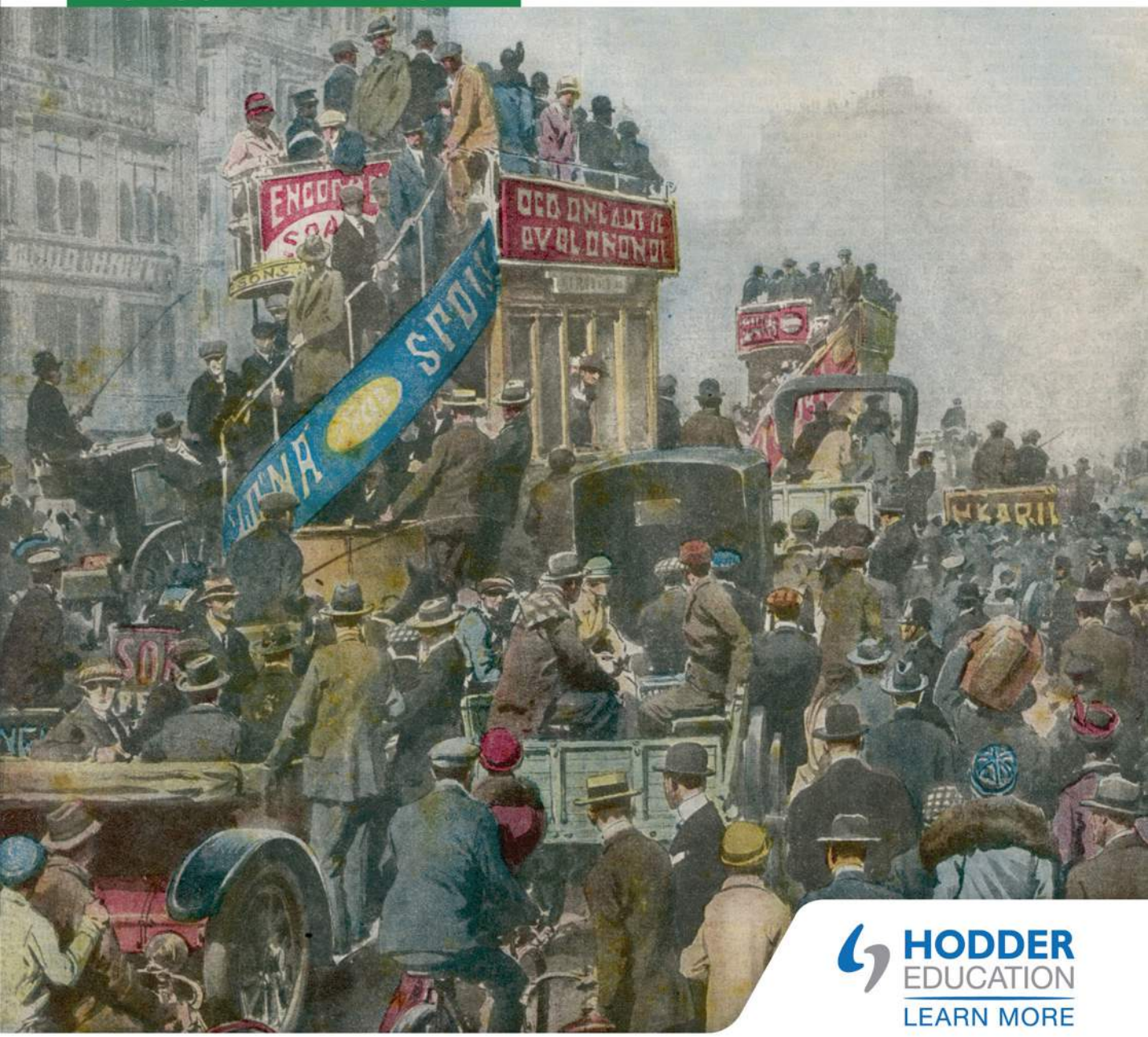
access to history

Britain 1900–57

MICHAEL LYNCH

SECOND EDITION



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Dedication

Keith Randell (1943–2002)

The *Access to History* series was conceived and developed by Keith, who created a series to 'cater for students as they are, not as we might wish them to be'. He leaves a living legacy of a series that for over 20 years has provided a trusted, stimulating and well-loved accompaniment to post-16 study. Our aim with these new editions is to continue to offer students the best possible support for their studies.

