minister of 26 per cent.¹²³ The mixed economy was maintained in the same balance as had existed before 1964, the only exception was the renationalisation of iron and steel in 1967.¹²⁴

The Labour Party set out to improve government support and to use regional policy to redistribute industry more evenly across the whole country. Wilson government used regional policy to end the drift of industry towards the south and build up declining economies elsewhere in Britain.¹²⁵ Macmillan had already made a start here. Indeed, there was a 16-

¹²² Eccleshall and Walker, *Biographical Dictionary of British Prime Ministers*, 336.

¹²³ Hawkesworth and Kogan, *Encyclopedia of Government And Politics*, 68.

¹²⁴ Anthony Seldon and Kevin Hickson, *New Labour, Old Labour The Blair, Wilson and Callaghan Governments* (London and New York: Routledge Taylor and Francis Group, 2004), 08.

¹²⁵ *Ibid.*

fold increase in regional expenditure between 1962 and 1970.¹²⁶

This included new planning machinery; the creation, in 1966, of five development areas covering almost half of Britain. There were significant effects on employment and the period between 1963 and 1970 had been seen as marking the most prolonged, most intense and most successful attack ever launched on regional problems in Britain.¹²⁷

5.4. Harold's Commonwealth and Colonial Foreign Policy

Foreign policy under Harold Wilson's government was under the control of successive Right wing Foreign Secretaries, Gordon Walker, Michael Stewart and George Brown. On the other hand, the Left remained marginal throughout the Wilson years.

Britain remained strongly committed to NATO and the USA. American forces were involved in harsh fighting in Vietnam, supporting the South against the Communist North. In September 1965, Wilson made a private bargain with US President Lyndon B. Johnson promising tacit British support for the American situation in Vietnam, and the maintenance of Britain's existing international commitments, in return for American support for the current sterling exchange rate with dollar.

Britain's need for US supports, not just over sterling but also in its own Asian difficulties in respect to the Malaysian-Indonesian Confrontation of 1963-66, impelled Wilson towards accepting Johnson's position.¹²⁸ Following devaluation in 1967, it was decided that British forces would be withdrawn from the east of Suez Canal by the end of 1971.

¹²⁶ Seldon and Hickson, *New Labour, Old Labour The Blair*, 320.

¹²⁷ *Ibid.*, 101.

¹²⁸ *Ibid.*, 155.

The government attitudes could be seen in the retention of Britain's nuclear weapons and its continued loyalty to NATO.

The Commonwealth also presented problems for the Labours. The Party was pledged to continue decolonization. In handling the Nigerian Civil War aroused considerable criticism of the government later in the decade. In addition, overseas aid was an early casualty of the continuing demand for public expenditure cuts and the proportion of GDP spent on it actually fell between 1964 and 1970. The Ministry of Overseas Development, set up with high hopes in 1964, was rapidly downgraded. All this aroused leftwing criticism.¹²⁹

In Rhodesia (Zimbabwe), a white minority was adamant that there should not be black majority rule on independence, but Labour refused to grant independence without majority rule. The resulting stalemate ended in November 1965 when the white Rhodesians under Jan Smith unilaterally declared their independence. Rhodesia's action was illegal, and sanctions were imposed.

In foreign policy, it was the question of entering into the EEC. The Party was split on the matter, as it had been in 1961. While there were fervent supporters of entry, like George Brown and Roy Jenkins, there were many who were against. So, people like Douglas Jay and Peter Shore, neither of them Left-wingers opposed entry.

Race and immigration were another issue which gave out onto the political agenda in the 1960s. The Labour Party had long been committed to the right of Commonwealth citizens to settle in Britain, but the restrictive immigration legislation of 1962 had faced strong Labours' opposition, because immigrants settled mostly in working-class areas. In 1965, the

¹²⁹ Seldon and Hickson, *New Labour, Old Labour The Blair*, 155.

Labour leadership, running a Race Relations Act outlawed racial discrimination and established a Race Relations Board. Yet, the issue was not really resolved and it was not until 1987 that a non-white Labour MP being elected.¹³⁰

6. The Labour Party and the 1970 General Election

The trade union membership was still expanding, but the unions which had been the crucial underpinning of the Party since its early days, were strongest in the very industries that were in decline. For instance, the number in the National Union of Mineworkers fell from 586,000 to 279,000 while the one in the National Union of Railwaymen (NUR) shrank from 334,000 to 198,000 between 1960 and 1970. The policies and efforts to reform union made the government lost the loyalty of many trade unionists to supporting the Labour Party.¹³¹

By the day of polling 1970, voters turned to the Conservatives and Edward Heath came to power.¹³² The Labour Party lost 58 seats on a swing of 4.7 per cent, the greatest since 1945. In parts of the Midlands and in east Lancashire, there were even heavier shifts against the Labour Party. The Party did better in the remainder of the north and in Scotland, but in the south London its performance was weak. Support among men fell more heavily than among adult females, and while its percentage of the non manual vote scarcely declined at all, it had a vast loss of manual voters' support, from 69 per cent to 58 percent in 1966.

The Labour Party was back in opposition. The opening between the leadership, on the unitary hand, and the unions and Party membership, on

¹³⁰ Lynch, *The Politics of Nationhood Sovereignty, Britishness and Conservative Politics*, 33.

¹³¹ Fielding, *The Labour Governments 1964-70*, 37.

¹³² Brivati and Bale, *New Labour in power*, 189.

the other, was wide. There were worrying signs of a leakage of traditional trade union movement support. The government's revisionist strategy of seeking a more socialist society through economic development under capitalism had come to little because the economy had passed up to grow as needed, even despite the extra feats that had been spent on it.

7. The Labour Party in Opposition 1970-1974

During this period Harold was still seen as a great electoral asset.¹³³ Roy Jenkins's was elected as deputy leader in succession to George Brown in 1970. The leadership was still in the centre-right hands, with Roy Jenkins as Shadow Chancellor, James Callaghan as Shadow Home Secretary and Denis Healey promoted to Shadow Foreign Secretary. Michael Foot was elected to the Shadow Cabinet in 1970 whereas Benn emerged as an opponent of entry to the EEC and an advocate of state intervention in industry. But, the right also continued to give up new stars, such as Shirley Williams who got one of the most popular names in the PLP served as Shadow Home Secretary in 1972-73.

The Labour Party responded to electoral defeat in 1970 by forming the Campaign for Labour Party Democracy (CLPD), presenting new policies which culminated in *Labour's Programme for Britain* (1972) and *Labour's Programme* (1973-1976). The programme was also given an enlarged responsibility by being asked by Wilson's third government to participate in 1975 in a referendum on the EEC. Moreover, events like the miners' strikes of 1972 and 1974 both led Heath to declare a state of emergency.¹³⁴

¹³³ Brivati and Bale, *New Labour in power*, 189.

¹³⁴ Goodman, *From Bevan to Blair Fifty Years' Reporting from the Political Frontline*, 176.

The formation of the Campaign for Labour Party Democracy (CLPD) aimed to enfranchise the wider Party in the election of the Party leader.¹³⁵ The NEC, elected annually at Party conference, was a different matter altogether and after 1970; the Left became far more significant.

While the balance was shifting leftwards, many unions remained willing to back the leadership. And Heath himself helped push unions and Party back together. Two things in particular antagonized the unions. The Heath's Industrial Relations Act (1971) required the registration of trade unions and major alterations in their rules to remove the use of strikes without preliminary ballots. Strikes were banned to secure a closed shop, or compulsory membership of one union within the workplace.¹³⁶

The most radical manifestation of Labour's leftward shift came in the field of economic policy. At one stage almost 50 policy committees were at work under the aegis of the NEC, and the end result of their endeavours was *Labour's Programme 1973* which was approved by that year's Party conference.¹³⁷ The programme committed Labour to a number of issues: price controls, the Social Contract, increased pensions, renegotiation of the terms of entry to the EEC; and the restoration of free collective bargaining and the repeal of the Industrial Relations Act.

A National Enterprise Board (NEB) would buy individual firms thus marking the abandonment of the sector-by sector approach favoured by the Party hitherto, and made planning agreements with companies to ensure greater control over their actions. It would also take control of 'twenty-five of our largest manufacturers' at an early stage.¹³⁸

The NEC had been split on this last issue. Wilson had reserved his

¹³⁵ Beech, and Hickson, *The Struggle for Labour's Soul Understanding*, 254.

² Goodman, *From Bevan to Blair Fifty Years' Reporting from the Political Frontline*, 176.

¹³⁷ Eccleshall and Walker, *Biographical Dictionary of British Prime Ministers*, 383.

¹³⁸ *Ibid.*, 384.

position, but at the Party conference he came out against it.¹³⁹ But the programme as a whole was passed, committing Labour to a more radical package of economic proposals than ever before.

The programme was also given enlarged responsibility as required by Wilson's third government to participate in 1975 in a referendum on the EEC. Attempts had, in the meantime, been made to modernise the House of Lords. The White Paper on Lords Reform (1968), proposed to end the right of the hereditary peerage to vote on legislation and to confine this to life peers and hereditary peers of the first creation. The proposal was defeated when Enoch Powell, who opposed any changes, formed a tactical alliance with Michael Foot, who believed that the proposed reforms were entirely inadequate. Between them, they mobilized the Conservative right in a rare alliance with the Labour left to stop this particular momentum.¹⁴⁰

The 1970 Party conference almost passed a resolution opposing entry on principle, but matters eased somewhat once Heath had agreed on terms. It could be argued that the issue of principle was academic, and Labour could, instead, unite very largely in criticism of the terms agreed to by the government.¹⁴¹ This was the line Wilson took, and it gave him ample ammunition for attacks on the government, which meant his stock rose with the Left. But Jenkins and his followers were angry and in the Commons vote on entry in October 1971. About 69 Labour MPs including Jenkins, Williams, Rodgers, David Owen and Dick Taverne voted with the government, while a further 20 including Anthony Crosland,¹⁴² and Jenkins, seen as the leader of the revolt and narrowly beat off Foot's

¹³⁹ Jones, *Remaking the Labour Party From Gaitskell to Blair*, 75.

¹⁴⁰ Eccleshall and Walker, *Biographical Dictionary of British Prime Ministers*, 390.

¹⁴¹ Broad Roger, *Labour's European Dilemmas From Bevin to Blair* (London and New York: Palgrave Macmillan, 2001), 73.

¹⁴² *Ibid.*

challenge in that year's deputy leadership election.¹⁴³

But there was no major Party split and, all in all, Wilson managed to keep the Party more or less together, if not united. In October 1973, though Jenkins had his position in the Party much diminished, he re-entered the Shadow Cabinet on Wilson's terms. For the time being, the EEC issue was under control. But that control had been bought at the cost of both the fudging over the splits in the Party and the increasing expense of a section of the Party's right wing.

The Labour Party returned to power in 1974, after a series of embarrassing policies of the Conservatives when they opted to face down the miners. The latter were demanding a large pay increase as the price for ending an overtime ban. Emergency fuel-saving measures, such as a reduced speed limit on the roads and a three-day working week, were introduced from 31 December 1973. When the miners voted overwhelmingly for strike action on 10 February, Heath decided to dissolve Parliament and fought an election on what he believed would be the winning slogan of 'Who rules Britain? His optimism was matched by Labour pessimism, for earlier poll leads had dissipated and the Gallup poll in January 1974 put the Conservatives two points ahead.

8. Second Harold Wilson Government 1974-1976

While the Labour's share of the vote of the February 1974 election fell by almost six points to 37.2 per cent, the Conservatives fared even worse. Their share fell from 46.4 to only 37.9 per cent. The beneficiaries of the partial collapse of the 'two-party' vote were the minor parties, the Liberals and the SNP. In terms of seats, it gave the Party the second-highest

¹⁴³ Seldon and Hickson, *New Labour, Old Labour The Blair*, 141.

number of votes, the Labour Party emerged with 301 MPs and the Conservatives with 297. Thus, for the first time since 1929, a general election had produced a Parliament in which no Party had an overall majority.¹⁴⁴

Edward Heath tried to stay in office. He appealed to Jeremy Thorpe, the Liberal leader, to form some kind of coalition. However, Thorpe was under pressure from radical elements in his own Party to have nothing to do with any such arrangement. Heath's attempts failed to attract Thorpe meant that, on 4 March, Wilson was invited to form his second government.¹⁴⁵

Wilson's Cabinet was full of experience. Denis Healey became Chancellor, James Callaghan Foreign Secretary and, in a clear sign of his diminished standing, Roy Jenkins returned to the Home Office. Other prominent members of the social democratic right included Anthony Crosland and Shirley Williams at the newly created Department of Prices and Consumer Protection. Only the Left was also well represented, and used up some crucial situations. Tony Benn went to the industry; Michael Foot became Employment Secretary, a position involving close dealings with the unions, particularly in the 'Social Contract' and Barbara Castle went to Health and Social Security. The second Harold Wilson government emphasized the rights that were more apparent in the Race Relations Act (1976) and ended the miners' strike. So, Wilson and his colleagues ended the coal dispute swiftly. The government called also for the referendum on the EEC.

The emphasis on rights was more apparent in the Race Relations Act (1976) which made discrimination on the grounds of race unlawful. This

¹⁴⁴ Bulmer, Burch, Carter, Hogwood and Scott, *A British Devolution And European Policy-Making Transforming Britain into Multi-Level Governance*, 146.

¹⁴⁵ *Ibid.*

was enforced by the Commission for Racial Equality, set up under the terms of the 1976 Act. This was directly in line with the other important liberating measure. The Sex Discrimination Act (1975) disallowed occupational discrimination on grounds of gender and set up an Equal Opportunities Commission.

On returning to power in 1974, Wilson tried to reintroduce a planned economy. Almost at once he faced problems: shortly after the conclusion of the miners' strike there was a spate of pay demands. The government attempted to deal with these in a reasonable manner by laying up the Conciliation and Arbitration Service (ACAS) and agreeing with the trade unions a Social Contract in promoting voluntary restraint on pay increases.

From 1975 onwards the economy went into the most serious crisis to date as inflation reached the unprecedented figure of 24, 2 per cent.¹⁴⁶ The following year witnessed Sterling collapse and the pound fell to its lowest level ever. The Chancellor of the Exchequer, Denis Healey, now held to apply for urgent bans from the IMF in meeting payments on debts. For its portion, the IMF insisted on a reduction in public expenditure by £3 billion over the period of two years. Yet, the government headed for the worst yet confrontation with the trade unions.

Wilson and his colleagues ended the coal dispute swiftly, reaching a settlement favourable in the miners on 6 March and repealed the Industrial Relations Act. Although income tax was increased,¹⁴⁷ value added tax (VAT) was reduced from 10 to 8 per cent. The council house rents, which the Conservatives had aimed to increase, were frozen.¹⁴⁸

A new poll was held, the referendum on the EEC. The Labour Party

¹⁴⁶ Ravi. K Roy and Arthur. T Denzau, *Fiscal Policy Convergence from Reagan to Blair The Left veers right* (London and New York: Routledge Taylor and Francis Group, 2004), 92.

¹⁴⁷ Seldon and Hickson, *New Labour, Old Labour The Blair*, 319.

¹⁴⁸ *Ibid.*

had set out to renegotiate Britain's terms of first appearance shortly after its return to office. It was light, nevertheless, that the Party remained deeply split, and that the division ran right up the Party in the Cabinet room. Consequently, it was decided that ministers would be relieved from the normal obligations of collective responsibility, whereby they were supposed to speak with one voice, although the government's official line would be to support continued membership.

In March 1975, the negotiations were complete and a referendum was set for 5 June. The renegotiated terms came for considerable criticism, with the left in particular feeling that they were 'very far short' of what Party policy demanded and only passed through Parliament with opposition support, as a total of 145 Labour MPs, including seven Cabinet ministers, voted against.¹⁴⁹ On 26 April, a special Party conference rejected the terms by a two-to-one majority.¹⁵⁰

The successful outcome of the referendum came with the final act, with characteristic theatre, on 16 March 1976 when, he announced that he would resign the leadership as soon as the Party had elected a successor.¹⁵¹ One of the few people to be informed in advance was Callaghan, in order to allow him to prepare for the leadership election, this was a notable sign of the extent to which relations between the two men had improved.¹⁵²

9. The Labour under James Callaghan 1976-1979

After Harold Wilson's resignation, there were six nominees in the leadership election. Callaghan was the centrist figure, close to the unions,

¹⁴⁹ Dick, *A Century of Premiers Salisbury to Blair*, 260.

¹⁵⁰ *Ibid.*

¹⁵¹ Richards, *New Labour and the Civil Service Reconstituting the Westminster Model*, 244.

¹⁵² Ostergaard, "The Transformation Of The British Labour Party", 21.

and with more experience of high office than any of his rivals. Denis Healey was also centrist-right candidate and was Chancellor at a time of serious economic troubles. Roy Jenkins and Anthony Crosland, from the social democratic right, were both now marginal figures. From the Left came Michael Foot and Tony Benn.

The first ballot of the PLP gave Foot 90 votes, Callaghan 84, Jenkins 56, Benn 37, Healey 30 and Crosland 17.¹⁵³ Jenkins, Benn and Crosland withdrew before the second ballot, in which Callaghan took 141 votes against 133 for Foot and 38 for Healey. On 5 April, the final run off, saw Callaghan pick up Healey's votes to emerge as leader with 176 votes to Foot's 137.²⁶ Foot defeated Williams for the deputy leadership following Edward Short's resignation. Callaghan was five years older than the man he succeeded. He had wide experience of government which meant that he was well known and widely respected in the Whitehall.¹⁵⁴

The Callaghan government was overlooked by economic recession and industrial militancy which contributed to the election of the Conservatives and Labour's exclusion from office for the next 18 years. However, Callaghan tried to unify the Party by improving his relations with Tony Benn.

In addition to his contribution to the publication of the Industry Bill that was published in January 1975, a number of nationalisations were carried out in Callaghan years. He inherited a safe industrial policy. At the end of his government, results were severe balance of payments difficulties and a sterling crisis. On the 1st March the Scottish and Welsh referenda on devolution were held. Winter of Discontent was characterized by high inflation, high unemployment and numerous strikes.

¹⁵³ Ostergaard, *"The Transformation Of The British Labour Party"*, 21.

¹⁵⁴ Jones, *Remaking the Labour Party From Gaitskell to Blair*, 77.

Therefore, Callaghan made few changes in the Cabinet although he paid off old scores by sacking Castle and replaced some ageing Wilson's retainers with younger people.¹⁵⁵ Callaghan's old supporter, Crosland became Foreign Secretary. Finally, Foot moved from Employment to Lord President of the Council.

Understandably, the new Premier was trying to pull the team together and re-establish a sense of common purpose. In this, he was surprisingly successful. His Cabinet was to prove happier than Wilson's.¹⁵⁶ But it would be on his ability to deal with the trade unions that he would be judged; this was supposedly his special area of competence.

Therefore, the August 1974 White Paper dropped the more coercive elements of the 1973 programme, with planning agreements, in particular, becoming voluntary.¹⁵⁷ Wilson had also moved to reassure worried industrialists, giving delegates of the Confederation of British Industries (CBI) two draft letters, one to himself and a reply to it, which could be published to demonstrate the government's essential soundness.¹⁵⁸

Thus, the tide had already receded a long way by the time the Industry Bill was published in January 1975. The Bill was still further from the 1973 proposals than the White Paper, and Varley's succession to Industry was another step in the same direction. In November 1975, the NEB came into existence.¹⁵⁹

The only planning agreement ever reached with a private firm was with Chrysler, the car manufacturer which was bailed out to save jobs. The agreement was breached in 1978 when Chrysler sold its British operation to

¹⁵⁵ Brian Brivati and Tim Bale, *New Labour in power*, 28.

¹⁵⁶ *Ibid.*

¹⁵⁷ *Ibid.*, 75.

¹⁵⁸ Dick, *A Century of Premiers Salisbury to Blair*, 234.

¹⁵⁹ *Ibid.*, 277.

the French firm, Peugeot.¹⁶⁰ The NEB had some successes, creating new high-tech companies and revitalizing the ailing Ferranti electronics company, but industrial intervention remained, as under Heath.¹⁶¹

A number of nationalisations were carried out in these years. These were in key areas of the economy, the nationalisation of the British National Oil Corporation in 1976 and British Aerospace in 1977. But public attention focused much more on the nationalisation of the ailing car manufacturer British Leyland (BL) and about the virtually moribund shipbuilding industry whose collapse was disastrous, employment implications in a number of already depressed areas like Tyneside and Northern Ireland. There were some productivity gains in the public sector as a whole under Callaghan, efforts were made to introduce greater market discipline and appoint more confrontational senior managers.¹⁶²

The Callaghan government inherited inflation fuelled by internal and external factors. It had averaged 9.2 percent easily, the highest since the 1973 war. It exceeded 19 per cent by December 1974 and peaked at 26.9 per cent in August 1975. When Wilson resigned, it was still 21.1 per cent.¹⁶³

One consequence of this inflation was increased wage militancy on the part of trade unions.¹⁶⁴ The Labour Party tried to anticipate the problem by its adoption of the Social Contract. Although the Wilson government had passed a series of reforms favourable to unions and workers, such as the Employment Protection Act, wage settlements continued to be very high. This in turn meant that inflation soared while public expenditure and the budget deficit rose. The results were severe balance of payment

¹⁶⁰ Seldon and Hickson, *New Labour, Old Labour The Blair*, 78.

¹⁶¹ *Ibid.*

¹⁶² Goodman, *From Bevan to Blair Fifty Years' Reporting from the Political Frontline*, 209.