CHAPTER 1

Britain 1900–11

In 1900 there were two major parties competing for power in Britain: the Conservatives and the Liberals. There were also two smaller parties – Labour and the Irish Nationalists – which were to have an important influence on affairs. This chapter examines the progress and fortunes of these parties as they attempted to respond to the major problems facing Britain at the beginning of the twentieth century. The analysis is developed under the following headings:

- ★ Britain in 1900
- ★ The Conservative Party
- ★ The Liberal Party
- ★ The Labour Party

Key dates

1899–1902	The Anglo-Boer War	**1903**	Lib–Lab pact formed
1900	Khaki election victory for Salisbury's Conservatives	**1905**	Liberals in office under Campbell-Bannerman
	Labour Representation Committee formed	**1906**	Liberal landslide electoral victory
1902–5	Balfour led the Conservative government	**1908–11**	Asquith led the Liberal Reform programme

1 Britain in 1900

▶ *What were the major problems and questions facing Britain in 1900?*

Problems

Britain in the late **Victorian** and **Edwardian** years faced great economic, social and **constitutional** difficulties. These may be listed and examined as:

- the problem of poverty
- Britain's economy
- problems in industrial relations
- Britain's role as an empire
- the franchise question
- the position of the House of Lords
- the Ulster question.

KEY TERMS

Victorian Relating to the years of Queen Victoria's reign (1837–1901).

Edwardian Refers to the reign of Edward VII (1901–10), but is often extended to include the early years of George V's reign (1910–14).

Constitutional Issues relating to the conventions and methods by which Britain was governed.

Governments of the late Victorian and Edwardian eras

- 1895–1902: Conservatives under Lord Salisbury.
- 1902–5: Conservatives under Arthur Balfour.
- 1905–8: Liberals under Henry Campbell-Bannerman.
- 1908–14: Liberals under Herbert Asquith.

The problem of poverty

By the early twentieth century, Britain had experienced a remarkable increase in the size and the concentration of its population (see Table 1.1). This was largely a consequence of **industrialisation** and was strikingly evident in the growth of towns and the formation of the great **conurbations**.

In the 40 years after 1871, the population in those areas very nearly doubled, which greatly increased the demand for such vital resources as water supply and sanitation. In most areas, however, the means of providing these were either rudimentary or non-existent. The result was the intensifying of such social ills as:

- overcrowding
- malnutrition
- ill-health.

It is true that central and local government in the Victorian age had begun to take measures to alleviate the worst of the conditions, but their efforts fell far short of the needs. Such welfare and relief schemes as there were in the towns and cities were wholly insufficient. It was also the case that, although wage rates had risen, they were not yet at a level where the majority of workers had sufficient surplus cash to improve their living conditions. Poverty was widespread.

The only major scheme for dealing with poverty was the **Poor Law**, introduced in an earlier age when it was believed that poverty could be contained by dealing with it on a local basis, parish by parish. However, the enormous increase in population made this system of parish relief inadequate to deal with the problem.

The grim conditions that shaped the lives of the mass of the people who lived in the towns and cities were graphically revealed in a series of carefully researched

KEY TERMS

Industrialisation The spread of manufacturing, accompanied by the movement of workers from the land into the towns and cities.

Conurbations Concentrated urban areas of high population density.

Poor Law As amended in 1834, a scheme for providing relief by taking the destitute into workhouses where the conditions were made deliberately harsh so as to deter all but the most needy from entering them.

Table 1.1 The growth of population in the conurbations

Year	Greater London	South-east Lancashire	West Midlands	West Yorkshire	Merseyside
1871	3,890,000	1,386,000	969,000	1,064,000	690,000
1901	6,856,000	2,117,000	1,483,000	1,524,000	1,030,000
1911	7,256,000	2,328,000	1,634,000	1,590,000	1,157,000

public reports. Outstanding pioneering studies were produced by Charles Booth and Seebohm Rowntree; their meticulously detailed analysis of social conditions in London and Yorkshire, respectively, gave evidence of appalling squalor and deprivation.

SOURCE A

From Seebohm Rowntree, *Poverty: A Study of Town Life*, Macmillan, 1902, p. 133.

The wages paid for unskilled work in York are insufficient to provide food, shelter, and clothing to maintain a family of moderate size in a state of merely physical efficiency. And let us clearly understand what 'merely physical efficiency' means. A family living on the scale allowed for in this estimate must never go into the country unless they walk … They must write no letters to absent children for they cannot afford the postage … They cannot save, nor can they join sick club or Trade union, because they cannot pay the necessary subscriptions. The children must have no pocket money … The father must smoke no tobacco, and must drink no beer. The mother must never buy any pretty clothes for herself or her children … If any of these conditions are broken, the extra expenditure involved can only *be met by limiting the diet; or in other words, by sacrificing physical efficiency. In this land of abounding wealth, during a time of perhaps unexampled prosperity, probably more than one-fourth of the population are living in poverty.*

What picture of poverty in Britain emerges from Source A? ?

National efficiency

The sheer extent of the poverty in Britain revealed by such stark details convinced all but a few that something had to be done. All the parties agreed that government and Parliament had a duty to tackle the deprivation that afflicted so many in the nation. This was not merely for humanitarian reasons. In 1902, it was officially reported by the army high command that nearly two-thirds of those who had volunteered to join the services at the time of the Anglo-Boer War of 1899–1902 (see page 10) had failed to pass their basic medical test.

Such revelations strengthened a widespread conviction current in the Edwardian period that Britain had to re-create 'national efficiency'. This was a term often used at the time to denote the level of well-being and health that it was felt the British people needed to achieve if their nation was to sustain its strength industrially and militarily. The notion of national efficiency was closely linked to **eugenics**, a science that attracted many adherents, particularly among **left-wing intellectuals**. A prominent voice among these was **George Bernard Shaw**, who spoke in favour of 'selective breeding', by which he meant that only couples of a high level of physical and mental health should have children.

KEY TERMS

Eugenics The science of improving the quality of the human stock by breeding out inherited weaknesses and deficiencies.

Left-wing intellectuals Writers and thinkers who believed in radical social and economic change.

KEY FIGURE

George Bernard Shaw (1856–1950)

Celebrated playwright and social commentator.

Charles Masterman, an influential Liberal writer, represented the basic concern of the national efficiency campaigners in Britain when he described the unhealthy conditions in which the mass of the people who had migrated from the countryside to the industrial towns now lived. He wrote of their cramped living conditions and their long hours of work, and warned that it was on this unhealthy population that 'the future progress of the Anglo-Saxon race' would have to depend.

In 1904, a specially appointed Interdepartmental Committee on Physical Deterioration delivered a formal report to Parliament. Among its recommendations were:

- the appointment of full-time medical officers of health and health visitors in urban areas
- local authorities to lay down standards of purity for all food and drinks
- regular medical examination of all school children
- urban overcrowding to be studied and addressed
- laws against smoke pollution to be introduced
- basic hygiene to be taught in schools
- local authorities to provide meals for school children.

KEY FIGURE

Robert Baden Powell (1857–1941)

A military hero of the Boer War, he became a popular figure in Britain.

Not all these proposals were implemented immediately, but they helped to define and clarify the problems. One particularly interesting response to the need for national efficiency was the creation of a youth movement: the Boy Scouts. Its founder, Lord **Baden Powell**, who expressed his ideas in *Scouting for Boys* (1908), left no doubt as to his purpose: 'Remember, whether rich or poor, from castle or from slum, you are all Britons first, and you've got to keep Britain up against outside enemies, you have to stand shoulder to shoulder to do it.' By 1914, the movement he had started had spread nationwide, and by 1920 worldwide.

While there was general agreement in Britain that the nation had to address its severe social and economic problems, there were deep disputes between the parties and also between different factions within individual parties as to how these should be tackled. The disagreements over this were to be a prominent feature of pre-1914 Britain.

Britain's economy

KEY TERM

Staple industries Those enterprises on which Britain's industrial strength had traditionally been based, for example, textiles, coal mining, iron and steel production, and shipbuilding.

Between 1870 and 1914 Britain's trade and industry appeared to be shrinking, relative to other countries, such as Germany and the USA (see the graph on page 5). The decline was most evident in the **staple industries**. The British industrial growth rate of 2.3 per cent was only half that of the USA. By the turn of the century, Germany and the USA had overtaken Britain in the volume of their iron and steel production. By 1910, British industrial exports made up only ten per cent of the world trade compared with figures of 20 per cent for German goods and 40 per cent for American.