¹⁶³ *Ibid.*

¹⁶⁴ Seldon and Hickson, *New Labour, Old Labour The Blair*, 148.

difficulties and, eventually, a sterling crisis.¹⁶⁵

Harold Government's policy options to face this crisis were limited. Healey's solution was deflation. In April 1975, he cut expenditure and increased taxation. This, in fact meant the abandoning Keynesianism by putting the conquest of inflation before the maintenance of a high and stable level of employment.¹⁶⁶ Meanwhile, there were signs that union leaders were themselves becoming worried by high levels of inflation.¹⁶⁷

Finally, in July 1975, after considerable effort by the Premier, Healey, Foot, Jones and Hugh Scanlon of the AUEW, it was agreed that there should be a £6 per week ceiling to wage increases, and a freeze for those earning more than £8500 a year.¹⁶⁸ Unfortunately, this initiative met opposition by the TUC general council only approved it narrowly. Left-wing MPs voted against it in Parliament and even Scanlon's own union came out against it.¹⁶⁹

When the policy expired in August 1976, it was replaced by a still tighter limit of 5 per cent subject to a maximum rise of £4 per week.¹⁷⁰ The average level of wage settlements fell from 26 per cent in 1975 to 15 per cent in 1976 and 10 per cent in 1977. In 1975, the annual rate of inflation also fell back from its peak of 26.9 per cent to 12.9 per cent.¹⁷¹ Healey was determined initially to avoid an appeal to the International Monetary Fund (IMF), but by September he realized that he had no alternative.¹⁷²

The Cabinet which had to deal with the crisis had just been reshuffled, following Jenkins's resignation to become President of the

¹⁶⁵ Dale and Kavanagh, *Labour Party General Election Manifestos 1900–1997*, 189.

¹⁶⁶ *Ibid.*

¹⁶⁷ *Ibid.*

¹⁶⁸ Roger, *Labour's European Dilemmas From Bevin to Blair*, 112.

¹⁶⁹ Dick, *A Century of Premiers Salisbury to Blair*, 295.

¹⁷⁰ Seldon and Hickson, *New Labour, Old Labour The Blair*, 78.

¹⁷¹ Roger, *Labour's European Dilemmas From Bevin to Blair*, 112.

¹⁷² *Ibid.*

European Commission. Three new faces, Bill Rodgers, Roy Hattersley and Stanley Orme were brought in. Almost half the members of the Cabinet were in new jobs preoccupied with other things as the crisis broke. On 28 September Callaghan made a strict speech to the Party conference in which he told delegates that the solution to the crisis was to reduce the Labours costs and so make British industry more competitive.¹⁷³

The IMF agreed to give Britain the loan under the condition of £5000 million of cuts in public expenditure.¹⁷⁴ The application for a loan of \$3900 million was made on the 29th September. Representatives of the IMF arrived in London on the 1st November.¹⁷⁵ On the 23th November the Cabinet began to discuss the matter. While Healey and Edmund Dell Trade wanted to secure the loan at all costs and a group of about five ministers was prepared simply to follow a Callaghan lead, there was a strong resistance from both the Left and the social democratic right around Crosland.¹⁷⁶

On the 2^{ed} December, the Cabinet was divided to, 18 ministers supported proposals, and while the six Left-wingers were still critical, only Orme considered resignation.¹⁷⁷ The union leaders were squared and a cut of £1500 million in the public sector borrowing requirement (PSBR) for 1977-78 was announced. It was based on the sale of British Petroleum assets plus expenditure cuts of £1000 million in each of the next two years.¹⁷⁸

In so far as the crisis was surmounted without a single resignation, and with cuts much lower than the IMF, Gallaghan's government marked a

¹⁷³ Seldon and Hickson, *New Labour, Old Labour The Blair*, 79.

¹⁷⁴ Loewenberg, "The Transformation of British Labour Party Policy Since 1945", 07.

¹⁷⁵ *Ibid.*

¹⁷⁶ Seldon and Hickson, *New Labour, Old Labour The Blair*, 148.

¹⁷⁷ Dick, *A Century of Premiers Salisbury to Blair*, 295.

¹⁷⁸ *Ibid.*, 295.

clear end to any lingering hopes that would be a radical reforming administration. In addition, it held longer-term significance for the development of the Labour Party. Healey was able to introduce a reflationary budget in April 1978, and the IMF had received its money back in full by the time the Labour Party left office in 1979. Indeed, economic conditions became calmer after the crisis, helped by recovery from the (1974-76) recession.

The incomes policy for (1976-77) held fairly steady. In August 1977, with a 10 per cent maximum limit, was agreed with the unions, to run until July 1978. Inflation had fallen to 7.4 per cent by June 1978, and even unemployment fell back from a peak of 1,522,500 in the third quarter of 1977 to stand at 1,306,300 in the last quarter of 1978. A period of crisis had given way to one which had at least some semblance of tranquillity.¹⁷⁹

However, such economic conditions were hardly conducive to a very effective social policy. Growth was supposed to pay for social reform, and the government's achievements were confined to continuing with as much expenditure as could be achieved without upsetting the fragile economic situation. While there had been some talk of redistributive taxation, this did not really happen. There were some innovations like the introduction of the state earnings-related pensions scheme (SERPS), improvements in old-age pensions and child benefits, a freeze on council house rents and subsidies of some foodstuffs; many of these were part of the Social Contract.¹⁸⁰

But real expenditure on personal social services fell in 1977-78, and towards the end of the government's life there was increasing talk of the need to target benefits, raising the spectre of the means test once again.¹⁸¹ In some areas, Labour faced increasing resistance. For instance, in

¹⁷⁹ Dick, *A Century of Premiers Salisbury to Blair*, 295.

¹⁸⁰ Roy and Denzau, *Fiscal Policy Convergence from Reagan to Blair*, 36.

¹⁸¹ Loewenberg, "The Transformation of British Labour Party Policy Since 1945", 05.

education the process of comprehensivization slowed down in the face of resistance, supported by the courts, from local education authorities. The net results of the government's policies were minor.¹⁸²

The Liberals were attracted in March 1977 with the formation of the Lib-Lab Pact. The new Liberal leader, David Steel, was keen to avoid an election, partly because he was new to the job and partly because of the scandal surrounding his predecessor Thorpe who was forced to resign.¹⁸³

The pact was not a coalition; its main terms were consultation on economic policy, direct elections to the European Parliament and devolution for Scotland and Wales. The pact was orchestrated on the Labour side by Foot who was emerging as the government's chief fixer. Liberal criticisms finally forced Steel to abandon it in August 1978. But, even then, the ongoing Thorpe case and the Liberals' poor standing in the polls made them reluctant to bring the government down.¹⁸⁴

Relations with the Scottish and Welsh Nationalists proved rather more challenging because both parties were clear on the price of their co-operation: devolution for Scotland and Wales. In October 1974, the SNP had won 11 seats with 30.4 per cent of the Scottish poll and Plaid Cymru three seats with 10.8 per cent of the votes cast in Wales.¹⁸⁵

In November 1975, a White Paper offered each country an elected assembly which meant the Labour Party pre-eminent in both countries since 1945, had to take notice of nationalist feeling. The Welsh one would have fewer powers than the Scottish, but even the latter would not be able to raise revenue and the Secretaries of State would retain wide powers of veto. The Nationalists accepted these proposals as better than nothing and

¹⁸² Lawrence, *Electing Our Masters The Hustings in British Politics From Hogarth To Blair*, 188.

¹⁸³ Goodman, *From Bevan to Blair Fifty Years' Reporting from the Political Frontline*, 233.

¹⁸⁴ *Ibid.*

¹⁸⁵ Loewenberg, "The Transformation of British Labour Party Policy Since 1945", 06

the Devolution Bill passed in its second reading in December 1976.¹⁸⁶ 22 Labour MPs voted against the motion and 15 abstained. In November 1977, separate bills were introduced for Scotland and Wales, and these became laws in July 1978 subject to referenda.¹⁸⁷

However, an amendment introduced by a Labour backbencher meant that, in order to be enacted, the Acts had to receive the support of at least 40 per cent of the total electorates in Scotland and Wales.¹⁸⁸ Still, the passage of the legislation had kept the nationalist parties close to the government and their loyalty was assured at least until the referenda was held on 1 March 1979.¹⁸⁹

While devolution was more prominent in the 1970s than in the 1960s, the reverse was true of foreign and defence policy. With the Vietnam War over, debates within the Party about possession of nuclear weapons and membership of NATO, ministers were keen to maintain the Atlantic Alliance and retain American goodwill at a time of economic stress. All three Foreign Secretaries, Callaghan, Crosland who died suddenly in February 1977 and David Owen appointed to keep the seat for Healey,¹⁹⁰ were from the right wing of the Party. There were few new initiatives, the main development being the decision, taken in secret, to press ahead with the modernization of Britain's nuclear weapons in the Chevaline programme.¹⁹¹ This went against conference votes in 1972 and 1973 in favour of unilateral nuclear disarmament worried the ministers involved not a lot.¹⁹²

But then again, by mid-1978 the Parliamentary position looked

¹⁸⁶ Loewenberg, *"The Transformation of British Labour Party Policy Since 1945"*, 06

¹⁸⁷ Ibid.

¹⁸⁸ Seldon and Hickson, *New Labour, Old Labour The Blair*, 148.

¹⁸⁹ Ibid.

¹⁹⁰ Ibid.

¹⁹¹ Brivati and Bale, *New Labour in power*, 146.

¹⁹² Ibid.

reasonably secure, austerity was giving way and unemployment and inflation seemed to be under control. Electorally, the Party's record was less impressive, with by elections still showing swings against the Labour Party, but even here only one seat was lost in 1978. Similarly, there was recovery in the opinion polls; from being 20 points behind the Conservatives in May 1977, the Labour Party recovered. So, the two parties were neck-and-neck that December, and it edged into a four-point lead in August 1978.¹⁹³

But Callaghan and Foot had their doubts about an autumn election. Party officials believed it would only produce another minority Labour government.¹⁹⁴ An early election would also mean the loss of legislation which was currently going through Parliament. Thus, Callaghan and Foot decided to fight an early election. If they got through the winter and broadly enforced the 5 per cent pay policy, they would be able to go to the country the following spring as the Party that could work with the unions and control inflation.¹⁹⁵

Indeed, the 5 per cent policy was doomed from the start. In the private sector, the figure was breached with impunity: Ford awarded its workforce 17 per cent and the government's attempts to impose sanctions against the company for its breach of the policy were defeated in Parliament with the help of Left-wing Labour MPs.

This, in turn, encouraged lorry drivers, who went on strike claiming a 30 per cent rise.¹⁹⁶ The government still had more leverage in the public sector where pay policies had already bitten hard and effected cuts in real

¹⁹³ Brivati and Bale, *New Labour in power*, 147.

¹⁹⁴ Seldon and Hickson, *New Labour, Old Labour The Blair*, 148.

¹⁹⁵ *Ibid.*

¹⁹⁶ *Ibid.*

wages for many workers.¹⁹⁷ But now, the National Union of Public Employees (NUPE) which represented some of the lowest-paid local authority workers demanded a 40 per cent increase for its members in January 1979.

Various groups of workers started overtime bans. Since groups like dustmen were involved, there was considerable public inconvenience and some threat to public health, much sensationalized by the press.¹⁹⁸ In his Cabinet, Callaghan suggested that what was happening in this country was a threat to British democratic society.¹⁹⁹ Eventually, a settlement was reached, with immediate pay increases plus the establishment of a Comparability Commission to report by August and suggested just wages. In the end, wage settlements for 1978-79 were higher than they were in the previous year.²⁰⁰

The Labour Party lost their reputation for being able to handle the unions. As late as November 1978, Labour had five points ahead in the polls; three months later it trailed by 20 points. Callaghan's approval rating collapsed. What became known as the 'Winter of Discontent' could have been largely avoided by Callaghan but he called an election in October 1978, and he had lost.²⁰¹

On the 1st March of the following year, the Scottish and Welsh referenda on devolution were held. In Wales, the result was a conclusive 'No', with only 11.9 per cent of the electorate voting in favour. However, the result was closer in Scotland. The 'Yes' vote amounted to 32.8 per cent, the 'No' to 30.8 per cent and 36.4 per cent did not vote. A majority of those voting had supported the measure, but as the figure did not reach 40 per

¹⁹⁷ Seldon and Hickson, *New Labour, Old Labour The Blair*, 148.

¹⁹⁸ Brivati and Bale, *New Labour in power*, 150.

¹⁹⁹ *Ibid.*

²⁰⁰ *Ibid.*

²⁰¹ *The Hutchinson Illustrated Encyclopaedia*, 681.

cent of the total electorate, the legislation like that for Wales, had to be repealed. The nationalist parties were incensed and the Conservatives put down a motion of no confidence in the government on 28 March. On the next day an election was called for 3 May.²⁰²

When Callaghan and his many Party activists disputed about the contents of their manifesto,²⁰³ the Conservatives were confident and increased by highly professional advertising. The Labour Party's manifesto promised to reduce inflation, increase government control of industry, build more houses and improve pensions. It could hardly be claimed that Labour lost in 1979 because its manifesto was too Left-wing.²⁰⁴

On a swing of 5.2 per cent Labour lost 51 seats, all to the Conservatives, while regaining five seats from the minor parties. The Party lost heavily in the south-east, the Midlands and the north-west of England. But it improved its position in most of northern England, in Wales and in Scotland.²⁰⁵

The Labour Party particularly lost support among skilled workers, only 42 per cent of whom voted the Labour as opposed to 49 per cent in October 1974 and 55.4 per cent in 1970.²⁰⁶ But the fact was that the Labour Party had lost support in all sectors of the population and in most geographical areas. The 1979 election was more a negative verdict on Labour's performance in office, but a positive endorsement of what was to become known as Thatcherism.

²⁰² *The Hutchinson Illustrated Encyclopaedia*, 681.

²⁰³ Seldon and Hickson, *New Labour, Old Labour The Blair*, 148.

²⁰⁴ Eccleshall and Walker, *Biographical Dictionary of British Prime Ministers*, 366.

²⁰⁵ Seldon and Hickson, *New Labour, Old Labour The Blair*, 150.

²⁰⁶ *Ibid.*, 148.

Chapter Four

Decline, Modernization and New Labour 1979-2007

After the 1979 general election, the Labour Party went into its worst crisis since the schism of 1931. It lost four successive general elections in 1979, 1983, 1987 and 1992. Nevertheless, by 1982 the Labour Party was not able to do the ousting, especially since the breakaway of a section of its right wing to form the Social Democratic Party in March 1981. Neil Kinnock's decision to take on the Militant Left in the 1980s was much more significant in the revival of the Labour's electoral. However, in the 1983 general election, the Labour Party was beaten despite vigorous attempts by its young leader, Neil Kinnock, it did little to dent the Conservative ascendancy in 1987. There was much talk of Labour being finished as a Party of government.¹

The revival in Labour's electoral fortunes from 1987 to 1994 owed much to the work of Neil Kinnock and John Smith. The latter maintained Kinnock's commitment to the modernization of the Party's policies and organization, unfortunately the latter died before achieving it. The revival of the Labour Party continued in the 1990s under the leadership of Tony Blair who helped New Labour to achieve a landslide success in 1997.

The 1997 election victory was followed by the equally decisive win in 2001. However, the 2005 poll saw the Labour's majority slashed by 100-odd seats and its share of the vote fell to 37 per cent, an all time low in contemporary British politics. But Labour won what the Party had never won before three consecutive terms in government.

¹ Jones, *Remaking the Labour Party From Gaitskell to Blair*, 45.

This chapter will attempt to discuss the Labour four lost successive general elections and bitter conflicts that resurfaced between the Left and Right wings inside the Party during the 1970s and early 1980s. It will also deal with the ideological rethinking developed after 1983 under the leadership of Neil Kinnock and how it was maintained by John Smith till 1994.

Moreover, it will cope with the reasons behind the Labour Party's successful recovery in the 1990s namely, 'New Labour' and the 'Third Way'. As well as examine the Labour Party achievements during its three successive terms in the government.

1. The Post 1979 General Election

Under Wilson and Callaghan administrations the Labour Party lost its way and much of the Party had lost confidence in consensus during the 1970s.² The threat of breakup was accelerated by the 1979 general election. Callaghan's policies of the trade unions and wage restraint had already alienated the Left and he was immediately blamed for the timing of the election. In fact, the First World War brought a split between moderate socialists and revolutionary socialists. Most of the latter became Communists,³ but the British Labour movement remained heterogeneous and the broad range of ideological positions could at times prove severely disruptive. The greatest menace to its unity came with the list to the Left after 1979.⁴

In a way, the crisis of 1931 was being played out again after 1979. In both cases, the Left considered that Labour's leadership had sold out to a

² Jones, *Remaking the Labour Party From Gaitskell to Blair*, 204.

³ Williams, "The Program of the British Labour Party an Historical Survey", 18.

⁴ Richards, *New Labour and the Civil Service Reconstituting the Westminster Model*, 200.

policy of gradualism that had become indistinguishable from some of the measures of the preceding Conservative government.⁵

Callaghan clung on to the leadership in order to avoid charges of desertion to try to secure Healey's succession and keep the Party from moving leftwards. Yet, the Party moved leftwards. The Labour Conference of October 1979 saw the first determined push by the Left, with demands that included the regular reselection of MPs. There was to be a committee enquiring into new methods of electing the Labour leader. Besides, the National Executive Committee was granted command over the choice of the Party's final version of the election manifesto. A resolution for an electoral college was defeated in 1979, but passed at the 1980 Labour Party Conference in Blackpool, at which the mandatory reselection of candidates was confirmed.

After the 1980 conference closed, Callaghan announced his resignation. Since the constitution of the electoral college had still to be decided, his successor could be elected by the PLP only and the leader's action was attacked by the Left as a pre-emptive strike to install Denis Healey as leader while there was still a chance.⁶ Benn considered standing against Healey, but he was dissuaded by his allies, partly on principle and partly because he would clearly not fare well if the PLP was the electorate.⁷ Peter Shore and John Silken came forward, but while both were capable figures with some experience of high office; neither seemed likely to defeat Denis Healey. The only candidate likely to stop the latter was Michael Foot who was persuaded to stand by Left-wing MPs and union leaders.

On Callaghan's resignation, Michael Foot clearly left-winger was elected by 139 votes to Denis Healey's 129. He was seen as a candidate of

⁵ Richards, *New Labour and the Civil Service Reconstituting the Westminster Model*, 205.

⁶ Roger, *Labour's European Dilemmas From Bevin to Blair*, 142.

⁷ Goodman, *From Bevan to Blair Fifty Years' Reporting from the Political Frontline*, 257.

reconciliation with deep convictions. He was a brilliant orator and was cultured and widely read. The tragedy of the Labour Party at that time was that the man who combined the qualities of Foot and the aggression of Thatcher was confined to the position of deputy leader.⁸ Denis Healey, former Chancellor of the Exchequer, became deputy leader, and was admired by many but hated by the rest. Therefore, he reopened the conflict within the Party which the election of Foot had been intended to stop. Neil Kinnock, a young Welsh MP, acted as his campaign organiser.⁹

Foot's election did not mark any great swing to the Left in the PLP. This was borne out by the subsequent Shadow Cabinet elections where all the existing members who stood were re-elected. Owen and Callaghan were replaced by the right-wing Gerald Kaufman and by Neil Kinnock. Significantly, Benn failed to gain election, his 88 votes placing him just behind Kinnock with 90.¹⁰

A direct outcome of this leftward move was the withdrawal of the right wing of the Labour Party. On 25 January 1981 three Labour MPs, Shirley Williams, William Rodgers and David Owen joined with Roy Jenkins, 'the Gang of Four', in announcing the Limehouse Declaration.¹¹ Foot tried to persuade Owen, Williams and Rodgers to remain, but to no gain. On 26 March, the new Social Democratic Party (SDP) was officially launched. They accused the Labour Party of having moved away from its roots in the people of this country and its commitment to Parliamentary government. Hence, they established the SDP which aligned itself with

⁸ Roger, *Labour's European Dilemmas From Bevin to Blair*, 142.

⁹ *Ibid.*, 258.

¹⁰ *Ibid.*

¹¹ The Limehouse Declaration, a statement of intent by four former Labour Cabinet ministers, Roy Jenkins, David Owen, William Rodgers, and Shirley Williams—to quit the leftward path that had lately been taken by Labour. The Social Democratic Party was formally founded on March 26 1981, <https://www.britannica.com/topic/Limehouse-Declaration>.

David Steel's Liberal Party in an electoral pact known as the 'Alliance'.

This produced several impressive by-election victories. For instance, in 1981, William Pitt won Croydon and Shirley Williams Crosby, while Roy Jenkins won Glasgow Hillhead the following year. By October, 1981 the 'Alliance' was peaking the public opinion polls with well over 50 per cent of popular support, well ahead of both the Conservative government and the Labour opposition supporters.¹² At first, only 10 MPs followed Owen and Rodgers, but by the time of the dissolution of Parliament in 1983 there were to be 30,¹³ who were elected as Labour MPs in 1979. Other noteworthy recruits included George Brown.¹⁴

Most of the Labour's right wing did not join the new party. While Jenkins, Owen, Williams and Rodgers left the Party, Denis Healey, Roy Hattersley, Gerald Kaufman and John Smith remained.¹⁵ So, why did so many right wingers stay and fight? According to Steven Fielding, many calculated that their career prospects would still be better in the Labour Party than in the SDP. More important was ethos, an almost tribal loyalty to Labourism, if one lost a round of the fight, but they should fight on until victory could be achieved. In addition, MPs with union links were reluctant to break them. Finally, there was also a calculation being made about the medium and longer-term direction of the Party.¹⁶

Soon after the selection of Michael Foot as a Party leader, there was a vote of 5,042,000 votes to 2,097,000 to withdraw from the EC and a vote in favour of unilateral nuclear disarmament. However, a motion was also passed, stating that the safety of the British people would be best served by

¹² Roger, *Labour's European Dilemmas From Bevin to Blair*, 142.

¹³ *Ibid.*, 422.

¹⁴ Beech, and Hickson, *The Struggle for Labour's Soul Understanding*, 171.

¹⁵ David O'Reilly, *The New Progressive Dilemma Australia and Tony Blair's Legacy* (London and New York: Palgrave Macmillan, 2007), 173.

¹⁶ Jones, *Remaking the Labour Party From Gaitskell to Blair*, 83.

multilateral disarmament in the nuclear conventional fields and a resolution calling for withdrawal from NATO was heavily defeated.¹⁷

At the 1980 conference, the Left's margins of victory were very narrow indeed, 49.3 per cent to 50.7 per cent on the electoral college, and 46.8 per cent to 53.2 per cent on reselection.¹⁸ They were committed to the policies of the Left, including unilateral nuclear disarmament, more extensive nationalisation and withdrawal from the European Community. It was also decided that future leadership elections would be conducted by three parts of the Party: the trade unions, the Parliamentary Party and the constituency parties. The Labour Party maintained its policy proposals mentioned above that were the draft of the 1983 manifesto.

2. The 1983 Manifesto and the General Election

The 1983 manifesto was not short of policy proposals, including the reduction of unemployment to below a million within five years by a huge increase in public expenditure. There would be a start to the promotion of industrial democracy and renationalization of the few industries which had so far been privatized in a five-year economic plan. Social benefits and expenditure on education would be increased. There were also promises to end sexual and racial discrimination. A Labour government would pull Britain out of the EC.

In the event, the Labour emerged with only 209 seats, by far its worst performance since 1935, and 27.6 per cent of the votes, its lowest share since 1918. In terms of votes cast per candidate it was the Party's worst showing ever. A record of 119 deposits was forfeited and three ex-Cabinet

¹⁷ Corthorn, and Davis, *The British Labour Party and The Wider World Domestic Politics*, 29.

¹⁸ *Ibid.*

ministers, including Tony Benn, were defeated.¹⁹ The 'Alliance' put the Labour Party in the second place in terms of votes, taking 25.4 per cent, but emerged with only 23 MPs, of whom only six were SDPers.

Among the most important factors contributing to the decline of the Labour Party were its traditional identification with the working class, the British colony of the Falkland Islands, an assault from the Far Left comprised various Marxist groups and popular policies sustained by Thatcher regime. Its traditional identification declined with the working class. Even by 1979, the Labour Party underwent the most spectacular electoral decline of any socialist Party in Western Europe. It lost votes at every general election bar one between 1951 and 1979 and its vote tumbled from 47 per cent in 1966 to 37 per cent in 1979.²⁰

The 1970s and the 1980s registered a substantial change in the composition and affiliations of the working class. The so-called new working class was more likely to own property, less likely to be unionised and generally lived in the South. In these categories working-class support for Labour substantially declined, making it increasingly difficult for the Labour Party to win any seats in the South outside a handful of constituencies in the Greater London area.

The process of embourgeoisement meant that the Conservative Party had gained considerable support by 1983. Mrs Thatcher's policies also began to shape the electorate in the Conservative image. The proportion of workers in the private sector rose, while in the public sector, it declined. The former were also more likely to be homeowners, buying-council houses, emanating from Conservative policy.

¹⁹ Dumbrell, *A Special Relationship Anglo-American Relations in the Cold War to Iraq*, 50.

²⁰ Harold. D., Clarke, David., Sanders, Marianne. C., Stewart, Paul. F., Whiteley, *Political Choice in Britain* (UK: Oxford University Press, 2004), 169.

On the 2nd April 1982, the military regime in Argentina invaded the British colony of the Falkland Islands. The government dispatched a Task Force to recapture them, a feat finally achieved on 14 June. Thatcher's government gained popularity during the conflict. Foot's line was in support of the government, on the grounds that Britain should not allow a quasi-fascist regime the prestige of a victory, especially when that would involve taking the Falkland Islanders against their will under the Argentinian flag.

Some Labourites were more critical, but in little effect other than making the Party seem split at a time of perceived national crisis.²¹ The Falklands issue rallied support to the Conservatives, whose poll rating improved from 31 per cent in April to 46 per cent in July, by which time they had a 19 point lead over Labour.²² Nevertheless, the Falklands factor gave the Tories a short-term boost; in the longer term the more significant developments were tax cuts in 1982 and the economic upturn which began early in the same year. However, Labour did not lose the 1983 election because of the Falklands War.²³

The secession of the right was followed by an assault from the Far Left which comprised various Marxist groups. The most striking of these were the Trotskyists. Between 1917 and 1927 Trotskyism²⁴ had been associated mainly with the spread of revolution from Russia to other countries. After his removal and exile in 1927, Trotsky became more pragmatic; recommending that the best way of taking over was not by overt revolution but by covert penetration. This meant that Marxists should become involved in democratic politics, but with the ultimate purpose of effecting a communist takeover.

²¹ Lynch, *The Politics of Nationhood Sovereignty, Britishness and Conservative Politics*, 57.

²² Lawrence, *Electing Our Masters The Hustings in British Politics From Hogarth To Blair*, 239.

²³ Ibid.

²⁴ Collin, *Dictionary of Politics and Government*, 248.

Trotsky recommended that British activists should enter the Independent Labour Party (ILP) as a distinct group and thereby gain publicity. As the ILP disappeared the Trotskyists transferred to the mainstream Labour Party. Thus, Trotskyism was equivalent to entryism, a deliberately parasitic strategy by a minority seeking to take eventual control over the whole Party.

The most important Trotskyist group was the 'Militant Tendency'. Formed in 1950, this group expanded during the 1970s, especially under Ted Grant and Peter Taaffe to advocate the ideas of Marx, Engels, Lenin and Trotsky.²⁵ The connection between 'Militant Tendency' and the Labour Party was strengthened by Tony Benn who openly welcomed the militants in the process of participatory democracy.

The relationship between the 'Militant Tendency' and the Labour Party exposed the latter to the accusation that it was riddled with Marxism. Obviously, such arguments harshly damaged Labour's image with the electorate. On one hand, the Labour Party had a long tradition of tolerance, based on the sort of heterogeneous support which the Liberals had once boasted and was more open to internal debate than were the Conservatives.

On the other hand, groups like 'Militant Tendency' were alien to Labour's tradition and threatened to undermine that tradition. They claimed to represent the true feelings of the working class, but within the context of an ideology which had never taken root within Britain. Therefore, Benn's policy of tolerating Trotskyism was an actual danger to the Labour Party's own roots was realised by the leadership after 1985.

In February 1983, the NEC voted 19 to 9 to expel the five members

²⁵ Ted., Honderich, *Conservatism Burke, Nozick, Bush, Blair?* (London: Pluto Press, 2005), 54.

of *Militant's* editorial board from the Labour Party.²⁶ There was an assumption within the Left of the Party that socialism was the natural philosophy of the working class and both the Marxist and non-Marxist socialists believed in this. Socialism was the driving force behind the policies in the Labour manifestos of 1983 and 1987.

In addition to reversing Thatcher's policy of privatisation, Foot undertook to nationalise areas which had previously been left alone by Attlee and his successors. He also reversed the previous consensus with the Conservatives on Britain's nuclear deterrent. The Labour Party entered the elections of 1983 and 1987 committed to unilateral nuclear disarmament.

The Labour voters felt that there was a close connection between the Labour Party and a specific pressure group, the Campaign for Nuclear Disarmament (CND).²⁷ The Conservatives, meanwhile, had a field-day searching Labour's alternative defence programme, concluding that the consequent increase in conventional weapons would exceed the nuclear budget. Unilateralism also caused difficulties within the Labour Party, Callaghan opposed it and Healey was deeply unhappy.

A third policy which caused worry was Labour's commitment to withdraw Britain from the European Community despite Wilson's acceptance of permanent membership after the 1975 referendum. Other areas of contention proposed increases in public spending which would have meant reverses in Conservative tax cuts. The abolition of the House of Lords raised concerns about an imbalance in the constitution.

During the Thatcher regime, policies including privatization, local government and local education authorities were popular. The nationalized industries were largely privatized. The period from 1983 to 1987 saw the

²⁶ Brivati and Bale, *New Labour in power*, 91.

²⁷ Leonard, *A Century of Premiers Salisbury to Blair*, 347.

government build on earlier, more limited operations with a whole series of high-profile sell-offs. The shares were available in small quantities and also underpriced. Thus, large numbers of people could buy them, often to sell on for a short-term windfall profit.

Local government also came under sustained attack. Here, the Labour Party built a very solid base for itself over the years. The Conservatives recognised this and resolved to do something about it. In an attempt to curb local authority expenditure, the government introduced rate-capping. The latter allowed ministers to set limits to the level of local taxation an authority could raise the poll tax a flat-rate levy. Thus, one of whose aims was to ensure that Labour councils would have to set a high charge to everyone, and so be ousted. The Central government also removed functions from local authority control. The first sign of this was the sale of council houses to their tenants at cut prices. The aim behind this measure was to increase owner-occupation. This proved to be a very popular policy which contributed to the reduction of the Labour Party's clientage.

Local education authorities lost control over some schools as a result of the opting out procedures introduced in 1988. Indeed, local government functions were increasingly delegated to unelected quangos set up by central government bodies. Labour needed to regain power. This meant a continuation of the Party's shift to the right, which had begun at the 1981 conference. Such circumstances convinced Neil Kinnock of the necessity for profound changes in the policies and in the organisation of the Labour Party, not simply as ends in themselves but also as contributions to a change in the mentality of the Labour Party. Those changes were essential, if Labour was to broaden its electoral appeal and win political power again.

The failure of the Left to make a credible case, the growing

perception of Left policies as being unpopular, the scale of the 1983 defeat, the electoral college and the easing economic situation all combined to lubricate Kinnock's subsequent efforts to move Labour back to a more centrist position.²⁸

3. Neil Kinnock and Modernization 1983-1992

Following the Labour Party's defeat in the 1983 general election, Michael Foot resigned as Party Leader. Subsequently, Neil Kinnock received over seventy-one per cent of the electoral college vote, enjoying the support of all the largest trade unions and emerging as the clear winner in the CLP and PLP sections.²⁹ At this point in the Party's history, a miner's son was more useful than middle-class intellectuals such as Michael Foot.

During his nine year tenure as Party Leader, Neil Kinnock managed to redesign both himself and the Party. In the 1970s, elected as a member of the soft Left, Kinnock had been a somewhat radical Left-winger and was a member of CND. By 1992, he renounced to many, if not most of the beliefs he previously held and moved the Party to the right along with him. He was instrumental in transforming the Party into an efficient organisation which orchestrated professional campaigns and appeared capable of being a serious contender for government.

Some big unions, including the TGWU supported Foot favoured successor, Neil Kinnock. Michael Foot made it known that he would resign once the electoral college had chosen a new leader at that autumn's Party

²⁸ E., Barker, G., Clark, & P., Vaucher, *The European Inheritance* (London: Oxford University Press, 1956), 130. 109.

²⁹ Leonard, *A Century of Premiers Salisbury to Blair*, 347.

conference.³⁰ It soon became clear that the main choice was between Kinnock and Hattersley. Hattersley had strong support from the right and was more experienced than Kinnock. The latter had been an MP for only 13 years. He had little front-bench experience and no ministerial experience and his techniques were faulty in the House of Commons. But Kinnock could still get the support of much of the Left he had some appeal to the centre and even the right because of his hostility towards Benn's candidature of 1981. With Benn out of Parliament, the standard-bearers of the hard Left were Eric Heffer for the leadership and Michael Meacher as deputy.

By the 1883 conference was convened on the 2nd October, it was widely expected that, given what unions, CLPs and MPs were known to have decided, Kinnock would win the leadership and Hattersley be elected as his deputy, forming the so-called dream ticket balancing Left and Right. The hard Left argued that a real balance would have been Kinnock-Meacher, but Kinnock was much keener to work with Hattersley.³¹ In the event, Kinnock won just over 70 per cent of the votes for the leadership, with Hattersley taking a shade under 20 per cent and Heffer and Shore unable to poll 10 per cent between them.

Kinnock took three-quarters of the union votes, more than nine-tenths of the CLP votes, and just under half of the MPs' votes. Hattersley went on to win the deputy leadership by a scarcely less impressive margin, taking around 66 per cent of the votes. Interestingly, the CLPs did not only vote overwhelmingly in favour of Kinnock but also went by a narrow majority in favour of Hattersley over Meacher.³² The result also meant that Kinnock had a very clear mandate from the Party activists, better than any

³⁰ Ibid.

³¹ Brivati and Bale, *New Labour in power*, 147.

³² Ibid.

previous leader. This fact would allow him, in the end, to push the Party further to the right, in terms of policy and organization, than any leader since Gaitskell. The electoral college designed as a guarantor of success for the Left.

However, he led the Party to two further election defeats in 1987 and 1992. Neil Kinnock failed as a Leader of the Labour Party, but in actual fact he was considerably more successful and influential in transforming internal Party structures. Indeed, he left his successors with a Party that seemed more likely to win the 1997 election.³³

As leader of his Party, Kinnock conducted two general elections. This period was mainly characterised by changes in the internal structures of the Party. It could be divided into two principal phases: the 1983-7 period saw a transformation of the organisational rules and resources of the Party whilst the 1987-92 phase was dominated by the '*Policy Review*', the comprehensive reassessment of Party policy and policy-making structures. Throughout the entire period there were also significant changes in the Party's identity. The Red Flag transformed to the Red Rose, the Labour Party's identity changed.

3.1. The Labour Party's Identity Reform

The Labour Party faced an identity crisis in the early eighties which gave voters impression that the Party was divided and prone to extremism, in fact that damaged the Party's electoral image. It was this type of Party which Kinnock inherited in 1983. Kinnock spent the following nine years attempting to transform Labour's identity structure, from one representing

³³ Norman Fairclough, *New Labour, New Language?* (London and New York: Routledge Taylor and Francis Group, 2006), 04.

a Party split by narrow divisions which were largely irrelevant to the electorate, into that of a professionalised, competent and modernised government-in-waiting. This process was carried out in two phases: first, the old structure had to be discarded, before a new one was constituted.

From 1986 onwards, the modernisation of the Labour Party's identity proceeded with greater haste. The old symbols of the Labour Party, found on most publications, conference platforms and campaign literature, were the Party's red flag logo, a red flag with the Party name emblazoned on it and the Liberty crest, depicting a quill pen and a shovel to represent the unity of all workers.

However, by 1986, these symbols fell out from the leadership. Philip Gould, Head of the advertising agency which the Labour Party employed, suggested the Party should adopt a new corporate image with the Director of Campaigns and Communications Peter Mandelson. The latter claimed, 'It is vital to reinforce the impression of innovative Party shedding old associations and image'.³⁴ The red flag in particular was regarded as being representative of old-style socialism, which Kinnock believed was unpopular with voters and was keen to discard.³⁵

Kinnock's approval rating in the polls soared. He also changed the image of the Labour Party, substituting the red rose for the red flag and changing the colour of its campaign material from red to grey. It focused on more identifiable campaigns such as Putting People First. There were some rumblings about the presentation at the expense of policy. But, Kinnock argued that the essential priority was to modernise Labour's image and eliminate the widespread fear the electorate seemed to have of the Far Left. Therefore, Kinnock's service was to soften the image of what

³⁴ Fairclough, *New Labour, New Language?*, 316.

³⁵ *Ibid.*

remained.

The decision to adopt a red rose as the new corporate logo was not a new choice. It was already the symbol of several European social democratic parties and also featured in the Socialist International's logo. To emphasise Labour's break with the past and the new softer image, it became important for Labour MPs to be seen wearing a red rose on their lapels. Visitors to the Party's London Headquarters were met with the sight of a bronze rose.

The Labour leadership of Kinnock and his Deputy, Roy Hattersley, sought to distance the Party further from its old identity by publishing a new statement in 1988 concerning Labour's aims and values. At that time the Labour Party had no clearly defined statement of values; instead great emphasis was placed on Clause IV (Section 4) of the Party Constitution. The latter committed the Labour Party:

to secure for the workers by hand or by brain the full fruits of their industry and the most equitable distribution thereof that may be possible on the basis of the common ownership of the means of production, distribution and exchange, and the best obtainable system of popular administration and control of each industry or service.³⁶

This statement emphasised the Labour's commitment to public ownership. It was printed on the back of all Party membership cards and had great symbolic importance, particularly amongst those on the Left. All this led, to a Left-wing reaction.

At the October 1988 Party conference, Kinnock easily beat off Benn's challenge, taking almost 89 per cent of the votes. Even Hattersley who faced a second challenger in the combative figure of Shadow Cabinet Employment spokesman, John Prescott, took two-thirds of the votes for deputy leader whereas Prescott took just under 24 per cent and Heffer just

³⁶ Fairclough, *New Labour, New Language?*, 316.

under 10. Only 38 MPs voted for Benn. More depressing for him was the fact that only 119 CLPs did so.³⁷ This showed the marginalization of the hard Left, the extent to which Kinnock had established a firm hold over the Party at all levels. Change in the internal Structures of the Labour Party and the Restoration of Leadership Control was due to Kinnock's persistence.

3.2. The Labour Party's Internal Structure Reform

Kinnock developed the leader's office into an alternative Party organization. Charles Clarke, in charge of his private office, and Peter Mandelson, the Party communications director, were developing a new emphasis on packaging and presentation, in reaction to the perceived failings of the 1983 campaign.³⁸

In other ways, Kinnock was to be more successful in using his position of Party Leader to transform Labour's organisational structure. In this regard, he created new departments, took advantage of the rapprochement between the right of the Party and the more moderate Left, both on the NEC and in the Party at large. Although Tony Benn just managed to remain on the NEC throughout Kinnock's leadership, he and his followers were increasingly marginalised, particularly over the issue of the expulsion of 'Militant' members from the NEC.

Internal departments were consolidated and reorganised. Consequently, three main directorates were established: Organisation, Policy Development, and Campaigns and Communications. The last one proved to be more efficient; the new Director of Campaigns and Communications was a former television producer named Peter

³⁷ Bulmer, Burch, Carter, Hogwood and Scott, *A British Devolution And European Policy-Making Transforming Britain into Multi-Level Governance*, 126.

³⁸ Leonard, *A Century of Premiers Salisbury to Blair*, 348.

Mandelson. He brought with him a new approach to campaigning and media presentation. He emphasised reliance on advertising agencies, opinion polling and qualitative research to shape policies and images which would appeal to the electorate.

Mandelson consulted an advertising executive, Philip Gould, to produce a report on Labour's campaign strategy. A key recommendation was that the Party should establish a working group including with Party officials professionals from advertising and opinion research agencies to work on Labour's image and communications strategy.³⁹

One of Kinnock's first attempts to neutralise the influence of the Left came at the 1984 Annual Conference, in relation to the contentious issue of the mandatory re-selection of MPs. Under the new constitutional arrangements passed in 1980, CLPs' powers were reduced to re-select MPs lay with the Constituency Party, but in practice this meant the General Committee (GC) of the CLP, consisted of delegates from local branches and trade unions.⁴⁰

Kinnock felt that if this process could be widened to include all local Party members, then the votes of more moderate non-activists could lessen the chances of MPs being deselected. This system of 'One Member, One Vote' referred to as OMOV, was precisely the policy favoured by David Owen and other right-wingers before they quitted the Party to form the SDP. Yet, there were more reforms of the youth movement which ultimately eliminated most far Left influence, but which failed to really galvanize young people to join the Party.

One of the major structural constraints on the Party Leader and the Shadow Cabinet was embodied in the National Executive Committee. The

³⁹ Leonard, *A Century of Premiers Salisbury to Blair*, 348.

⁴⁰ Coates., *Labour Party and the Struggle for Socialism*, 33.

latter was very often disagreed with the Party's Parliamentary Leaders. Since Kinnock felt changes were needed in the way the Party presented itself and in the manner in which it practised campaigns in the media. While not yet sure of a working majority on the NEC, he decided to form a Campaign Strategy Committee (CSC) with the responsibility for Labour's campaigns and media presentation separate from the NEC.⁴¹ The CSC's members were drawn from the Shadow Cabinet, the PLP, the NEC and trade unions. Kinnock used the new committee to reduce the influence of the NEC.

Neil Kinnock, then set about transforming the policy-making structures after the general election defeat of 1987, dropping many of Labour's more unpopular commitments. Another striking feature of the Labour Party's structural transformation under Kinnock was with regard to the Party's identity: new techniques were used in campaigns and modern symbols were adopted to replace its narrower, class-based images.

The 1983-92 period saw a gradual process of transformation in which agents were able to transform Party structures in a number of ways. This was not an overnight process, but one that was still taking place when Kinnock left office nine years after becoming Leader. It also appeared clear that control of Party organisational structures was crucial to the modernisation of the Party's policy-making and identity structures.

3.3. The Labour Party's Policy Making Reform

In the period before the 1987 general election, no significant changes were made to policy-making structures in the Labour Party. During this

⁴¹ Seldon and Hickson, *New Labour, Old Labour*, 330.

time, the major changes were the organisational structures of the Party in addition to the troublesome issues of 'Militant' expulsions and the yearlong miners' strike. The problems largely overshadowed Kinnock's first two years in the post.