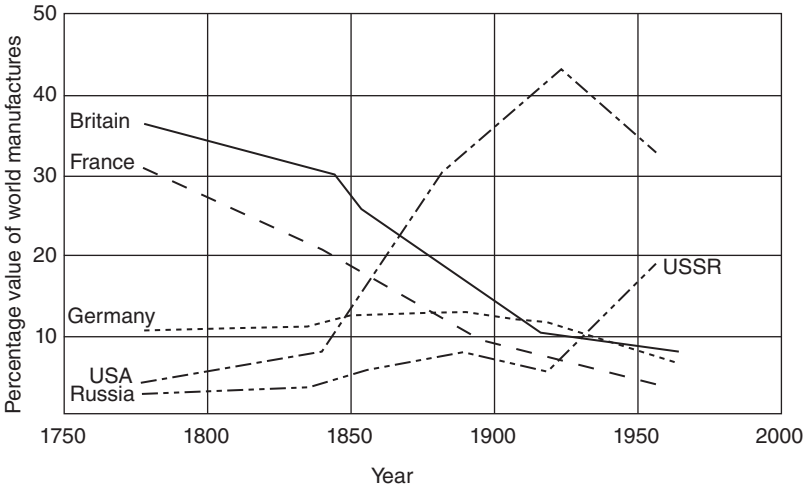


Figure 1.1 Graph showing world trade 1800–1955.

Modern **revisionist historians** have argued that the decline was exaggerated by contemporaries who were unnecessarily frightened by the growth of Germany and the USA. They suggest that in fact British industry was still growing healthily and was more **cost effective** than American and German industry, even though total output of those two countries was higher. Revisionists further argue that it was the First World War which caused Britain's twentieth-century industrial decline by shattering the international economy in which Britain had held such a predominant place (see page 78). While noting the revisionists' argument, it has to be emphasised that late Victorian and Edwardian industrialists truly believed that the trade figures showed that they were losing out to their American and German rivals in the open market.

New industries

The decline in the staple industries was somewhat offset by the growth in the 'new industries'. This was the term for those growing concerns and businesses which began to develop in such areas as the following:

- transport and communication
- distributive trades
- hotels and catering
- financial services
- health provision
- education
- public administration.

Already by 1910, as Table 1.2 (see page 6) indicates, these activities accounted for 44 per cent of the workforce, but, as yet, the profitability of the new industries did not make up for the losses in the staple industries. However, as the century wore on **invisible earnings** were to become increasingly important to the British economy. It was the profits from the sale of Britain's financial and insurance services and the tax revenue that came from them that helped to keep Britain solvent at critical times.

KEY TERMS

Revisionist historians Those who challenge the accepted interpretation of historical events.

Cost effective Manufactured items produced more cheaply than in rival economies.

Invisible earnings The sale abroad of services (usually in the financial sector) rather than tangible goods.

Table 1.2 Distribution of the workforce in the UK (according to the 1911 census)

Sector	Percentage
Mining	6.3%
Agriculture	11.8%
Manufacturing	32.1%
Chemicals	0.9%
Metal manufacture	4.1%
Engineering	6.7%
Textiles and clothing	12.4%
Food, drink and tobacco	2.8%
Other manufacturing	5.3%
Construction	5.1%
Gas, electricity and water	0.6%
Services	44.1%
Transport and communications	7.9%
Distribution	12.2%
Financial services	1.1%
Hotel and Catering	3.0%
Education	1.5%
Health	0.7%
Public administration	4.1%
Miscellaneous	13.6%

KEY TERMS

'Old' unions Established organisations representing skilled workers.

'New' unions Representing large groups of workers, such as dockers, transport workers and miners.

Problems in industrial relations

For much of the nineteenth century, the trade union movement had been dominated by the **'old' unions**. But the last quarter of the nineteenth century witnessed a rapid growth in the number of mass-membership trade unions, composed largely of unskilled or semi-skilled workers. These **'new' unions** were eager to use their collective strength in a campaign for better wages and conditions. By 1890, they had already won some major victories; the gas workers had successfully struck for an eight-hour day, and the 'dockers' tanner' (sixpence a day basic pay rate) had been reluctantly granted by the port authorities.

The employers had attempted to counter what they saw as a major threat to their interests by forming federations, aimed specifically at resisting the strength of organised labour. The scene was set for major conflict on the industrial front. So strong was the threat of industrial disruption that it raised the issue of whether it was the role of government or Parliament to intervene in worker–employer relations. This was to prove a critical question in the pre-1914 years.

Agriculture

As can be seen from Table 1.2, only eleven per cent of the workforce in 1911 were agricultural workers. This compared with 22 per cent in 1841 and seventeen per cent in 1861. This decline is largely attributable to a serious agricultural recession that set in in the 1870s. In that decade foreign cheap corn came into Britain in large quantities from newly developed farm land in North America, Argentina and Australia. British farmers, who could not produce crops as cheaply as they could be imported, were also hit by a series of harvest failures.