For instance, the miner's strike which began in April 1984 and lasted for almost a year had a serious impact.⁴² The NUM executive (the National Union of Mineworkers), under its President, Arthur Scargill, refused to hold a strike ballot. As a result some miners, mainly in Nottinghamshire, refused to come out. Attempts to persuade them to do so by picketing were met by a firm, and at times heavy handed, police response and violence ensued. Relations between Scargill and the Labour leadership completely broke down.

The position was not made easier for Kinnock by the fact that the working miners were overwhelmingly Labour voters. As in 1926, major industrial conflicts made it difficult for the Labour leadership to satisfy everyone. The result was that Kinnock only spoke on the dispute once in Parliament and that Party headquarters was dissuaded from issuing propaganda on the coal question. But the strike's long duration and its emotiveness for most Labourites meant the issue could not just be brushed aside.

In March 1985, the miners were forced back to work. For them, the whole affair had been a catastrophe. However, its impact on the Labour Party was not so clear-cut. In the short term, it was a disaster. It suggested that the Labour Party was split, portraying its new leader in a poor light and emphasizing issues like law and order and industrial efficiency, with which the Conservatives were usually perceived as being best able to cope. It also

⁴² *The Hutchinson Illustrated Encyclopedia of British History*, 702.

split the NUM with the formation of a breakaway union, the Union of Democratic Mineworkers, in Nottinghamshire.

By now the hard Left was utterly alienated from Kinnock, but other elements in the Party were also having doubts about his leadership qualities. There was a growing feeling, exploited by the media that he lacked experience and administrative ability. His past could always be trawled by the media for a quotation to show him either as a Left-winger or as a hypocrite who would say anything to gain votes.⁴³ Moreover, his Parliamentary performance continued to be indifferent. He was compared unfavourably with the Shadow spokesman on Trade and Industry, John Smith. The latter was a Scottish lawyer who had spent seven months in the Cabinet as Trade Secretary in 1978-79, and who gave the Conservatives far more worries over the Westland scandal in early 1986.

With the polls showing Labour behind the 'Alliance', although ahead of the Conservatives, in early 1986, there were grumblings about Kinnock's leadership.⁴⁴ No rival emerged to challenge him by the time of the next general election in June 1987. Indeed, he had been able to push through something of a transformation within the Party in the fields of both Party organization and policy.

Kinnock clearly felt that his first priority should be to regain control of the Party organisation; this would be a necessary precursor to any programmatic changes which might follow. Moreover, given the new spirit of co-operation between the soft Left and the Right wings of the Party, radical changes in Party policy may have irrevocably damaged this 'Alliance'. As Kinnock said in a television interview in 1993, "to have changed all policies simultaneously in that period would have fractured the

⁴³ Jones, *Remaking the Labour Party From Gaitskell to Blair*, 95.

⁴⁴ *Ibid.*

Party”.⁴⁵

Nevertheless, there were some clear signs that the Party was moving away from its positions of 1983. Through the 1987 election manifesto, ‘*Britain Will Win*’,⁴⁶ Labour promised to withdraw from the EEC; it was a commitment to work constructively with the EEC partners to promote economic expansion and combat unemployment. In addition, the manifesto supported the rights of tenants to buy their council-owned houses. On industrial relations issues, the Party manifesto was more equivocal. It promised to repeal Conservative trade union legislation whilst establishing a statutory framework protecting the rights of union members to hold secret ballots before strikes and when electing union executives.

These years also saw changes in Party policy. For instance, to make it more popular the Labour Party’s 1983 manifesto promised to decrease unemployment below one million and more congenial to the views of the Shadow Cabinet. The ensuing shift to the right was buttressed by, even predicated upon, the boom conditions which were clearly prevailing by the end of 1985. At the same time, the change was rather piecemeal.

In 1987, the manifesto was full of promises.⁴⁷ For instance, plans to remove US nuclear bases from Britain were put aside, but the Party remained committed to unilateralism. Withdrawal from the EC was dropped, but this simply meant that the Party had little to say on Europe at all. Social ownership some form of nationalization of gas and British Telecom would be reimposed.

The plan to reduce unemployment was scaled down; now the Party only pledged a reduction of a million over two years, but even then it

⁴⁵ Smith, *Television Policies of The Labour Party 1951–2001*, 133.

⁴⁶ Dale and Kavanagh, *Labour Party General Election Manifestos 1900–1997*, 195.

⁴⁷ *Ibid.*

carried little conviction. Large-scale increases in public expenditure, particularly on welfare, were also suggested, but with little real notion of how to pay for them. This, infect, provided the Conservatives to attack them as being uncoded.⁴⁸ In short, the policy changes, in the run-up to the 1987 general election, showed that making policy more moderate did not necessarily make it any more coherent.

Although these changes were fairly substantial in their own right, Kinnock remained constrained by the policy-making structure of the Party Conference, and so more radical changes were impractical. Thus, a commitment to social ownership of the major utilities remained, as did the Party's commitment to unilateral nuclear disarmament. The latter remained an unpopular policy both amongst the electorate and senior Party figures and was a weakness which was effectively exploited by the Conservatives during the 1987 general election campaign.

Nevertheless, great optimism among Labour strategists appeared when Thatcher announced on 11 May 1987 that there would be an election in the following month. The European elections of 1984 had seen Labour advance. By-elections had seen the Conservatives lose four of the nine seats they had defended, but only one of these had gone to Labour itself lost a seat to the 'Alliance' in February 1987. As late as March 1987 the Labour Party was in the third place behind the 'Alliance' in the polls.

Thus, by the time the election was called, it was less a question of whether Labour could win, but whether it could hold on to second place in the face of what appeared to be a strong 'Alliance' challenge. The Labour Party did fight a good campaign which focused particularly on the leader.

⁴⁸ Dale and Kavanagh, *Labour Party General Election Manifestos 1900-1997*, 195.

But it had little to say on some key issues, like the EC and its policies in other areas were confused. The Party's spending plans were savaged by the Conservatives as being likely to lead to massive tax increases.

The election result of 1987 was only slightly less crushing than had been that of 1983. The Labour Party was still supported by less than a third of the electorate. For all its professional campaigning, the Labour increased its poll share only by 3.2 points to 30.8 per cent, and managed a net gain over 1983 of only 20 seats, emerging with 229 MPs.⁴⁹ The Party's main advances came in the east Midlands, Scotland, Wales and Yorkshire. The Labour Party was still in the third place behind the 'Alliance' in more than 200 seats.

It failed to improve its position significantly among non-manual workers while among skilled workers only 36 percent supported Labour and whereas 40 per cent voted Conservative.⁵⁰ Whatever else Labour had achieved in 1987, it had not built a strong base from which to challenge the Conservative ascendancy next time. To win such an election Labour still needed a swing larger than any achieved by either Party at a post-war general election.

However, these changes failed to achieve the desired results. The 1987 election still produced a majority of over a hundred for the Conservatives and Labour had to rethink its strategy for the future. At the 1987 Party Conference, Kinnock introduced a fundamental '*Policy Review*' which went on in 1989 to produce some major changes to Labour's commitments. Labour no longer undertook to pull Britain out of the European Community.

⁴⁹ Mark Tewdwr., Jones, *The Planning Polity Planning, Government and the Policy Process* (London and New York: Routledge Taylor and Francis Group, 2005), 60.

⁵⁰ *Ibid.* 61.

It also came to terms with some of the policies introduced by the Conservatives, including the sale of council houses. It withdrew its earlier undertaking to renationalise those enterprises that had been privatised, stating that this was no longer a priority. Instead, it would use the government's own share to enforce a stricter form of supervision. This could be seen as a growing awareness of the commitment of the electorate to privatisation through their shares, but also a willingness to take advantage of the public's disillusionment with some of the inefficiency shown by the privatised companies.

There was even a commitment to the market system and to control over public spending. The Labour Party promised not to reverse the basic-rate tax cuts made by the Conservatives and to confine any increase in the higher rate from 40 per cent to 50 per cent. Above all, Kinnock took note of the views of the electorate and abandoned Labour's promise of unilateral nuclear disarmament.⁵¹

The most remarkable aspect of the '*Policy Review*' process, aside from the changes to the policies themselves, was the extent to which it was controlled not by the NEC but directly from the Leader's Office. Kinnock chose the convenors of each of the seven groups, placing allies in the key positions. In doing so, he was able "to ensure the kind of political mix which he believed would bring about the results he wanted, while ensuring that dissident voices were fairly reflected".⁵² Thus, in the area of policy-making Kinnock was able to radically transform the nature of the Party's structures. In contrast to the previous division of power between the NEC and the Leader and the Shadow Cabinet which had proved so problematic and a real constraint on many occasions in the past. Kinnock ensured that

⁵¹ Tewdwr Jones, *The Planning Polity Planning, Government and the Policy Process*, 61.

⁵² *Ibid.*

the Leader and the Shadow Cabinet, but especially the Leader, had unprecedented control over policy-making structures.

Meet the Challenge, Make the Change (1989) was the final report produced by the seven 'Policy Review' groups for presentation to the 1989 Conference which covered every aspect of Party policy. Each of the seven chapters were well in excess of ten-thousand words in length, and to emphasise the Leader's control over the process. It was worth noting that the final draft was edited by Patricia Hewitt and her colleagues working in the Leader's Office.⁵³

Several notable shifts in Labour's policy and emphasis were included in *Meet the Challenge, Make the Change*. Whilst Labour had previously criticised the market system, it now recognised that in certain circumstances markets were the most appropriate means of efficiently distributing many goods and services. Competition was one way of securing consumer choice.⁵⁴ The 'Policy Review' also placed greater emphasis on protecting the interests of the consumer whereas the Labour had previously been associated to the interests of producers.⁵⁵ Modernization had begun before the 1987 election, but Kinnock and his colleagues presented defeat at the polls as indicating that the pace of change needed to increase. In July 1987, Kinnock announced the establishment of seven 'Policy Review' groups which would report to the 1989 Party conference.

The results were broadly as intended. In the economy, Labour moved still further away from nationalization, stressing the need for market disciplines and a government sympathetic to business and willing to create an environment in which it could prosper. This meant, in turn, that Labour

⁵³ Brivati and Bale, *New Labour in power*, 51.

⁵⁴ *Ibid.*

⁵⁵ Dale and Kavanagh, *Labour Party General Election Manifestos 1900–1997*, 338.

ruled out large increases in taxation. Smith, who took over as Shadow Chancellor in 1987, embarked on a round of meetings with City and business leaders in which he was at pains to emphasize Labour's respectability. While Margaret Beckett, appointed Shadow Chief Secretary to the Treasury in 1989, disproved her one-time hard Left reputation by stressing what became known as Beckett's Law; the need to avoid new spending commitments and use the formulation that expenditure would only rise as resources allowed.

There were changes in other areas, as with the pledges to introduce a national minimum wage and to create a Ministry for Women.⁵⁶ But generally the trend was towards policy becoming more moderate. First, policy on the EC was modified. With withdrawal seeming increasingly a lost cause and Thatcher's continuing rhetorical opposition to greater integration leaving a gap in the political market, Labour became warmer towards Europe. The process was helped along in 1988 when the President of the European Commission, Jacques Delors, impressed delegates at the Trades Union Congress with a speech which emphasized the social policy and workers' protection aspects of the EC.

By the time of the 1992 general election, Labour would be standing firmly as a pro-European Party.⁵⁷ Second, there were changes in industrial relations policy. Previously, Labour had pledged to repeal the entire Conservatives' anti-union legislation, but now, even many trade union leaders saw that the Conservatives' policies had prevented unions from doing things which made them unpopular with the wider public.⁵⁸ On the welfare state, Labour tried to adapt to changing times by moving away from the paternalism and bureaucracy which had so characterized its

⁵⁶ Dale and Kavanagh, *Labour Party General Election Manifestos 1900–1997*, 339.

⁵⁷ *Ibid.*, 338.

³ *Ibid.*, 339.

⁴ *Ibid.*

policies in the past, but the vexed issues of targeted benefits and unification of the tax and benefits systems were left to one side.⁵⁹

Finally, the Party ditched its commitment to unilateral nuclear disarmament, a step made easier by developments in the outside world, first with the prospect of real progress in disarmament talks between the superpowers and later with the collapse of the Soviet bloc. Most notably, in the area of defence policy, the Labour Party ended its policy of unilateral nuclear disarmament which was unpopular with the electorate. Whilst promising to cancel the proposed fourth Trident nuclear submarine and adopt a strategy of no first use of nuclear weapons, *Meet the Challenge, Make the Change* made no claims to either decommission Britain's nuclear capability unilaterally or promise to ensure that the United States would remove its nuclear missiles from its bases in Britain.⁶⁰ Both of these policies had featured in the manifestos of 1983 and 1987.⁶¹

Each of the seven sections of the '*Policy Review*' document were approved with relatively little dissent at the 1989 Party Conference, and the policies contained therein formed the basis of the 1992 election manifesto, *It's Time to Get Britain Working Again*. As was the case with *Meet the Challenge, Make the Change*, the final draft of the manifesto was the responsibility of Kinnock's aides in the Leader's Office, a further sign of the Leader's control over Party policy-making.⁶² The changes in the Party's emphasis since Kinnock assumed the leadership in 1983 were highlighted by the fact that the entire 1992 manifesto was bereft of any mention of the words *socialism* or *socialist* which appeared to many commentators and Party members alike, to be somewhat unusual for a self-proclaimed democratic socialist Party.

⁵⁹ Seldon and Hickson, *New Labour, Old Labour*, 141.

⁶⁰ Ibid.

⁶¹ Ibid.

⁶² Dale and Kavanagh, *Labour Party General Election Manifestos 1900–1997*, 315.

The Labour Party's defeat at the 1992 general election led to the resignation of a devastated Kinnock. After almost five years of hard graft, he had really expected to become Prime Minister in 1992. As it was, he had to face the reality that the next election would be four or five years away. The idea of a further stretch of the opposition did not appeal to him. He also blamed himself, to some extent, for Labour's defeat.⁶³ And, in any case, it was clear that the poor relations he now had with Smith and others in the leadership would make any attempt to retain the leadership untenable.⁶⁴ Kinnock announced shortly after the election that he would be resigning as leader and that Hattersley would resign as deputy at the same time and the leadership election would take place in the following June.

The case for Kinnock would state that he pulled the Party back from the brink of disaster in 1983 to the brink of office in 1992. He saw off the challenge of the 'Alliance'; that he got rid of 'Militant' and marginalized the hard Left; and he made considerable progress in modernizing the Party's policy and organization. He made it possible for future leaders to continue the process and make the Labour Party fit to face the challenges of the 1990s and beyond.

4. The Triumph of Modernization under John Smith 1992-1994

It was clear even before Kinnock's announcement that John Smith would be his successor, although Kinnock himself would have preferred Bryan Gould.⁶⁵ When John Smith succeeded Neil Kinnock as Party leader in July 1992, three months after Labour's fourth successive General Election defeat, it seemed clear that Kinnock's commitment to the

⁶³ Eccleshall and Walker, *Biographical Dictionary of British Prime Ministers*, 394.

⁶⁴ *Ibid.*

⁶⁵ *Ibid.*, 395.

modernization of the Party's policies and organization would be maintained. Smith's leadership indicated that the process of ideological revision that had accompanied his predecessor's achievements would continue. Indeed, Smith's claims were so strong that some people called for his election as leader to be unopposed.⁶⁶ He needed the support of 20 per cent of Labour's MPs.⁶⁷ However, Bryan Gould, Smith's competitor was able to get sufficient PLP support to enable him to run, and to fight Smith from the Left.

Bryan Gould particularly based his campaign on a critique of the European Exchange Rate Mechanism (ERM), of which Smith was a staunch supporter. Gould's objections came from his belief that fixed exchange rates would exclude a British Labour government from pursuing the kind of Keynesian measures which, he believed, were necessary to ensure full employment and social justice.⁶⁸ Although scarcely in itself much more than a tepid reassertion of Keynesian priorities, Gould's campaign was latched onto by some with a leftish reputation: David Blunkett, darling of the municipal Labour Left in the 1980s, ran his campaign.⁶⁹

The final result was in July 1992. Smith was supported by 91 per cent of the electoral college, taking 97.7 per cent of the CLP votes and 96.2 per cent of the union votes. Bryan Gould did a little better among MPs, but even here Smith took 77.3 per cent.⁷⁰ Gould was also defeated in the ballot for the deputy leadership. Margaret Beckett, Smith's own preferred candidate and one whose own one-time hard Left credentials gave an impression of political as well as gender balance, won by a safe margin.

⁶⁶ Eccleshall and Walker, *Biographical Dictionary of British Prime Ministers*, 394.

⁶⁷ Beech, and Hickson, *The Struggle for Labour's Soul Understanding*, 210.

⁶⁸ Leonard, *A Century of Premiers Salisbury to Blair*, 353.

⁶⁹ *Ibid.*

⁷⁰ Phythian, *The Labour Party, War and International Relations 1945-2006*, 118.

Gould was elected to the Shadow Cabinet, but resigned within a few months and thereafter criticized Smith's pro-Europeanism from the back benches before finally bowing out of British politics in early 1994 to return to academia in his native New Zealand.⁷¹

Following Smith's sudden death in May 1994, Tony Benn, for example, recalled that the former leader had played a notable part in healing the personal breaches. He had opened up during the 1980s and had thus laid fresh foundations for the good will and co-operation between Left and Right that existed under Clement Attlee and Harold Wilson.⁷²

With regard to the Party's ideological stance, Smith's inclination was to further Labour's gradual transition from traditional state socialism to a variant of European social democracy, a process that had been taking place since the Policy Review of the late 1980s. That ideological revision was entirely in harmony with Smith's own standpoint which had remained consistently social-democratic. As a Labour MP since 1970 and as a minister in the Labour Governments of 1974–9, he had been a supporter of a mixed economy and an advocate of social improvement within its framework.

Three major changes during Smith's brief leadership centred on directly changing Clause IV, increase women's representation in Parliament and the adoption of OMOV. Concerning Clause IV, Smith continued to adhere to his more indirect approach to this potentially divisive issue,⁷³ making preparations, shortly before he died, for the drafting of his supplementary statement of values, which would in due course be discussed by the Party and which he hoped, eventually would be

⁷¹ Phythian, *The Labour Party, War and International Relations 1945–2006*, 119.

⁷² Alastair Campbell, and Richard Stott, *The Blair Years Extracts From The Alastair Campbell Diaries* (London: Hutchinson, 2007), 10.

⁷³ Jones, *Remaking the Labour Party From Gaitskell to Blair*, 99.

adopted by the 1995 Party Conference.⁷⁴ More broadly, he pursued shelving further organizational reforms and placing his emphasis on Party unity and on the preparation and development of Party policy.

In the 1993 October Party conference, there was an adoption of the policy of all-women shortlists for Parliamentary candidatures in half of all vacant Labour-held and marginal seats. During the 1980s, a number of pressure groups emerged to require more female participation, given the continuing lamentably low number of women MPs. The 1991 and 1992 Party conferences had already agreed a quota system, whereby a proportion of positions at all levels of the Party, from the NEC downwards were to be reserved for women and left vacant if no women came forward to fill them.

Now the principle was extended to parliamentary candidatures. All-women shortlists, although criticized by some, enabled more women candidates to be elected for winnable seats.⁷⁵ This positive discrimination declared unlawful by an industrial relations tribunal in January 1996, but by then, a large number of women candidates were elected, and the benefits were garnered at the 1997 election when record numbers of women were elected to Parliament.⁷⁶

The third change at the 1993 conference was the adoption of 'one member, one vote' (OMOV) for candidate selection. There would be no electoral college for such selections; all members' votes would be of equal value. This was not a new proposal; Kinnock had tried in introducing it as long ago as 1984. But he was defeated then by a combination of trade unionists who resented the diminution in their powers that was involved, and constituency activists who were unhappy at enfranchising passive non-

⁷⁴ Jones, *Remaking the Labour Party From Gaitskell to Blair*, 99.

⁷⁵ *Ibid.*

⁷⁶ Eccleshall and Walker, *Biographical Dictionary of British Prime Ministers*, 388.

attending members.⁷⁷

In 1989 Kinnock had managed to establish the principle of electoral colleges in choosing candidates. Trade unions were to have no more than 40 per cent of the votes and OMOV was to be implemented in applying to the rest of the Party membership. But one of Smith's pledges in seeking the leadership had been to reduce the significance of the union block vote, and OMOV was viewed as a good place to start the process.

Many union leaders remained hostile.⁷⁸ Smith realized that his credibility was at stake and told his private office staff that he would resign as leader if defeated.⁷⁹ But considerable leadership arm-twisting of the unions ensured that Smith would win the vote. In addition, it was agreed that plans would be laid for reducing the general voting power of the unions at the conference.⁸⁰ Finally, the conference reported that it was not necessary to candidate reselection in the case of MPs who gained at least two-thirds of the nominations.⁸¹ Even here, therefore, the legacy of the early 1980s swing to the Left was being eroded rapidly.

Simultaneously, John Major's government was suffering from considerable problems in the economy, increase of taxes, scandals and the Black Wednesday from a very early stage. First, economic recovery was slower to show tangible benefits than had been expected. At the 1992 election, the conservative talk of the green shoots of recovery appeared credible. But unemployment continued to push upwards for the rest of the year, and into the first quarter of 1993; it did not fall below pre-election levels until 1994. And, unlike the recession of the early 1980s, this one was hitting middle-class families, core Conservative voters.

⁷⁷ Clarke, David., Sanders, Marianne. C., Stewart, Paul. F., Whiteley, *Political Choice in Britain*, 53.

⁷⁸ Ibid.

⁷⁹ Ibid.

⁸⁰ Eccleshall and Walker, *Biographical Dictionary of British Prime Ministers*, 380.

⁸¹ Ibid.

Second, the government was elected on a pledge to reduce taxes, and attacking Labour as a tax and spend Party, found that it needed to increase existing taxes and introduce new ones, in order to balance the nation's books. Third, from a very early stage the government was rocked by scandals which appeared on sexual activity, dishonesty and rank corruption which the broadsheet press pursued with great tenacity. One such was the scandal about illegal arms sales to Iraq.⁸²

But the most spectacular problem the Major government faced was the Black Wednesday, 16 September 1992. The ERM was already creaking and the pound came under massive speculative pressure on the markets. Major was intent on keeping Britain within the ERM, however, and drastic steps were taken to do this, including raising interest rates from 10 to first 12 and then 15 per cent and spending up to £10 billion in an ultimately doomed attempt to achieve this objective. For the Conservatives the result was devastating. They lost the reputation they had built up over the past decade.

In the opinion polls, at the local elections on 5 May 1994, the Labour polled over 40 per cent of the votes cast and the Conservatives suffered huge losses.⁸³ Just a week later, on 12 May, Smith died from a massive heart attack, at the age of 55. His death was utterly unexpected. He had made a good recovery from his earlier attack and had seemed to be in good health.⁸⁴ He was widely seen as personally impressive, a man of integrity and a formidable Commons performer. His achievements at the 1993 Party conference were important and he might well have made an effective Prime Minister. John Smith was succeeded by Tony Blair.

⁸² Leonard, *A Century of Premiers Salisbury to Blair*, 338.

⁸³ *Ibid.*

⁸⁴ Anthony Seldon, *Blair's Britain, 1997-2007* (UK: Cambridge University Press, 2007), 491.

5. Tony Blair as the Labour Party's Leader

In the immediate aftermath of Smith's death, it was decided that the electoral college process could not be completed in less than ten weeks, which meant that Margaret Beckett would have to act as leader until 21 July. During that period, the European elections were to be held, on 9 June. Labour performance was well, it took 44.2 per cent of the votes cast and winning 60 of the 87 seats; the Conservatives, with 27.9 per cent, only managed to elect 18 MPs.⁸⁵

There was a frenzy of media speculation about Smith's successor. First, Robin Cook, who had been close to both Kinnock and Smith and who had proved effective as a Shadow Minister, but he chose not to stand. Second, Gordon Brown who had already issued as a political leader of considerable weight and ability was also supported by Kinnock and Smith. When he was elected to the Commons in 1983, he had soon caught the attention of the Party leadership. He was appointed to the front bench in 1985 and was elected to the Shadow Cabinet two years later.⁸⁶ In the autumn of the latter year, Kinnock promoted him to Shadow the Department of Trade and Industry. He served as Smith's deputy in the Shadow Treasury team.

When Brown again topped the Shadow Cabinet poll in the aftermath of the 1992 election, Smith rewarded him with an appointment as Shadow Chancellor.⁸⁷ He made a big impact while standing in as Shadow Chancellor after Smith's death in 1994.

The third was Tony Blair who was regarded as unconventional in Labour terms. His father aspired to be a Conservative MP, and Blair had

⁸⁵ Roger, *Labour's European Dilemmas From Bevin to Blair*, 176.

⁸⁶ Anne Applebaum, "Tony Blair and the New Left". *Foreign Affairs* 76.2 (1997): 45–60. <http://doi.org/10.2307/20047936>, 04.

⁸⁷ Tewdwr Jones, *The Planning Polity Planning, Government and the Policy Process*, 61.

not got much interest in politics as a student at Oxford. Equally a young barrister in the 1970s, he proceeded on to procure the nomination for the seat of Sedgefield in Durham for the 1983 election.

Once at Westminster, he was seen as a rising star. In 1984, seven months after his appointment, he was promoted to the front bench in Parliament. Following the 1987 election, he joined Gordon Brown and Margaret Beckett under John Smith leadership in perhaps the most formidable Shadow Treasury team in British history.⁸⁸ His star continued to shine after the 1992 election when Smith made him Shadow Home Secretary. Throughout this period, Blair and Brown had remained close political colleagues. But their friendship was to take a severe blow in the immediate aftermath of Smith's death.

In case, Blair succeeded Smith and not Brown in the election, constituent of the cause for this was that Blair was not shocked by Smith's sudden death by contrast to Brown. He had felt no great closeness to Smith, whom he had watched as a brake on modernization and he was ready to announce his political campaign.⁸⁹

Although Brown was widely seen as a more heavyweight figure and more intellectually distinguished than Blair, he appeared less well positioned to win back voters in the south of England, which was the key to Labour's electoral success. Brown lost also his popularity because of his strong support for the ERM.⁹⁰ In 1992, he seemed unstoppable, gaining election to the NEC for the first time and coming well ahead of Blair but a year later he just managed to retain his place and had come behind Blair in the poll. Brown chose to withdraw rather than to risk opening up divisions

⁸⁸ Tewdwr Jones, *The Planning Polity Planning, Government and the Policy Process*, 106.

⁸⁹ Eccleshall and Walker, *Biographical Dictionary of British Prime Ministers*, 395.

⁹⁰ Seldon and Hickson, *New Labour, Old Labour The Blair*, 67.

among the modernisers.⁹¹

A more poll showed Blair with 32 per cent, John Prescott with 19 per cent, Margaret Beckett with 14 per cent, Brown with 9 per cent and Robin Cook with 5 per cent.⁹² Blair won a comfortable victory, taking 57 per cent of the electoral college vote, as against 24.1 per cent for Prescott and 18.9 per cent for Beckett. In each section of the college, Blair took more than half the votes cast.⁹³ Prescott won the ballot for Deputy Leader.

Thus, at the age of 41, Blair was the youngest leader in the Party's history. He was quick to turn this to his advantage. One of the key themes of his leadership campaign had been the need for national renewal. He soon talked about the need to reinvent Britain as a young country.⁹⁴

Thanks to Kinnock and to wider circumstances, the Left was largely unimportant. Militant trade unionism which had caused Kinnock such problems in 1984-85, was a thing of the past.⁹⁵ OMOV had been accepted, the bloc vote was in the process of reform and the Party's policies were very much those of the right. Nevertheless, Blair achieved his major reform related to Clause IV when in his 1994 conference speech, Blair stated that the Labour Party needed to change with a changing world in order to remain relevant; the Party would not become a historical monument and, in particular, it needed a clear up-to-date statement of objects and objectives.⁹⁶ The new Party leader set himself single-mindedly to achieve one objective, to make Labour electable. He was able to build on the steps already taken by Neil Kinnock and John Smith.

The fact that he came to the Party as an outsider was a positive

⁹¹ Hinman, *Modern World Leaders Tony Blair*, 49.

⁹² Seldon, *Blair's Britain, 1997-2007*, 587.

⁹³ *Ibid.*, 588.

⁹⁴ *Ibid.*, 587.

⁹⁵ *Ibid.*

⁹⁶ *Ibid.*, 126.

advantage. This was quickly evidenced by his assault on Clause IV, the famous article in the Labour Party constitution which called for the common ownership of the means of production, distribution and exchange. This 70-year-old provision was at odds with the actual practice of Labour governments, but it allowed their Tory opponents to picture the Party as doctrinaire nationalisers. Blair used his first speech as Party leader to announce to the 1994 Party conference that he would be proposing a replacement clause, which would be submitted for approval to a special Party conference in March 1995.

Many thought he was heading for a humiliating rebuff, but he threw himself into the campaign, addressing Labour Party meetings in shirtsleeves throughout the country, and when the vote was taken at the special Party conference, Blair's innocuous rewording, which excised any mention of public ownership or even equality from the Party's aims, was approved by a 2 to 1 majority.⁹⁷

It was a triumph, Blair drove home the message even further by effectively renaming the Party New Labour, even though there was no official change of name, they pronounced themselves New Labour.⁹⁸ Blair, clearly influenced by Bill Clinton's success in winning the election in 1992 by driving the Democratic Party sharply to the right, consolidated his New Labour make over by redrawing its policies on tax, inflation, the minimum wage, exam league tables, opted-out schools, Northern Ireland, regional government and the House of Lords... in each case, policy change moved Labour closer to the Conservatives.⁹⁹

In March 1995 a new version of Clause IV was approved by the

⁹⁷ Hinman, *Modern World Leaders Tony Blair*, 61.

⁹⁸ Seldon, *Blair's Britain, 1997-2007*, 587.

⁹⁹ Ostergaard, "The Transformation Of The British Labour Party". *The Indian Journal of Political Science* 24.3 (1963): 217-238. Retrieved from <http://www.jstor.org/stable/41853974>, 22.

NEC and at the end of the following month a special Party conference approved it. It stated:

The Labour Party is a democratic socialist Party mentioning the word 'socialist', which the 1918 clause had not done. It believes that by the strength of our common endeavour, we achieve more than we achieve alone so as to create for each of us the means to realise our true potential and for all of us a community in which power, wealth and opportunity are in the hands of the many not the few, where the rights we enjoy reflect the duties we owe, and where we live together freely, in a spirit of solidarity, tolerance and respect.¹⁰⁰

The new clause gained the support of 65 per cent of the Party's members, including 90 per cent of CLPs and 54.6 per cent of trade unions.¹⁰¹ Those unions which opposed the change like the TGWU and Unison had not balloted their members as Blair's supporters were quick to point out.¹⁰² In 1959, Gaitskell's attack on Clause IV had come to grief and severely weakened his position. After 36 years, Blair's attempt to change it had received overwhelming support. Meanwhile, Blair had been strengthening his own position through the appointment of key personnel. Mandelson, the MP who played a central role in Blair's election as leader, returned to the centre of Labour politics.

At the same time, Major's government showed all the signs of one which had lost its way after the 1992 general election. Its reputation for sound economic management was affected by the deepest recession since the 1930s. It ran into trouble over proposals by British Coal to close thirty-one pits. There were numerous embarrassments to the government over Conservative MPs' involvement in the baseness factor. Back-bench rebellions occurred in 1994 over increasing Britain's contribution to the European Union and over the proposal to increase the rate of VAT on fuel.

¹⁰⁰ Flavio Romano, *Clinton and Blair The political economy of the Third Way* (London and New York: Routledge Taylor and Francis Group, 2006), 05.

¹⁰¹ Seldon, *Blair's Britain, 1997-2007*, 35.

¹⁰² *Ibid.*

By early August, one opinion poll was showing Labour 33 per cent ahead of the Conservatives. Shortly afterwards a massive increase in the already substantial salary of the head of privatized British Gas, was used by Labour and others to attack riches in industry and to suggest that it was only the rich who were benefiting from the Conservative policies.

Blair's good fortune was polling evidence suggested that most voters saw the Conservatives as incompetent. Labour began even more to play down its own distinctive policies in order to offer voters a very clear and simple choice on the matter of competence. This was clearly intended to maximize points of contact with voters who had supported the Conservatives in 1992 but who now seemed likely in defecting.¹⁰³

So, a large part of the reason was the key determinant of voter behaviour. Throughout 1995 and 1996, the Conservatives lagged in the polls while Labour scarcely ever fell below 50 per cent after Blair's election to the Party leadership.¹⁰⁴ In part, of course, the prolonged recession and Black Wednesday between them had created a mood of opinion in which favourable economic indicators did not reassure voters about the Conservatives' economic competence. But a whole host of other factors also came into play.

Europe continued to split the Conservatives. As by-election after by-election was lost, the potential for Euro-sceptic Conservative MPs to wreak havoc grew. In November 1994, eight rebel MPs had the whip suspended. In June 1995, Major resigned the Party leadership. The Welsh Secretary, John Redwood, resigned from the Cabinet in challenge to Major. Although he was defeated, Major's failure to secure the votes of 89 of his 327 MPs suggested that his position remained weak.

¹⁰³ Leonard, *A Century of Premiers Salisbury to Blair*, 353.

¹⁰⁴ *Ibid.*, 354.

Blair and Labour were benefiting, too, from secular changes in British and world politics. The Conservative Party had remained united since the First World War against the threats of Communism both at home and abroad, the Labour's socialism and militant trade unionism. But with the collapse of Communism in the late 1980s and early 1990s, the neutering of trade unionism and Labour's own effective abandonment of socialism, there was no longer a pressing imperative for the Conservatives to stick together.

The Labours in Scotland and Wales was adamantly in favour of devolution. It was recognized that failure to deliver here would lead to a surge in support for nationalist parties at Labour's expense. The unions were strongly in favour of a national minimum wage and statutory recognition rights. Any retreat on these issues could provoke a massive backlash against the leadership. But the level of the wage remained open to negotiation could be kept low, satisfying Shadow Chancellor Brown's commitment in financial stability.

In addition, even the most convinced New Labourites were prepared to pay the price, given that the unions were prepared to reciprocate by accepting further reforms of the Party that still restricted their role more.¹⁰⁵ In other areas there were fewer constraints. Brown continued to reject anything that smacked of Keynesianism. Indeed, in January 1997, Brown accepted that should Labour win the election, it would observe Conservative spending plans for its first two years in government. Blair's successor as Shadow Home Secretary, Jack Straw, soft-pedalled, even abandoned, many of Labour's earlier policies on crime in order to exploit Conservative failings in that area.

There were also changes in the Party organization. While the Party

¹⁰⁵ Seldon, *Blair's Britain, 1997-2007*, 276.

headquarters remained on Walworth Road in South London, a separate campaign headquarters was established in the Millbank Tower. This considerably increased Blair's control over the Party machine, by effectively establishing a parallel in effect more powerful, headquarters which was directly under his, and not the NEC's control.¹⁰⁶ Candidates were subjected to extensive briefings and probing questions to ensure that they were fit to stand for Labour. Individual membership, after years of decline, grew rapidly under Blair, from 305,000 in 1994 to 405,000 in 1997.¹⁰⁷

On the 17th March, there was a very long campaign for the New Labour. It cleverly scaled down expectations, its five immediate pledges, cutting class sizes for infants, speeding up legal proceedings against young offenders, reducing NHS waiting lists, moving 250,000 young people from benefits and into work and maintaining low inflation, being selected as credible, achievable and relatively uncontroversial. The New Labour was developed to regain trust from the electorate and to portray a departure from Old Labour. Thus, they succeeded in the 1997 general election.¹⁰⁸

6. Tony Blair and New Labour in Power 1997-2007

The Labour Party was elected to government in May 1997 on the back of an electoral landslide with 43.2 per cent of the votes, the Conservatives 30.7 per cent their worst since 1832 and the Liberal Democrats 16.8 per cent. In terms of seats, it took 418 seats and had a majority of 179, larger than Attlee's victory. The Conservatives with just 165 seats had their worst showing since 1906. They failed to win a single

¹⁰⁶ Richards, *New Labour and the Civil Service Reconstituting the Westminster Model*, 104.

¹⁰⁷ Seldon, *Blair's Britain, 1997-2007*, 276.

¹⁰⁸ Dale and Kavanagh, *Labour Party General Election Manifestos 1900-1997*, 345.

seat in either Scotland or Wales. The Liberal Democrats with 46 MPs had the best third Party return since Lloyd George's Liberals in 1929.¹⁰⁹

The support for the Party increased in almost all social categories. It rose from 28 to 47 per cent among white collar workers and from 39 to 54 per cent among skilled workers. It rose in all age groups except those 65 and over where the fall was only marginal, it increased considerably among young and first-time voters. In 1992, 35 per cent of first-time voters had voted Conservative and 40 per cent Labour. The figures were 19 and 57 per cent respectively.¹¹⁰

The gender gap closed with 44 per cent of both men and women supporting the Party.¹¹¹ The Labour's support among ethnic minorities became even stronger. It took 85 per cent of Asian and black votes; almost 19 in every 20 black voters voted Labour naturally, the Labour Party performed very well in its core areas: in Wales, for example, 34 of the 40 seats were won; in Scotland, 56 out of 72. The Labour Party also made considerable progress in southern England, continuing the trend away from the old North-south divides.¹¹²

The Labour's return to power after 18 years in opposition was a cause for a great celebration both within the Party and outside it. After Labour's defeat in 1979, no one expected its return again to the office. The heavy defeats of 1983 and 1987 Left a great deal of ground to make up.

Few of the ministers Blair appointed had even junior ministerial experience; none had previously served in the Cabinet. Neither Blair nor Brown had even been MPs at the time of the previous Labour government.

¹⁰⁹ Anthony Seldon and Dennis Kavanagh, *The Blair Effect 2001-5* (UK: cambridge university press 2005), 45.

¹¹⁰ *Ibid.*

¹¹¹ Romano, *Clinton and Blair The political economy of the Third Way*, 94.

¹¹² *Ibid.*, 95-96.

Mostly Blair's first Cabinet members being appointed to the ministries were in the opposition shadow government. Gordon Brown had an incontrovertible claim to the Exchequer, David Blunkett had been promised Education and the claims of Robin Cook to the Foreign Office and Jack Straw to the Home Office were almost as strong. John Prescott, who as deputy leader, had been a key ally in Blair's New Labour project, was designated Deputy Prime Minister and put in charge of a new super-ministry, the Department of the Environment, Transport and the Regions (DETR).¹¹³ Peter Mandelson became Minister without Portfolio in the Cabinet Office.

Notably, the Cabinet contained five women, far more than any of its predecessors and a reflection of the positive policies that the Party embraced earlier in the decade. Margaret Beckett, the most senior, went to Trade and Industry while in one of the few appointments of a Leftist figure to the Cabinet, Clare Short was appointed Secretary for International Development. However, given that there were 101 women Labour MPs.¹¹⁴

Tony Blair served as Prime Minister for three successive parliamentary terms 1997, 2001 and 2005 until his resignation on 27 June 2007. In fact, the 2001 election confirmed the success of New Labour's electoral strategy of welding a coalition of working and middle-class voters. Moreover, the voter in the middle still felt closer to the Labour Party than the Conservatives Party.¹¹⁵

The Labour's 413 seats in the House of Commons, a majority of 167 over all other parties, were won with nearly 41 per cent of the popular vote. The Conservatives went nowhere. Rooted on just over 31 per cent of votes,

¹¹³ Seldon, *Blair's Britain, 1997-2007*, 116.

¹¹⁴ Paul Williams, "Who's Making UK Foreign Policy?". *International Affairs (Royal Institute of International Affairs 1944-)* 80.5 (2004): 911-929. Retrieved from <http://www.jstor.org/stable/3569478>, 07.

¹¹⁵ Seldon, *Blair's Britain, 1997-2007*, 587.

they made one gain overall to 166 seats. The Liberal Democrats continued to increase their presence from 46 to 52 in Parliament taking 18 per cent of the vote.¹¹⁶

The result of the 2005 election showed that the Party continued to attract voters from across the social spectrum, despite the shadow of the Iraq war hanging overhead. But the 2005 result gave the first indications that those Middle-class voters appeared less willing to support the Party. The Labour Party also lost support from lower middle-class voters and the skilled working class. At the 2005 election, the main beneficiaries of Labour's losses were the Liberal Democrats.¹¹⁷

Speaking just a month after Labour's 1997 victory, Blair addressed a meeting of the European Socialists' Congress in Malmö, Sweden. He said, 'Our task today is not to fight old battles, but to show that there is a third way, a way of marrying together an open, competitive and successful economy with adjust, decent and humane society'. The Left, Blair said, had to 'modernise or die'.¹¹⁸ These disputes over what was new about New Labour continued throughout the two terms of the Blair government. So, what was the Third Way that Tony Blair had developed?

6.1. The New Labour and the Third Way

According to Tony Giddens, the Third Way was a new politics that helped people cope with a more insecure world because it rejected the destructive excesses of the market and the intrusive hand of state intervention. It is about enabling the government to give people the chance

¹¹⁶ *The Hutchinson Illustrated Encyclopaedia*, 108.

¹¹⁷ Runciman, *The Politics Of Good Intentions History*, 66.

¹¹⁸ Wall, *A Stranger in Europe Britain and the EU from Thatcher to Blair*, 165-166

of a better future in which all people could play their part.¹¹⁹

In his Fabian pamphlet on the *Third Way*, in 1998 published Andrew reported that Tony Blair wrote the Third Way was ‘the best label for the new politics which the progressive centre-Left is forging in Britain and beyond’. This new politics embraced Bill Clinton’s New Democrats as well as the newly elected SPD government in Germany.¹²⁰

Tony Blair and Gerhard Schroeder published a joint manifesto, *Europe: The Third Way – Die neue Mitte*,¹²¹ which set out their vision of a new social democratic politics for Europe. Advocates of the Third Way claimed that it represented a third way between statist social democracy and laissez-faire neo-liberalism, but many of its critics charged that it was in fact indistinguishable from neo-liberalism.

Tony Giddens was one of the social thinkers who popularised the term. He argued that the Third Way should be seen as a new form of social democracy, concerned with revising and modernising social democratic doctrines to respond to the new challenges of globalisation. It had to find new ways to achieve the traditional social democratic objectives of social justice and solidarity while ensuring economic efficiency and flexibility.¹²²

The Third Way also came out of the intellectual ferment on the Left on how to revise doctrines and policies to make social democratic parties both electable and effective in government in changed times. Therefore, the Third Way did not have a single meaning. It could be viewed as an electoral strategy, as a new politics and as a new programme. These aspects

¹¹⁹ Angela McRobbie, “*Feminism and the Third Way*”, *Feminist Review* 64 (2000): 97–112. Retrieved from <http://www.jstor.org/stable/1395705>, 07.