The result was that only the largest farmers made reasonable profits. Many smaller farmers left the land or had a much reduced standard of living. In many cases rural poverty was worse than urban poverty (see page 2).

Despite the establishment of a Board of Agriculture in 1889, the situation improved little over the next four decades. It was not until the coming of the war in 1914, which, by greatly reducing imports, increased demand for home-grown food, that British farming began to recover.

Britain's role as an empire

In the last 30 years of the nineteenth century Britain had rapidly increased the size of its existing empire. This was largely the result of its participation in the European **scramble for Africa**, which had begun in the 1870s. The Conservatives had been particularly associated with the development of this new phase of **imperialism**. Although there were also some Liberals, known as liberal-imperialists, who supported overseas expansion, the Liberal Party itself strongly opposed it.

By the end of the century, there was considerable dispute between and within the parties as to whether Britain should continue to pursue expansionist policies or whether the view, espoused earlier by such great Liberal figures as **W.E. Gladstone**, that imperialism was both immoral and a threat to international peace, should prevail. The two opposed viewpoints were to be bitterly and violently expressed at the time of the Anglo-Boer War, fought between 1899 and 1902 (see page 10).

The franchise question

At the beginning of the twentieth century, Britain was not yet a democracy. Nevertheless, significant steps had been taken since 1832 to extend the **franchise**. By 1900, some 60 per cent of adult males had the vote. The question now arose as to whether the nation should become wholly democratic. This would involve, not only the granting of full adult male **suffrage**, but also, far more controversially, the enfranchising of women. All the parties were worried over the political implications of extending the vote to the female population. For which party would women actually vote? It was a leap into the unknown. The battle over this issue became a dramatic feature of pre-1914 politics (see page 40).

KEY TERMS

Scramble for Africa Between the 1870s and 1914, the major European colonial powers, France, Germany, Belgium, Portugal and Britain, separately took over large areas of the African continent.

Imperialism The acquiring of colonies principally for the purposes of prestige and economic exploitation.

Franchise The right to vote in parliamentary elections.

Suffrage Essentially the same meaning as franchise, the right to vote.

KEY FIGURE

W.E. Gladstone (1809–98)

British statesman who dominated the Liberal Party from the 1860s until his death in 1898.

KEY TERMS

Two-chamber structure The elected House of Commons and the unelected House of Lords, made up of hereditary peers; to become law, a Bill has to be passed by both Houses.

Home rule A measure granting a colony or dependent region control over its own affairs.

Bill A legislative proposal that has to go through separate stages in the Commons, before going to the Lords for a similar process. When this is completed the Bill receives royal assent and becomes a binding Act.

The position of the House of Lords

The issue of democracy lay at the heart of another of the major controversies of the time. The **two-chamber structure** of the British Parliament meant that the House of Lords (the Upper House) was constitutionally able to block the legislation sent up to it by the House of Commons (the Lower House). In practice, it was only measures presented by Liberal governments that the Lords chose to reject. This was because Conservative peers were in an overwhelming majority in the Upper House, which enabled the Conservative Party to reject Liberal measures of which it disapproved. The most striking example of this had occurred in 1894 when Gladstone's Irish **Home Rule Bill**, having passed through the Commons, was then thrown out by the Lords. As Britain moved towards democracy, the question was how much longer the anomaly of an unelected assembly having an absolute veto over the elected chamber would be tolerated.

The Ulster question

In the nineteenth century there had been a strong movement for home rule among Irish nationalists, who wanted, as a first step to independence, the creation of a separate government in Dublin, responsible for Irish affairs. However, the demand for independence foundered on the position of Ulster whose largely Protestant population were not prepared to accept an Irish settlement that gave southern Catholic Ireland a controlling hand over them (see page 45). Gladstone, the Liberal leader, had introduced Home Rule Bills in 1886 and 1893 but both had failed to pass through Parliament. His attempts had split his party and had hardened the resolve of the Unionists to reject home rule on the grounds that it undermined the unity of the United Kingdom and betrayed Ulster.

The issues and problems which have been introduced in the preceding sections may be expressed as a series of demanding questions confronting the government, Parliament and the political parties in the period between the beginning of the century and the outbreak of the Great War in 1914:

- How could poverty be tackled?
- How far should the government be responsible for running the economy?
- What were the best means of Britain's earning its living?
- How much power should the State have over ordinary people's lives?
- Should wealth be redistributed by the government's taking it from the wealthy in taxes to give to the poor?
- How far should the government be involved in industrial disputes?
- What was Britain's relationship to Ulster?
- How far should the right to vote be extended?
- Was the House of Lords in need of radical reform?
- What was the position and status of Ulster?