¹²⁰ Seldon, *Blair’s Britain, 1997–2007*, 179.

¹²¹ Andrew Leigh, “*The Rise and Fall of the Third Way*”, *AQ: Australian Quarterly* 75.2 (2003): 10–40. <http://doi.org/10.2307/20638162>, 05.

¹²² Leigh, “*The Rise and Fall of the Third Way*”, *AQ: Australian Quarterly* 75.2 (2003): 10–40. <http://doi.org/10.2307/20638162>, 05.

obviously overlapped, but they were also distinct and frequently confused.¹²³

The Third Way as originally conceived was not just an electoral strategy, but new politics, to counter the disillusion with both the shortcomings of statist social democracy and neo-liberalism. The promise of the Third Way was that government would be more decentralised and therefore closer to the people, and there would be more participation. The heart of this new politics, as Tony Blair and others expressed it, was to be a strong self governing civil society.¹²⁴

The role of the state would be enabling, it would help families, businesses and voluntary associations to be independent and self-governing, rather than trying to impose outcomes from above. The aim of the new politics was to reverse creeping disaffection with politics and politicians and to renew civic purpose and confidence.¹²⁵

Labour carried through its promise to decentralise some parts of central government, most notably through devolution of powers to a Scottish Parliament and a Welsh Assembly, and had accompanied this with a raft of other proposals for constitutional reform, including elected mayors, English regional assemblies, freedom of information and reform of the House of Lords.¹²⁶

The devolved institutions struggled to gain legitimacy. The extension of devolution to England in the shape of the North East Assembly was roundly rejected by voters there.

The Blair government underestimated the practical difficulties facing

¹²³ McRobbie, "*Feminism and the Third Way*", 07.

¹²⁴ Powell, *Modernising the welfare state The Blair legacy*, 149.

¹²⁵ Romano, *Clinton and Blair The political economy of the Third Way*, 24.

¹²⁶ Anthony Seldon and Dennis Kavanagh, *The Blair Effect 2001–5*, 433.

the new politics. From the start it clashed with the centralist traditions of British government, and a government concerned with improving delivery of core public services soon went cool on experiments with the new politics. The constitutional reforms were the completion of an old agenda rather than the setting out of a new one.

The conditions for renewing civic engagement in public life had changed most obviously through the new role played by the media. New Labour politicians recognised that the media had become the crucial gatekeepers of the relationship between politicians and the public. But they attempted to deal with it by developing a media strategy of their own which they hoped would enable them to control the news agenda and prevent the government becoming the victims of the media in the manner of the Major government.¹²⁷

The Third way was used to meet new workers because the world in which voters lived and worked was transformed. Old patterns of work and employment were changing. A new international division of labour was developing, threatening many traditional industrial sectors in Britain and other Western countries. Patterns of world trade were shifting as new markets emerged in the Far East and Europe.

Technological and organizational change was transforming product markets, manufacturing systems and ways of working. A global economy appeared where jobs for life in this new economy were disappearing. Unskilled manual Labour was less in demand and women were entering the Labour market in greater numbers.¹²⁸

It was obvious that the economic change affected the society. Social relations generally were becoming more fluid, more mobile and less bound

¹²⁷ Fairclough, *New Labour, New Language?*, 122.

¹²⁸ Williams, "Who's Making UK Foreign Policy?", 04.

by tradition, deference and patriarchal relations. Modern societies were becoming differentiated, multicultural and individualistic according to Anthony Giddens.¹²⁹ This implied that voters wanted to make choices and to have a voice in the policies and services that concerned them. Many of these social and cultural changes were reconfiguring traditional patterns of family and community life. So, the old rules for managing the economy and society, Keynesianism, corporatism, the mixed economy, the welfare state appeared redundant. Left and Right searched for new models of governance.

The modernization of the Labour Party in this way could be seen as an attempt to rethink Labour's social democratic political economy to address new times. The dilemma Labour and the Left more broadly faced was whether it could develop a model of economic governance that would both advance social democratic values and address the British economy in ways that chimed with voters' concerns and aspirations.

6.2. The New Labour and Social Democracy

The history of the Labour Party and British social democracy had turned on what a government of the Left should do to advance the cause of socialism within existing liberal democratic political institutions. The disagreements over the ultimate goal of the Labour politics that divided the Party had not prevented social democrats being optimistic that political action through Parliamentary government could make a difference to the distribution of rewards and opportunities in society the central question for political economy. This position marked a clear divide from Marxist socialism which saw politics and the state as reflecting in some way the

¹²⁹ Goodman, *From Bevan to Blair Fifty Years' Reporting from the Political Frontline*, 588.

class divisions in society based on the private ownership of property.¹³⁰

In the aftermath of Labour's 1987 defeat at the polls, a policy review was established, starting with the Labour Listens¹³¹ initiative. Shadow Ministers were dispatched around the country to listen to the views of local community members on what Labour's policies should be. Policy review groups were established to study proposals for reform. These groups published a series of reports, endorsed at the Party conference, leading up to the 1992 general election manifesto. The policy review led to significant shifts in Labour policy.

In the economy, the Party became increasingly pro-market, limiting the role of government to the enforcement of competition and to market failures such as training, research and development and regional development. Labour's commitment to the renationalisation of the privatised utilities, public ownership at all slowly disappeared.¹³²

New liberalism and ethical socialism were central to the story of the Labour and trade union movement in the twentieth century. But in the 1970s and early 1980s they went out of fashion as the Labour Party shifted to the Left and British Marxism saw a revival, especially in academia. The policy review after 1987, then, led to significant shifts in Labour's position on the economy, industrial relations, Europe and defence.¹³³

During the late 1980s and early 1990s, the reform of the Labour Party was led by modernisers who were more interested in the social

¹³⁰ Jones, *Remaking the Labour Party From Gaitskell to Blair*, 105.

¹³¹ Labour Listens was the name of the attempt by the British Labour Party in the aftermath of their third successive electoral defeat in 1987 to discover why Labour was unpopular and to formulate policies more in tune with public opinion. The Labour leader Neil Kinnock called it "the biggest consultation exercise with the British public any political party has ever undertaken".

[https:// www. Britannica.com/Labour_Listens](https://www.Britannica.com/Labour_Listens)

¹³² Terrence Casey, *The Blair Legacy Politics, Policy, Governance, and Foreign Affairs* (London and New York: Palgrave Macmillan, 2009) , 160.

¹³³ Goodman, *From Bevan to Blair Fifty Years' Reporting from the Political Frontline*, 176.

conditions. There was debate over the socialist values such as equality and community and how these related to notions of rights and responsibilities, duty and obligation, pluralism, citizenship and freedom. There was also discussion about the means by which such values might be realised, on the balance between the State and the market; the extent to which government should be decentralised; and the role of constitutional reform, including Britain's place in Europe.

The Labour's policy review in the late 1980s would have been to rewrite Clause IV. The prevailing view at the time of the policy review was that the Party could be reformed while retaining many of the outward symbols of its past. At the time of his death in 1994, John Smith was preparing a supplement to Clause IV based on an earlier statement of his Christian socialist beliefs.

To Eric Shaw, then, Labour's policy review after 1987 marked the steady abandonment of Keynesian social democracy, finally completed by Blair's New Labour. This had led, according to Shaw, to a new macro-economic consensus which confined government largely to maintaining the monetary and fiscal conditions required to enable the market to maximize investment, output and employment.¹³⁴

Some Keynesians, such as Bryan Gould, saw far more deficiencies in the market than those, such as John Smith, who were sceptical of the power of governments to create employment by managing demand and spending money. Gordon Brown, Shadow Chief Secretary to John Smith as Shadow chancellor in this period, was at the heart of these macro-economic debates that were taking Labour in an increasingly European direction through support for Britain's membership of the European exchange rate

¹³⁴ Steve Ludlam and Martin. J. Smith, *Governing as New Labour Policy and Politics under Blair* (London and New York: Palgrave Macmillan, 2004), 67.

mechanism.¹³⁵ Gould's later defeat by Smith for the leadership of the Party after the 1992 general election represented the growing ascendancy within the Party of arguments that saw the defeat of inflation and the creation of stable economic conditions as the central goal of macro-economic policy.

6.3. The New Labour and Economy

The Labour Party was associated with state intervention in the economy. The Labour believed in Keynesian economics. This meant that governments should influence the levels of consumption and investment in the economy by taxing, spending and setting interest rates as a way of maintaining full employment. Labour also believed that governments should intervene directly in the economy by setting price and wage levels, directing investment and owning chunks of the economy through the nationalized industries.

These public interventions in the private economy were central to Labour's post-war social democratic politics. The market could be tamed; capitalism could be made more socialist. Governments could, in the name of social justice, do something about the distribution of rewards and opportunities in a capitalist market society. This social democratic political economy challenged the nineteenth-century idea of *laissez-faire*; those governments should wherever possible leave the market alone.

Labour's attempt to mark out a new economics for the Party in the 1990s relied on a sense that the world was changing and that political theory and practice should change to take into account new times. In a speech to European socialists shortly after becoming Prime Minister, Tony Blair argued that a changing world required the Left to find new policies to

¹³⁵ Eccleshall and Walker, *Biographical Dictionary of British Prime Ministers*, 388.

deliver on its traditional values of inclusion, fairness and social justice; the critical challenge was connect goals to a world that had undergone a veritable revolution of change.¹³⁶ Tony Blair debated that,

Technology, trade and travel are transforming our lives. Our young people will work in different industries, often those of communications and design, not old mass production. Many will work in or own small businesses. Jobs for life are gone. Nine to five working is no longer universal. Women work, which brings new opportunities but new strains for family life. South East Asia can compete with us, in many parts on equal terms. Money is traded across international boundaries in vast amounts twenty-four hours a day. New, new, new: everything is new. There is an urgent task to renew the social democratic model to meet tins change.¹³⁷

Labour inherited a growing economy. Despite the débâcle of Britain's withdrawal from the European exchange rate mechanism, the Tories had introduced policies in the 1990s to get the economy back on track. But the Conservatives' reputation for managing the British economy had been shattered by Black Wednesday.¹³⁸

By carefully cultivating its relationship with business and by offering a model of economic management that gave priority to setting a framework for economic stability and investment in education and training, the New Labour had the opportunity, Brown and his advisers believed, of doing what Labour governments should do, fighting against inequality and for social justice.

Economic stability and prosperity were the rocks upon which Blair's

¹³⁶ Seldon, *Blair's Britain, 1997–2007*, 410.

¹³⁷ Bonnie Hinman, *Modern World Leaders Tony Blair* (New York: Chelsea House Publishing An imprint of Infobase, 2007), 60.

¹³⁸ Eccleshall and Walker, *Biographical Dictionary of British Prime Ministers*, 388.

decade in power was built. Unemployment, inflation and interest rates all remained low throughout the period.¹³⁹ This was Brown who, as Chancellor, oversaw the economy. The inherited Labour economy in 1997 was recovering strongly from the recession of the early part of the decade and many of the tough choices that had to be made to ensure recovery had already been made by the outgoing Conservative administration.

World economic trends remained favourable. Other major economies suffered from high levels of unemployment in the period. Brown made two early decisions that significantly helped matters. One was to confirm the pledge made before the 1997 election, that Labour would not exceed the Conservatives' spending plans for its first two years in office. This upset many Labourites, but it further established the Party's moderate credentials, particularly in relation to business.¹⁴⁰

Second, Brown's announcement, a few days after the election, that the Bank of England was to be given the right to set interest rates without direct government intervention, was a major factor in guaranteeing financial stability. For the lifetime of the 1997 Parliament, the economy remained buoyant. This itself meant that Blair's declared aim of being the first Labour Prime Minister ever to gain a full second term looked likely to be fulfilled.

Meanwhile, specific steps were taken to help the young unemployed through the New Deal programme¹⁴¹ which was so successful that it was

¹³⁹ Hinman, *Modern World Leaders Tony Blair*, 68.

¹⁴⁰ Martin Powell, *Modernising the welfare state The Blair legacy* (UK: The Policy Press, 2008), 242.

¹⁴¹ The New Deal (renamed Flexible New Deal from October 2009) was a workfare programme introduced in the United Kingdom by the first New Labour government in 1998, initially funded by a one-off £5 billion windfall tax on privatised utility companies. The stated purpose was to reduce unemployment by providing training, subsidised employment and voluntary work to the unemployed. Spending on the New Deal was £1.3 billion in 2001. The New Deal was a cornerstone of New Labour and devised mainly by LSE Professor Richard Layard, who has since been elevated to the House of Lords as a Labour peer. It was based on similar workfare models in Sweden, which Layard has spent much of his academic career studying. [https:// www. Britannica.com/New_Deal_\(United_Kingdom\)](https://www.Britannica.com/New_Deal_(United_Kingdom)).

later extended to older workers.¹⁴² A less positive early decision was the removal of tax relief from pension funds. A fact that depressed the value of the funds and became a matter of controversy in the mid-2000s as concerns about a future pensions crisis grew.¹⁴³

6.4. The New Labour and the Welfare State

The Labour introduced welfare-to-work,¹⁴⁴ and Frank Field was appointed Minister for Welfare Reform in May 1997 with a brief to conduct a radical survey of the whole subject. Plans to restore the pensions-earnings as opposed to prices, which led to a significant increase in the incomes of aged persons, were dropped when the tax implications became clear.

Its achievements in cutting waiting lists were overshadowed in the winter of 1999-2000 by increasing public attention on waiting times, where its record was far less impressive. By 2001, there was a real sense that opportunities had been missed during the first term, and that there now needed to be a stronger steer on public service reform and the delivery of targets for improvement.

The welfare state was at the heart of the Labour Party and social democratic politics since the Second World War. The collective and universal provision of welfare services, social security, health, education and housing would guard against poverty, promote equality and underpin citizenship and social cohesion. Labour's social democrats believed that

¹⁴² Powell, *Modernising the welfare state The Blair legacy*, 243.

¹⁴³ *Ibid.*

¹⁴⁴ Welfare-to-work is a programme introduced in Great Britain in June 2011. It was the flagship welfare-to-work scheme of the 2010-2015 UK coalition government. Under the Work Programme the task of getting the long-term unemployed into work is outsourced to a range of public sector, private sector and third sector organisations. O'Reilly, *The New Progressive Dilemma Australia and Tony Blair's Legacy*, 140.

welfare should be provided by the state, paid for out of taxation and administered as a public service. It should not be left to the market.

Much of what was called the welfare state was established under the Attlee administration: the National Health Service, the National Insurance and National Assistance schemes, council housing, local authority children's departments and underpinning it all, the commitment to full employment. The welfare state was the 1945 Labour government's most significant achievement. To be sure, the Labour's post-war social policy built on the Liberal government's social security reforms before the First World War, the extension of these by the National government in the 1930s and the work of the wartime coalition in areas such as education.

The Conservative reforms to the welfare state were aimed at making work more attractive than welfare. This was done by tightening entitlements, cutting benefit rates and piloting welfare to work including the Project Work pilot. Following the ambitions of the Commission on Social Justice, the Labour moved to put work first on its agenda for welfare reform. But Labour set an agenda for welfare beyond Thatcherism one that combined a commitment to poverty reduction and social inclusion with one to equality and social justice.¹⁴⁵

6.4.1. The New Labour and Social Services

Central to the Labour's anti-poverty drive was to get the unemployed and the economically inactive those outside the Labour market back into work.¹⁴⁶ Poverty would be addressed through the Labour market not the benefit system. This required Labour to rethink social security entitlements.

¹⁴⁵ Martin Seeleib-Kaiser, *Welfare State Transformations Comparative Perspectives* (London and New York: Palgrave Macmillan, 2008) ,21.

¹⁴⁶ *Ibid.*, 21.

The review of entitlements was part of its wider rights and responsibilities agenda. The Labour modernisers argued that post-war social democracy had neglected the responsibilities of those in receipt of state help. Instead, the government should promote a clearer balance between the duties of the state to provide welfare and the duties of the welfare recipient in return for the right to public support.¹⁴⁷

This meant tightening employment tests for those claiming social security and in return, providing help in looking for and getting work. This was an agenda for welfare reform that drew heavily on the ideas of the New Democrats in the United States during Bill Clinton years.¹⁴⁸

The Labour's New Deal for the unemployed was unveiled in opposition and formed a major plank of the 1997 manifesto. Once in government, a series of New Deal programmes were launched covering, first, 18 to 24 year olds, then the long-term unemployed, the over 50s, lone parents, disabled people and partners of the unemployed. By 2001, most of those not in work or full-time education were in some kind of New Deal programme.

The point of the New Deal was to offer support, not just cash benefits, for people not in work. After six months, the unemployed were allocated a personal adviser whose job was to provide assistance with an intensive job search.¹⁴⁹ This 'gateway' period included soft skills like punctuality,¹⁵⁰ appearance and communication. At the end of the fourth month, those individuals who did not find jobs were offered one of four options: full-time education and training for 12 months without loss of benefit for those without basic education; a six-month voluntary sector job;

¹⁴⁷ Romano, *Clinton and Blair The political economy of the Third Way*, 56.

¹⁴⁸ Roy and Denzau, *Fiscal Policy Convergence from Reagan to Blair The Left veers right*, 19.

¹⁴⁹ Tim, *Stakeholder Housing A Third Way*, 95.

¹⁵⁰ Seeleib-Kaiser, *Welfare State Transformations Comparative Perspectives*, 152.

a job on an environmental task force or a subsidized job plus one day week training. If an individual refused one of these options, sanctions apply, including loss of benefits.

The employment tests differed in severity between New Deal groups. For young people, the tests were tough and kick in after six months. Sanctions were applied for those who refused jobs or who left one of the New Deal options without good cause. The New Deal for lone parents and the disabled were in effect voluntary, though in both cases the government put forward policies to engage those on long-term disability benefits and to tighten the rules covering these groups. In his 2004 pre-budget statement, Gordon Brown announced a £40 return to work credit.¹⁵¹

The following February, Alan Johnson, then Work and Pensions Minister, announced that incapacity benefit paid to 2.7 million people in 2004 would be scrapped for new claimants and replaced by new separate allowances for those whose impairments prevented them from taking work.¹⁵²

The New Deal, then, combined a reform of entitlements with services to help people not in work to find employment. The Labour Party also followed Ellwood's ideas in attempting to 'make work pay'.¹⁵³ This meant two things. First, the incoming government introduced a minimum wage. The starting rate of £3.60 and the exemption of young people from its main provisions did little to win support from sceptical trade unions, or from equally sceptical employers who feared that governments telling them how much to pay their workers would increase costs and increase unemployment, the minimum wage was raised to £4.10 at the start of the

¹⁵¹ Casey, *The Blair Legacy Politics, Policy, Governance, and Foreign Affairs*, 162.

¹⁵² Powell, *Modernising the welfare state The Blair legacy*, 67.

¹⁵³ Seldon, *Blair's Britain, 1997–2007*, 416.

second term and was set to increase to £5.35 in October 2006.¹⁵⁴

The second aspect of the Labour government's policies to 'make work pay' was the introduction of tax credits paid to working families on lower wages. Launched in the autumn of 1999, the working families' tax credit replaced the Conservative government's in-work benefit family credit. A disabled person's tax credit was introduced at the same time. In 2001, Gordon Brown announced the replacement of the married couples' allowance with a new children's tax credit. The scheme was also extended to families without children or disabilities as the working tax credit.¹⁵⁵

The Labour's policies on making work pay were designed first and foremost to remove disincentives to take jobs. But these Labour market reforms also helped with the government's anti-poverty drive, especially for families with dependent children. Key to the government's welfare-to-work policies was to provide childcare support to working parents as part of a broader national childcare strategy. This strategy, launched in 1998, aimed to create an entitlement for free part-time nursery places for 3 and 4 year olds.

By 2004, the National Audit Office reported that 96,000 new pre-school places had been created and that the government was on target to reach 100,000. However, the Audit Office noted significant regional variations in pre-school places and called for more support for child-minders.¹⁵⁶ The government's fiscal policies were integral to this national childcare strategy, with a childcare allowance included in the working families' tax credit and above inflation increased to child benefit paid directly to families with dependent children.

¹⁵⁴ Mark Tewdwr., Jones, *The Planning Polity Planning, Government and the Policy Process*, 44.

¹⁵⁵ Seeleib-Kaiser, *Welfare State Transformations Comparative Perspectives*, 28.

¹⁵⁶ Seldon, *Blair's Britain, 1997-2007*, 425.

Children, especially from low-income families living in deprived communities, were the target of the government's attentions, in particular through the 'Sure Start programme'.¹⁵⁷ The latter was often viewed as one of the new Labour policies and resembled the US Head Start programme. The aim was to provide better local services for families with young children through more innovative and joined-up' provision. Parents themselves were involved as Sure Start partners in an attempt to ensure that new services meet the needs of families.

How far these policies were successful in reducing poverty, promoting social inclusion and bringing about social justice? Since 1997, helped by a buoyant and well managed economy, Britain had enjoyed high levels of employment, rising incomes and better standards of living.

By the end of the Labour's second term, the overall rate of economic activity stood at around 75 per cent. There was an important debate about how effective the government's welfare-to-work programme was in reducing unemployment compared to the boost to employment from economic growth. While the balance between active Labour market policies and economic growth was always difficult to call, since 1997 the numbers working had increased by just over two million to 28.5 million.

Estimates of the New Deal's contribution to this figure were below one million.¹⁵⁸ The costs of the New Deal were largely covered by the existing social security payments to the unemployed. In many cases, the unemployed found work with or without the New Deal since 1997 the economy had been growing; vacancies were nation-wide; and while a

¹⁵⁷ The Sure Start programme was a UK Government area-based initiative, announced in 1998 by the then Chancellor of the Exchequer, Gordon Brown, applying primarily in England with slightly different versions in Wales, Scotland and Northern Ireland. The initiative originated from HM Treasury, with the aim of "giving children the best possible start in life" through improvement of childcare, early education, health and family support, with an emphasis on outreach and community development.
[https:// www. Britannica.com/ Sure_Start](https://www.Britannica.com/Sure_Start).

¹⁵⁸ Seldon, *Blair's Britain, 1997-2007*, 220.

significant minority of young people in the New Deal had had problems with basic numeracy and literacy, the majority clearly had the skills and ability to find work.

The relative success of the New Deal faced a problem of recruitment. While the number of New Deal programmes rose, the size and cost of the main New Deal for Young Persons decreased, largely due to lack of demand and the higher proportion of individuals leaving the programme.¹⁵⁹

This problem was the key for Labour in its third term in power. Since 1997, rates of economic inactivity had not fallen to anywhere near the same degree as unemployment. Since the mid-1990s, numbers of those who were economically inactive but wanted to work had fallen by a seventh. As shown by the New Policy Institute's 2004 report on *Monitoring Poverty and Social Exclusion*, while the number of unemployed for two years or more and claiming out-of-work benefits had fallen sharply, in 2004, only 70,000 were long-term unemployed claimants compared to 440,000 in 1995.¹⁶⁰

6.4.2. The New Labour and the National Health Service

The Conservative policy-makers sought to raise standards and efficiency in the health service through an internal market between the gatekeepers of the NHS, the GPs and the main providers of health care, the hospitals. The internal market gave greater managerial and financial freedom to the newly established trust hospitals, as well as to the GPs that became fund holders, but not the ordinary GPs.¹⁶¹

¹⁵⁹ Seldon, *Blair's Britain, 1997–2007*, 221.

¹⁶⁰ Powell, *Modernising the welfare state The Blair legacy*, 71.

¹⁶¹ *Ibid*, 181.

The Labour Party came to power promising to abolish the internal market. In practice, the new government reformed it. These reforms were set out in the 1997 white paper *The New NHS: Modern, Dependable*.¹⁶² The central feature of these reforms was the abolition of GP fund-holding and the setting up of primary care trusts (PCT's).¹⁶³ Primary care budgets were given to the new PCTs finally established in 2001 under the 1997 National Health Service Act which brought together GPs and other local health professionals. PCTs had responsibility for the sourcing of health care and local health promotion.

The idea was that a collaborative network of local health professionals working with hospitals and other providers to offer health care replaced the competitive internal market. The government's reforms to the commissioning of health and social care more broadly were extended with the establishment of care trusts under the 2001 Health and Social Care Act.

In 2000 the government also published its *NHS Plan: A Plan for Investment, a Plan for Reform*.¹⁶⁴ The plan listed a set of government targets that detailed how the Chancellor saw the allocation of all the extra money he was handing out. Targets included waiting times for accident and emergency departments, for a range of operations and to see a GP. It set targets for beds, doctors, nurses and other health workers.¹⁶⁵

The creation of foundation hospitals was the 2003 Health and Social Care Act paving the way for the creation of hospitals was passed with the government's massive majority cut to 17 amid fears that the new-style

¹⁶² <http://webarchive.nationalarchives.gov.uk/20130814142233/http://www.archive.official-documents.co.uk/document/doh/newnhs/forward.htm>.

¹⁶³ Richards, *New Labour and the Civil Service Reconstituting the Westminster Model*, 190.

¹⁶⁴ http://webarchive.nationalarchives.gov.uk/+/www.dh.gov.uk/en/publicationsandstatistics/publications/publicationspolicyandguidance/dh_4002960.

¹⁶⁵ Powell, *Modernising the welfare state The Blair legacy*, 222.

trusts would lead to a two-tier health service and that foundation hospitals were a cloak for further privatization of the NHS.¹⁶⁶

6.4.3. The New Labour and Education

As in health, the Conservative policies for education saw the introduction of an internal market whereby schools were encouraged to compete for pupils whose parents were given far greater freedom to choose the school they wanted for their child. Resources were allocated to these choices and schools were given devolved powers local management of schools or (LMS) to manage these resources.¹⁶⁷

Schools were also encouraged to opt out of local education authority control and be funded directly by central government and to specialize in particular areas of the curriculum. These policies inevitably undermined the role of local government in schooling. But, the Conservatives were not content to let markets raise standards in schools. The 1988 Education Act saw the introduction of a national curriculum and the start of a regime of national testing.

The Labour government's first step in government was to abolish the Assisted Places Scheme,¹⁶⁸ a Conservative policy designed to help bright pupils from poorer backgrounds attend independent schools. As noted above, Labour also pleased its supporters in the 1998 Schools Standards

¹⁶⁶ Powell, *Modernising the welfare state The Blair legacy*, 21.

¹⁶⁷ Ludlam and J. Smith, *Governing as New Labour Policy and Politics under Blair*, 134.

¹⁶⁸ The Assisted Places Scheme was established in the UK by the Conservative government in 1980. Children who were eligible were provided with free or subsidised places to select fee-paying independent schools - if they were able to score within the top 10-15% of applicants in the school's entrance examination. By 1985, the scheme catered for some 6,000 students per year. The scheme, to a degree, replicated the effect of the direct grant grammar schools which had operated between 1945 and 1976. Between 1981 and 1997 an estimated 80,000 children participated in the scheme, costing a total of just over £800 million. In 1981, 4,185 pupils gained assisted places. By 1997 there were some 34,000 pupils and 355 schools in this scheme. [https:// www. Britannica.com/ Assisted_Places_Scheme](https://www.Britannica.com/Assisted_Places_Scheme).

and Framework Act by bringing grant-maintained schools back into the local government fold as foundation schools, though LMS meant that this was not as significant as it might once had been. Indeed, subsequent Labour legislation reinforced local school governance, for example through the policy of earned autonomy in the 2002 Education Act.¹⁶⁹

The Labour Party retained the basic architecture of Conservative reforms to schooling. Parents could choose the school for their children due to the competition for limited places. Schools continued to compete for pupils and be funded on a largely per capita basis. Local management of schools was kept as were the National Curriculum, national testing and the revamped schools inspectorate, as well as its controversial head, Chris Woodhead.¹⁷⁰

During the Labour's first term in power, the government grabbed whatever powers were available to David Blunkett, the Secretary of State for Education and invented some new ones, such as a new schools standards unit to deliver government policy through local intervention in schools and local education authorities.¹⁷¹

In schooling, these interventions largely concerned teaching, assessment, the curriculum and class sizes in primary schools, the introduction of national literacy and numeracy hours and their associated targets. The government made it abundantly clear that it did not think that all teachers and not all schools were reaching the standards it expected for them.

The Labour's educational policies did not end with what was taught in schools. Teachers, governors and local education authorities had to

¹⁶⁹ The Education Act 2002 (c.32) is an Act of the Parliament of the United Kingdom that gave schools greater autonomy to implement experimental teaching methods.
[https:// www. Britannica.com/Education_Act_2002.](https://www.Britannica.com/Education_Act_2002)

¹⁷⁰ Foster, *British Government in Crisis or The Third English Revolution*, 170.

¹⁷¹ Ludlam and J. Smith, *Governing as New Labour Policy and Politics under Blair*, 134.

accept a far greater role for the private sector in the building and running of schools, as well as measures such as the introduction of performance-related pay.

During the Labour Party's first term, the government established 'education action zones'¹⁷² in which parents, local businesses and voluntary groups could experiment in schooling free from national regulations under the 1998 School Standards and Framework Act, was the way forward for New Labour as it approached its second term in power.

6.5. The New Labour and Foreign Policy

In terms of foreign policy, the Labour Party attempted to be pro-European and pro-American.¹⁷³ The Labour government went to war four times over two terms in power: in Kosovo, Sierra Leone, Afghanistan and Iraq. This was bound to create problems for the Labour. The Party's preferred image of itself was as a Party of peace; it had usually favoured peaceful solutions to problems; and it had always had within it a number of pacifists.¹⁷⁴

On the other hand, it had never been a pacifist Party as such. At various times, as in 1914 and 1939, the majority of the Party favoured war to peace, although the first Labour government supported the Geneva

¹⁷² Education Action Zone, a term used for specially designated areas in England that are considered for special assistance in increasing the quality or availability of educational opportunities, instituted by the New Labour party after 1997. [https:// www. Britannica.com/ EAZ](https://www.Britannica.com/EAZ)

¹⁷³ Seldon and Kavanagh, *The Blair Effect 2001–5*, 388.

¹⁷⁴ Casey, *The Blair Legacy Politics, Policy, Governance, and Foreign Affairs*, 300.

Protocol in 1924.¹⁷⁵

Blair's earlier interventions, most notably in Kosovo, were praised by many Labourites and favourably contrasted with the perceived prevarication of the Major government in refusing to intervene in Bosnia. Blair's 1999 Chicago speech¹⁷⁶ had certainly envisaged armed intervention, in contravention of conventional notions of state sovereignty, and the invasion of Afghanistan had been little protested within the Labour Party. In addition, Blair played significant roles in a variety of contact groups such as that formed in 1998 to respond to Sierra Leone's Civil War.¹⁷⁷

The events following 9/11 had come to place a huge strain not just on the New Labour coalition and the ceasefire with what Gordon Brown called real Labour, but also on the central plank of the Blair government's foreign policy to be pro-European and pro-American.

In many respects, New Labour in foreign affairs had returned to the Party's Atlanticist roots in the Attlee government, with angry internationalists shouting from the backbenches. The world had changed significantly since the formation of the Atlantic 'Alliance' and the onset of the cold war. The growth of the European project, with Britain as a leading member, had changed the dynamics of foreign policy across member states. The enlargement of the European Union looked set to further alter the balance of power in Europe.

The chances of the Labour government and the Labour Party

¹⁷⁵ Geneva Protocol, official name Protocol for the Pacific Settlement of International Disputes, (1924) League of Nations draft treaty to ensure collective security in Europe. Submitted by Edvard Benes, the protocol proposed sanctions against an aggressor nation and provided a mechanism for the peaceful settlement of disputes. States would agree to submit all disputes to the Permanent Court of International Justice, and any state refusing arbitration was to be deemed the aggressor. The French enthusiastically supported the protocol, but it failed after it was rejected by the British.
<https://www.britannica.com/event/Geneva-Protocol>

¹⁷⁶ Runciman, *The Politics Of Good Intentions History*, 12.

¹⁷⁷ Williams, "Who's Making UK Foreign Policy?", 07.

splitting over America looked slim in 2000. The newly elected Republican president, George W. Bush continued the Third Way with Prime Minister Blair. But, the political chemistry between Blair and Clinton was absent, even if some doubt whether the leaders of the global Third Way were ever quite as close personally as it appeared. More importantly, President Bush's message on foreign policy was noticeably cool on international adventures.¹⁷⁸

Many feared that the USA was about to enter a period of isolation. Post September 11th 2001, the chance of America withdrawing from the world disappeared. For the Labour government and the Labour Party, Tony Blair's response to the terrorist attacks on the World Trade Centre in New York and the Pentagon in Washington and the subsequent support for America's 'war on terror'¹⁷⁹ was to have a profound and lasting impact on the course of his administration.¹⁸⁰

Following that day's terrorist attacks on the World Trade Centre in New York, Blair pledged his support to the United States and in the days that followed travelled to the USA, where he was welcomed warmly by President George W. Bush who had replaced Clinton in January 2001 and the US Congress.¹⁸¹ He then began a breathless tour of major world capitals, travelling more than 40,000 miles in eight weeks, during which he had 54 meetings with other heads of government.¹⁸² He was instrumental in pulling together a wide coalition of powers pledged to overthrowing the Taliban government in Afghanistan which was widely believed to be

¹⁷⁸ Dumbrell, *A Special Relationship Anglo-American Relations in the Cold War to Iraq*, 76.

¹⁷⁹ After the terrorist attacks of September 11, 2001, the Bush administration declared a worldwide "war on terror," involving open and covert military operations, new security legislation, efforts to block the financing of terrorism, and more. Washington called on other states to join in the fight against terrorism asserting that "either you are with us, or you are with the terrorists." Many governments joined this campaign, often adopting harsh new laws, lifting long-standing legal protections and stepping up domestic policing and intelligence work. <https://www.globalpolicy.org/war-on-terrorism.html>.

¹⁸⁰ Runciman, *The Politics Of Good Intentions History*, 131.

¹⁸¹ Roy and Denzau, *Fiscal Policy Convergence from Reagan to Blair The Left veers right*, 8.

¹⁸² Richards, *New Labour and the Civil Service Reconstituting the Westminster Model*, 196.

harbouring those responsible for events in New York.

The Taliban was widely hated in the West, and their regime was seen as ultra-reactionary, not least in relation to the subjection of women. Therefore, concerns within the Labour Party were therefore muted as coalition forces invaded Afghanistan, taking the capital, Kabul, in November 2001.¹⁸³

There was also strong pressure within the US government for action to be taken against Iraq. According to the US government, Saddam Hussein and his regime in Iraq posed a threat to Western interests. Saddam Hussein had long been a hated figure for the Americans and his regime was, indeed, deeply unlikeable in many ways.¹⁸⁴

Ever since the Iraqi invasion of Kuwait in 1990-91, there had been a view that the forces then assembled should have marched to Baghdad to overthrow Saddam and usher in a democratic regime. Such arguments tended to ignore the fact that the only clear mandate for the United Nations forces was to clear Kuwait of its invaders. They made some heroic assumptions about the demand for, and potential sustainability of, liberal democracy in Iraq.¹⁸⁵

However, in the aftermath of 9/11 the Bush Administration moved closer towards the pursuit of Iraqi War. In his thinking on Iraq, Blair appeared to be influenced by a number of factors. First, he was drawn to notions of liberal internationalism, ‘making the world safe for democracy’ in the mould of the First World War US President Woodrow Wilson.¹⁸⁶ Second, he had also been encouraged by the humanitarian interventions in

¹⁸³ Seldon, *Blair's Britain, 1997–2007*, 605.

¹⁸⁴ Phythian, *The Labour Party, War and International Relations 1945–2006*, 103.

¹⁸⁵ *Ibid.*, 94.

¹⁸⁶ Casper Sylvest, “*Interwar Internationalism, the British Labour Party, and the Historiography of International Relations*”. *International Studies Quarterly* 48.2 (2004): 409–432. Retrieved from <http://www.jstor.org/stable/3693580>, 11.

Kosovo and Sierra Leone to believe that it was possible to use armed force to bring peace and stability. Third, his achievements in Northern Ireland, in addition, also led him to believe that he had the ability to resolve difficult problems.

A total of 139 Labour MPs, along with the Liberal Democrats, the SNP, Plaid Cymru and 15 Conservatives, voted against the government on entry into the war. Outside Parliament, critics were numerous. It was claimed that up to two million people marched ‘on a stop-the war’ demonstration in London in February 2003. The invasion went ahead regardless, and at this stage opinion polls showed a clear majority in favour of it.¹⁸⁷

Despite the military victory, Iraq did not welcome its ‘liberators’ with open arms. Blairite hopes of a ‘Baghdad bounce’ which would boost the premier’s popularity, and perhaps even allow him finally to sideline Brown, were frustrated.¹⁸⁸ Iraq by itself damaged Blair and his government in the eyes of many Britons and in the general election. For instance, in September 2002, a file was published, to denounce that Iraq did not have weapons of mass destruction (WMD). Consequently, Blair’s own credibility fell to new low levels, notwithstanding a series of inquiries that absolved him of the worst charges.¹⁸⁹

Even with national elections and the creation of an Iraqi government in January 2005, the chaos and killings in the country continued. Despite substantial progress towards democracy and constitutional government in 2005, Middle Eastern politics would remain top of Labour’s foreign policy agenda as it entered its third term.

¹⁸⁷ Powell, *Modernising the welfare state The Blair legacy*, 270.

¹⁸⁸ *Ibid.*, 271.

¹⁸⁹ Casey, *The Blair Legacy Politics, Policy, Governance, and Foreign Affairs*, 78.

Moreover, Labour's 'ethical dimension' in foreign affairs, some argued, should not be seen as a temporary departure from the normal realist position shaping foreign policy. For them it was better seen as part of broader human rights and even democratic turned in which foreign policy was shaped by commitments to human and democratic rights that challenged traditional assumptions about state sovereignty.

CONCLUSION

Britain witnessed significant political and social changes in the British society. There was a huge change when everyone believed that the spread of the vote would actually change society. Universal suffrage meant people could vote on the alterations that would improve their conditions and everything would be transformed. Since the role of a universal right to vote was to translate the will of the electorate through the ballot box into members of a legislative body.

The Labour Party strongly defended the working class' interests, inside and outside the government, especially the 1945 Labour government. As it faced the challenges of Post-war reconstruction, Britain in 1945 both at home and abroad. Already, during the War, important innovations, such as the Beveridge Report of 1942 and the Education Act 1944, signalled the desire for reform and change across many sections of the British public. This resulted in the landslide Labour victory of July 1945. The Labour Party instituted a revolutionary programme of nationalisation in transport and heavy industry as well as the formation of a free National Health Service.

Whatever the mistakes and shortcomings of the Labour Party, the achievements of the Labour Governments had been uncomfoting. Although the most noteworthy accomplishments of the Labour Party laid in the social realm, especially in the 1945 Labour government, economically it laid the groundwork for post-war prosperity. The Industrial investment grew at a rapid pace, the exports increased and inflation brought down.

Although its main target was the welfare state, the Labour Party did not neglect industrial modernization, science and technology when it left office in 1951, Britain had a strong aerospace industry and a flourishing chemical industry and was represented across the range of high technology manufacture.

In fact, the increased range, quantity and availability of benefits did much to reduce acute social deprivation and therefore improved the quality of the lives of millions of people as well as constructed a significant contribution towards an equal dispersion of income. Harold Wilson's government was also progressive and reforming. It abolished the death penalty and decriminalised homosexuality, as well as Tony Blair governments.

During his first term, (1997–2001), Blair's principal achievement, shared with Brown and Peter Mandelson, came at its very outset; the electoral victory with a majority of 179. The remarkable fact for Blair was quite how bare the first term was of personal domestic success, beyond providing the stable platform for others to achieve. Constitutional reform (including devolution to Scotland and Wales), economic vitality and welfare reform were the principal achievements for Blair and later Gordon Brown.

Blair's main abroad achievement was his decisions to deploy British troops in Kosovo in 1999 and Sierra Leone in 2000. In Chicago in April 1999, he outlined his philosophy justifying military intervention in sovereign countries on humanitarian grounds, which later underpinned the invasions of Afghanistan and Iraq. It was the most significant address of his premiership.

The second term (2001–5) started out in June with a 167 majority for Labour, Blair achieved more himself in the second condition, despite his weak authority. He extended choice and competitiveness into education and health. He invested great personal energy in law and orderliness and particularly in immigration and psychiatric hospital, with some positive solutions.

Abroad, his first term successes were not matched. His decisive leadership on the world stage in the days following 9/11 appeared vindicated by initial military success in Afghanistan. Convinced of the threat to world peace from WMD and that Saddam could not continue to flout the UN. Moreover, in order to stand with the US, he went to war willingly against Iraq, but the war soon turned sour. By the close of the second term, his relationship with Bush and the lack of apparent gain to Britain damaged greatly him.

The second term stands out as a period of disappointment in many areas: little was achieved in transport after Brown made his opposition clear to road pricing and to increasing expenditure. Constitutional reform, including to the House of Lords, local government and regionalism, all failed to make headway.

Blair's third term (2005–7) was paradoxical. It began with a general election victory that delivered a majority of 60%, which he tried to win on his own, although he was forced to bring Brown in as joint leader in the final three weeks of the campaign. The unpopularity of Iraq and the related issue of trust badly damaged the Party.

He achieved an acceptable deal for Britain at his final EU Council on the 2nd June 2007. However, Iraq and Afghanistan never came right for Blair over his entire premiership.

Class divisions remained noticeable. The major sources of structural inequality, such as the distribution of wealth, the scheme of individual instruction and individual insurance systems were hardly touched. 'No real attempt was made to eliminate or even partially modify, the maldistribution of wealth and property which remained very obvious in Britain after years of supposedly Socialist Government' 1945-1951. In access to life enhancing resources and thus the prospects for self development were still dispersed in an inadequate way.

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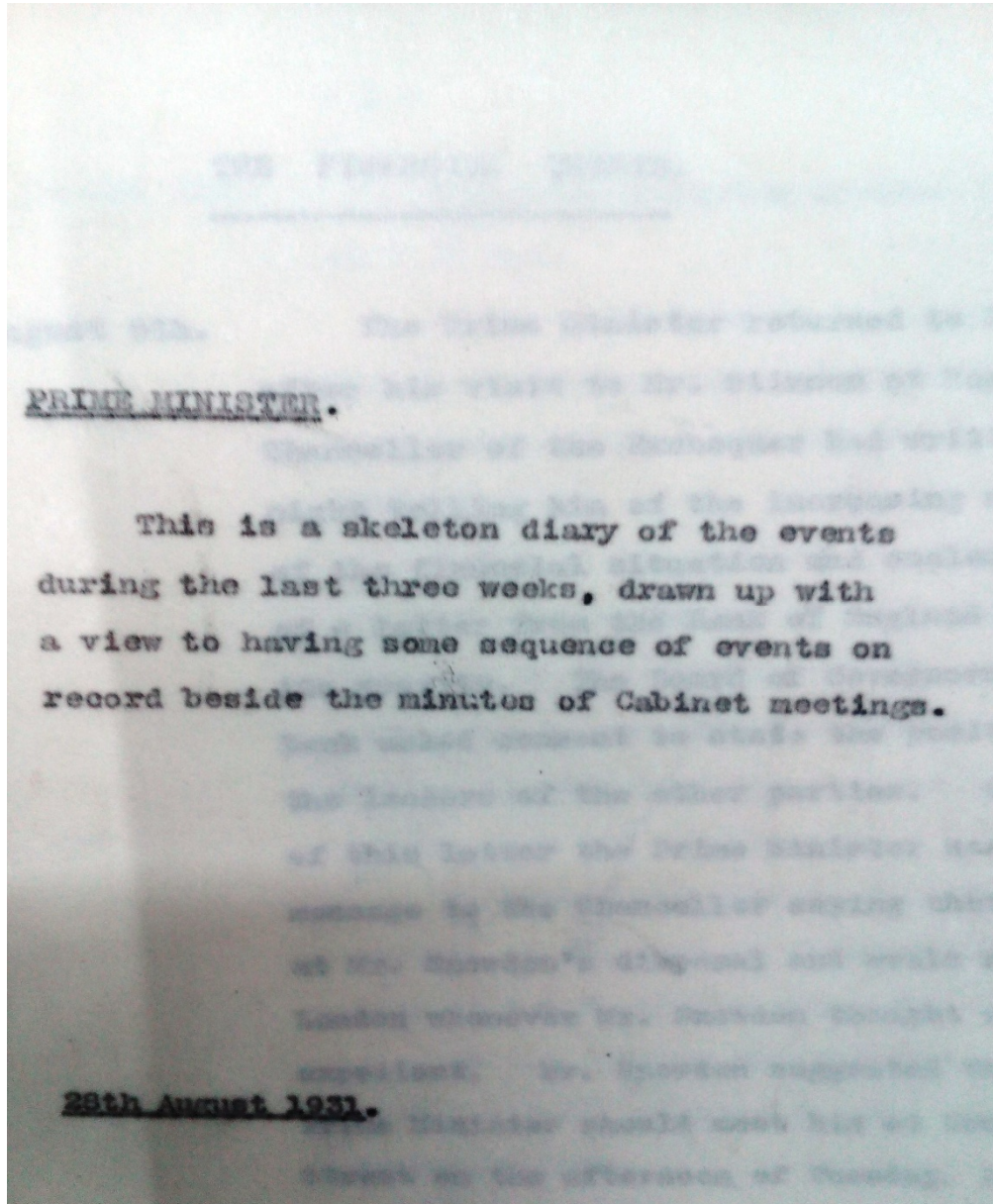
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APPENDICES

1. Financial Crisis of 1931, Skeleton Diary of Events during the Last Three Weeks.



Financial Policy: Financial crisis of 1931; Diary of events up to the resignation of the Labour Government, PREM 1/96, National Archives, UK.

THE FINANCIAL CRISIS.

Saturday, August 8th.

The Prime Minister returned to Lossiemouth after his visit to Mr. Stimson at Rogart. The Chancellor of the Exchequer had written overnight telling him of the increasing seriousness of the financial situation and enclosing a copy of a letter from the Bank of England stressing its gravity. The Board of Governors of the Bank asked consent to state the position to the leaders of the other parties. On receipt of this letter the Prime Minister sent a message to the Chancellor saying that he was at Mr. Snowden's disposal and would return to London whenever Mr. Snowden thought it expedient. Mr. Snowden suggested that the Prime Minister should meet him at Downing Street on the afternoon of Tuesday, August 11th.

Monday, August 10th.

The Prime Minister took the night train to London.

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Tuesday, August 11th.

The Prime Minister arrived in London at 7.30 a.m.

At an early hour in the morning Sir Clive Wigram, who had recently returned from Cowes, called and saw the Prime Minister.

Later in the morning the Chancellor reached London and the Prime Minister spent the rest of the morning and the whole of the afternoon in consultation with him. During the day they saw the Deputy Governor of the Bank and Mr. Peacock.

A summons was sent to the other members of the Cabinet Economy Committee to meet at 4 p.m. on the following day.

In the evening the Prime Minister gave some informal guidance to some lobby correspondents.

Wednesday, August 12th.

The Cabinet Economy Committee (the Prime Minister, Mr. Snowden, Mr. Henderson, Mr. Thomas and Mr. Graham) met at 4 p.m., and...

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and adjourned at 7 p.m. until 11 a.m. next morning.

Thursday, August 13th. At 9 a.m. Sir Herbert Samuel called upon the Prime Minister.

The Cabinet sub-Committee met at 11 a.m. and adjourned at 1 p.m. until 4 p.m. on Monday, August 17th (their conclusions are set out in N.E.(31)st Conclusions).

A summons was sent to other members of the Cabinet to meet at 11 a.m. on Wednesday, August 19th.

The Cabinet sub-Committee also agreed that consultations should be held with:-

- (1) Opposition Leaders on Tuesday, August 18th.
- (2) The Consultative Committee of the Labour Parliamentary Party on Thursday, August 20th.
- (3) The Labour Party Executive and the General Council of the Trades Union Congress jointly on Thursday, August 20th.

At 2 p.m. the Prime Minister and the Chancellor of the Exchequer saw Mr. Baldwin and...

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and Mr. Chamberlain.

Later in the afternoon the Prime Minister gave some informal guidance to some lobby correspondents.

The Prime Minister saw the Deputy Governor and Sir Richard Hopkins for a few minutes before returning to Lossiemouth on the night train.

Sunday, August 16th. The Prime Minister took the night train to London.

Monday, August 17th. The Cabinet Committee sat from 4 p.m. until 10 p.m. with an interval for dinner. The Leaders of the Opposition parties were asked to defer the meeting previously fixed for August 18th.

Tuesday, August 18th. The Cabinet Committee met at 10.30 a.m. and sat, with a short interval for lunch, till 6 p.m. A report (C.P. 203(31)) was approved for presentation to the Cabinet on the following...

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ing day.

Invitations were sent to the Opposition Leaders to come to a meeting at 10 a.m. on Thursday, August 20th.

Wednesday August 19th.

The Cabinet sat from 11 a.m., with brief intervals, until 10.30 p.m. Decisions were taken on various economies suggested in C.P. 203(31): among others that a sub-committee should be set up to consider the scheme to relieve the Treasury of £20,000,000 on Transitional benefit. The discussion of a revenue tariff took up a great part of the morning and afternoon and the matter was adjourned for a meeting of the Cabinet on August 21st. (Cabinet Minutes 41(31)).

At 11 p.m., in response to an enquiry from Sandringham, the King was advised that it would be better for him to proceed to Balmoral next day in accordance with his arrangements.

At 11 p.m. the Prime Minister had an informal...

informal talk with certain lobby correspondents.

Thursday, August 20th.

At 10 a.m. the Prime Minister and the Chancellor of the Exchequer met Mr. Chamberlain, Sir Samuel Hoare, Sir Herbert Samuel and Sir Donald Maclean.

At 11 a.m. the Cabinet Economy Committee met the Consultative Committee of the Labour Parliamentary Party.

At 3 p.m. the Cabinet Committee met the Labour Party Executive and the General Council of the Trades Union Congress jointly at Transport House.

At 4.30 p.m. the Prime Minister saw Mr. Neville Chamberlain.

At 5 p.m. the Prime Minister saw Sir Walter Layton.

At 7 p.m. Sir Herbert Samuel and Mr. William Graham saw the Prime Minister and stayed to dinner.

At 8.30 p.m. the Cabinet met and adjourned at...

informal talk with certain lobby correspondents.

Thursday, August 20th.

At 10 a.m. the Prime Minister and the Chancellor of the Exchequer met Mr. Chamberlain, Sir Samuel Hoare, Sir Herbert Samuel and Sir Donald Maclean.

At 11 a.m. the Cabinet Economy Committee met the Consultative Committee of the Labour Parliamentary Party.

At 3 p.m. the Cabinet Committee met the Labour Party Executive and the General Council of the Trades Union Congress jointly at Transport House.

At 4.30 p.m. the Prime Minister saw Mr. Neville Chamberlain.

At 5 p.m. the Prime Minister saw Sir Walter Layton.

At 7 p.m. Sir Herbert Samuel and Mr. William Graham saw the Prime Minister and stayed to dinner.

At 8.30 p.m. the Cabinet met and adjourned at...

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at 9.30 p.m. (Cabinet Minutes 4E(31)).

At 9.30 p.m. the Economy sub-Committee met a Committee of the General Council of the T.U.C. who stated their disagreement with the proposals outlined by the Cabinet sub-Committee at the meeting in the afternoon.

At 11 p.m. the T.U.C. deputation withdrew and the Economy sub-Committee continued in session for a further three quarters of an hour.

Friday, August 21st.

At 9 a.m. I warned Sir Clive Wigram at Balmoral that the situation was precarious.

At 9.30 a.m. the Prime Minister saw the Deputy Governor of the Bank.

At 10 a.m. the Cabinet met and decided to proceed with the scheme to meet the situation in spite of the attitude of the T.U.C. A revised scheme of economies was drawn up modifying e.g. the cut in teachers' salaries (Cabinet Minutes 43(31)).

At 2.15 p.m. the Cabinet resumed its meeting...

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meeting, which had been interrupted for lunch, and decided that a scheme for getting large sums of money from the Sinking Fund together with the "premium" proposal under the heading of Unemployment Insurance should be submitted to the Bank and to the two Oppositions.

At 4.15 p.m. the Prime Minister and the Chancellor of the Exchequer saw the Deputy Governor of the Bank and Mr. Peacock, and put the above proposal to them. They doubted the adequacy of the proposal.

At 4.45 p.m. the Prime Minister and the Chancellor of the Exchequer saw Mr. Chamberlain, Sir Samuel Hoare, Sir Herbert Samuel and Sir Donald Maclean who ~~six~~ refused the proposal and suggested that Parliament should be summoned immediately and also that His Majesty should be consulted.

At 6.15 p.m. those members of the Cabinet who were still available were re-summoned and the Prime Minister reported to them his discussions with the Bank and with the...

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the Oppositions. A full Cabinet was summoned for the following morning.

At 9.30 p.m. the Prime Minister saw the Leaders of the two Oppositions. Both say that they have consulted other prominent members of their respective parties who agree with the declaration made by them at the meeting in the afternoon.

At 10.15 p.m. the Conservatives leave.

At 11.15 p.m. the Liberals leave, having stated that they could not possibly support the Government in this matter.

Saturday, August 22nd.

At 9 a.m. I warned Sir Clive Wigram at Balmoral that the Prime Minister may have to ask the King to come to London.

At 9.30 a.m. the Cabinet met. The Prime Minister reported the rejection of the Cabinet's proposal by the ~~two~~ two Oppositions. The Cabinet agreed that the Prime Minister, without finally committing them...

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them, should ask the Oppositions if a further £20,000,000 on the list of economies (to be made up as to 12½ millions by a 10% reduction in Unemployment Insurance benefit and as to 7½ millions in other ways) would be satisfactory to them (Cabinet Minutes 44(31)).

At 11.30 a.m. I rang up Sir Clive Wigram to ask the King to come to London and was informed that, on receipt of my previous message, the King had already decided to come.

At 12.30 p.m. the Prime Minister and the Chancellor of the Exchequer saw the two Oppositions who indicated that any scheme which satisfied the Bank of England would be endorsed by them though the Conservatives stated that they would press for further economies in Unemployment Insurance later in the House of Commons.

At 2.30 p.m. the Cabinet meeting was resumed. The Prime Minister reported the above and asked if he could put the same enquiry to the Banks (Cabinet Minutes 45(31)).

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At 3 p.m. the Prime Minister and the Chancellor of the Exchequer withdrew while the Cabinet was still sitting and interviewed the Deputy Governor of the Bank and Mr. Peacock.

At 3.30 p.m. the Cabinet resumed. The Prime Minister reported that the Bank had not rejected the proposal but must consult New York as to its re-actions there. The Prime Minister proposed that if the answer was favourable he should see the Leaders of the Opposition parties again: if unfavourable, he should not have any further meeting with the other party Leaders. The Cabinet agreed to this procedure and decided to hold a further meeting at 7 p.m. to receive the Prime Minister's report on the Bank's reply and to decide as to the conclusion in regard to the question of the addition to the list of economies of the further £20,000,000 (Cabinet Minutes 45(31)).

At 7 p.m. the Deputy Governor of the Bank rang up to say that if the three parties back

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the scheme they might get away with it but that he could not say for certain. The two Oppositions were informed accordingly.

At 10 p.m. the Deputy Governor rang up to say that he could not have the answer till the next day; that he was not unhelpful; and that the request for a loan must be made to Morgans.

The two Oppositions were informed that the situation was not unhelpful but that final news would not arrive till the following day.

Sunday, August 23rd.

At 10.30 a.m. the Prime Minister saw the King at Buckingham Palace. (Later in the day the ~~Prime Minister~~ ^{King} saw Mr. Baldwin and Sir Herbert Samuel.)

At 11.30 a.m. the Deputy Governor and Sir Richard Hopkins saw the Prime Minister and it was decided that Sir Ernest Harvey should deal with Morgans on the Government's behalf...

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behalf.

At 7 p.m. the Cabinet met.

At 7.35 p.m. the Deputy Governor telephoned that a carefully worded statement was being prepared in New York which would be ready in about an hour.

At 7.45 p.m. the Cabinet adjourned.

At 9.10 p.m. the Cabinet resumed and the Prime Minister reported to them Mr. Harrison's reply. The Prime Minister indicated that if there were any important resignations on the subject of adopting the proposals the Government as a whole must resign. On its becoming plain that important resignations would be involved the Prime Minister proposed to acquaint the King at once with the situation and to advise His Majesty to hold a conference with Mr. Baldwin, Sir Herbert Samuel and himself on the following morning. The Cabinet agreed to this proposal (Cabinet Minutes 46(31)).

At...

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At about 10.10 p.m. the Prime Minister had an audience with the King at Buckingham Palace.

At about 10.40 p.m. the Prime Minister returned and reported the result of his audience.

At 11 p.m. the Prime Minister and the Chancellor of the Exchequer saw Mr. Baldwin and Sir Herbert Samuel.

Monday, August 24th.

At 10 a.m. the King gave an audience to the Prime Minister at Buckingham Palace together with Mr. Baldwin and Sir Herbert Samuel.

At 12 noon the Cabinet met and the Prime Minister announced his proposal to tender the resignation of the Government to the King and that a National Government would be formed.

At 12.30 p.m. the Prime Minister saw members of the Ministry other than Cabinet Ministers...

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Ministers.

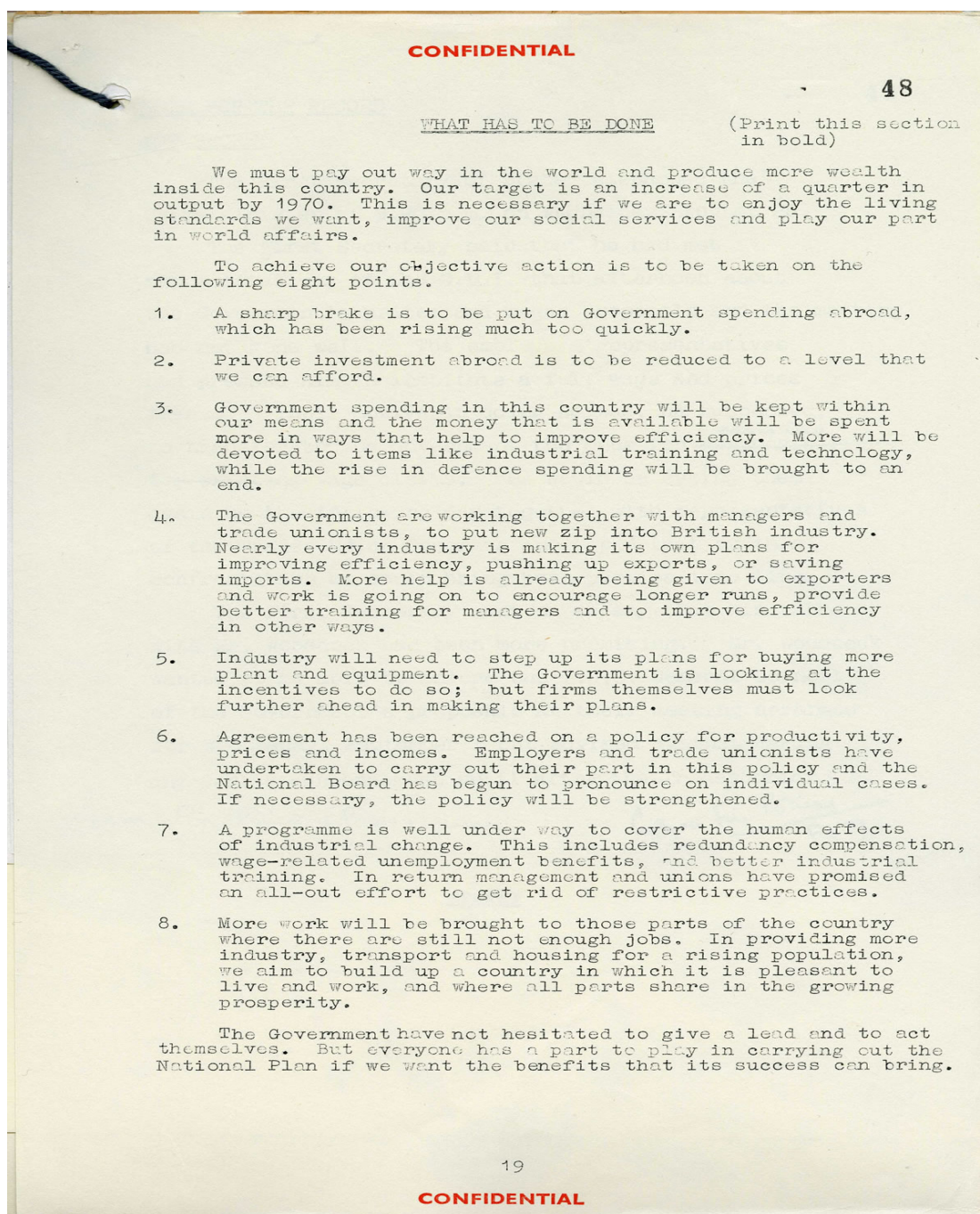
At 3.15 p.m. the Prime Minister saw Mr. Baldwin and Sir Herbert Samuel.

At 4.15 p.m. the Prime Minister went to Buckingham Palace, submitted his resignation and that of his Cabinet and accepted the King's commission to form a National Government on a comprehensive basis.

At 4.45 p.m. a press notice is issued to the above effect.

1. Financial Policy: Financial crisis of 1931; Diary of events up to the resignation of the Labour Government, PREM 1/96, National Archives, UK.

2. Labour's National Plan for economic development, August 1965.



Labour's National Plan for economic development launched in August 1965 by George Brown, Department for Economic Affairs (PREM 13/274), National Archives, UK.

3. Leaders of the Labour Party, 1906–2007.

Leader (Birth–Death)	Constituency	Took Office	Left Office
Keir Hardie (1856–1915)	Merthyr Tydfil	17 February 1906	22 January 1908
Arthur Henderson (1863–1935) (1st time)	Barnard Castle	22 January 1908	14 February 1910
George Nicoll Barnes (1859–1940)	Glasgow Blackfriars and Hutchesontown	14 February 1910	6 February 1911
Ramsay MacDonald (1866–1937) (1st time)	Leicester	6 February 1911	5 August 1914
Arthur Henderson (1863–1935) (2nd time)	Barnard Castle	5 August 1914	24 October 1917
William Adamson (1863–1936)	West Fife	24 October 1917	14 February 1921
J. R. Clynes (1869–1949)	Manchester Platting	14 February 1921	21 November 1922
Ramsay MacDonald (1866–1937) (2nd time)	Aberavon	21 November 1922	28 August 1931
Arthur Henderson (1863–1935) (3rd time)	Burnley	28 August 1931	25 October 1932
George Lansbury (1859–1940)	Bow and Bromley	25 October 1932	8 October 1935
Clement Attlee (1883–1967)	Limehouse	8 October 1935	14 December 1955
Hugh Gaitskell (1906–1963)	Leeds South	14 December 1955	18 January 1963 <i>(Died in office)</i>

APPENDICES

George Brown ^x (1914–1985)	Belper	18 January 1963	14 February 1963
Harold Wilson (1916–1995)	Huyton	14 February 1963	5 April 1976
James Callaghan (1912–2005)	Cardiff South East	5 April 1976	10 November 1980
Michael Foot (1913–2010)	Ebbw Vale	10 November 1980	2 October 1983
Neil Kinnock (1942–)	Islwyn	2 October 1983	18 July 1992
John Smith (1938–1994)	Monklands East	18 July 1992	12 May 1994 <i>(Died in office)</i>
Margaret Beckett ^x (1943–)	Derby South	12 May 1994	21 July 1994
Tony Blair (1953–)	Sedgefield	21 July 1994	24 June 2007

[https://en.wikipedia.org/wiki/Leader_of_the_Labour_Party_\(UK\)](https://en.wikipedia.org/wiki/Leader_of_the_Labour_Party_(UK)).