It is interesting to note how modern these questions seem. They were the issues which were to continue to demand attention throughout the twentieth century and into the twenty-first.

Summary diagram: Britain in 1900

Problems for Britain in 1900

- Poverty
- A declining economy
- Crisis in industrial relations
- The disputed role of empire
- The franchise
- The anomalous position of the House of Lords

2 The Conservative Party

▶ *What was the character of the Conservative and Unionist Party at the start of the twentieth century?*

Nineteenth-century Britain had seen the rise of a powerful middle class, which had grown wealthy on the profits of commerce and industry. Much less wealthy but no less important politically were the industrial workers who had grown in number as industry expanded. The majority of the men in both these classes had gained the vote. They now had an electoral importance no party could afford to disregard.

Here it is important to stress that the term 'class' does not have a fixed meaning. As Arthur Marwick, one of Britain's most esteemed social historians, points out, classes do not belong in 'the same category as the facts of geography, demography and economics.' 'Classes', Marwick says, 'evolve and change as circumstances change.' This does not prevent our using the word in a descriptive sense; class can be helpfully applied to broad groups which experience common social and economic change. Most people in early twentieth-century Britain would have accepted that there were three major social groups or classes:

- upper classes, drawn from the traditional landed aristocracy
- middle classes who worked in trade or the professions
- people who worked for wages in industry or on the land.

These were not exact definitions, of course; there were grades within each class, particularly the middle class. It also became increasingly possible in the course of the twentieth century to move from one class to another.

KEY TERMS

Conservative and Unionist Party
The Conservative Party had added Unionist to its title after 1886 in order to indicate the strength of its opposition to home rule for Ireland.

Landed Referring to the people whose wealth and status derived from their ownership of substantial areas of land.

Boer Afrikaans and Dutch for farmer.

KEY FIGURES

Benjamin Disraeli (1804–81)
Conservative Party leader in the 1860s and 1870s, he had modernised the party's policies to make it electable by winning over both professional people and workers.

Lord Salisbury (1830–1903)
Led three governments (1885–6, 1886–92, 1895–1902) and was the last peer to be a prime minister; renowned for his contribution to foreign affairs.

The response of the Conservatives

The **Conservative and Unionist Party**, which had traditionally been the party of the **landed** classes, had skilfully modified itself in the nineteenth century in order to appeal to both middle-class and working-class voters. Its influential leader, **Benjamin Disraeli**, had accepted that if the party was to survive as a political force it had to adapt itself to the changes that industrialisation had brought. Disraeli's recognition of this was made clear in a series of important social reforms that his Conservative government introduced.

By 1900 the Conservatives had been in power under their leader **Lord Salisbury** for all but three of the previous fourteen years. It has been said that under him Conservatism became 'an organised rearguard action' to prevent the growing democracy of the times from becoming too disruptive. Yet this view needs to be balanced against the fact that Salisbury came to accept the wisdom of Disraeli's belief that it was possible to win over the enfranchised working classes to the Conservative side. That is why Salisbury put great stress on party organisation. It was under him that Conservatism, with its emphasis on recruitment of supporters in the constituencies, began to take its modern shape. His success in this was shown in Conservative victories in the general elections of 1886, 1895 and 1900.

The Anglo-Boer War 1899–1902

The dominant issue preoccupying Salisbury's government when the century opened was not a domestic but an imperial one: the Anglo-Boer War. The war arose from a dispute between the British and the Dutch **Boer** settlers as to who controlled southern Africa. In 1884 Britain had agreed to a division which gave it Cape Province and Natal and granted the Boers the Transvaal and the Orange Free State. However, although Britain formally recognised Boer rights of self-government in the Transvaal, it continued illogically to claim that it had authority over the region.

There is now little doubt that Britain deliberately provoked the war that broke out in 1899. For Joseph Chamberlain (see page 22), the colonial secretary, British supremacy in southern Africa was essential in order to maintain Britain's imperial strength. He held that unless Britain was a powerful empire it could not be a powerful nation. So he plotted with the aggressive British high commissioner in the Cape to make such unreasonable demands on the Boers that they would have no choice but to fight.

From the beginning there was a significant group in Britain who were deeply unhappy with the war. Referred to as 'pro-Boers', they questioned the morality of Britain's position as the aggressor who had started the war. Initially, however, the war was widely popular in Britain, and Salisbury sought to exploit this by calling an election in 1900. The Conservatives deliberately played on the

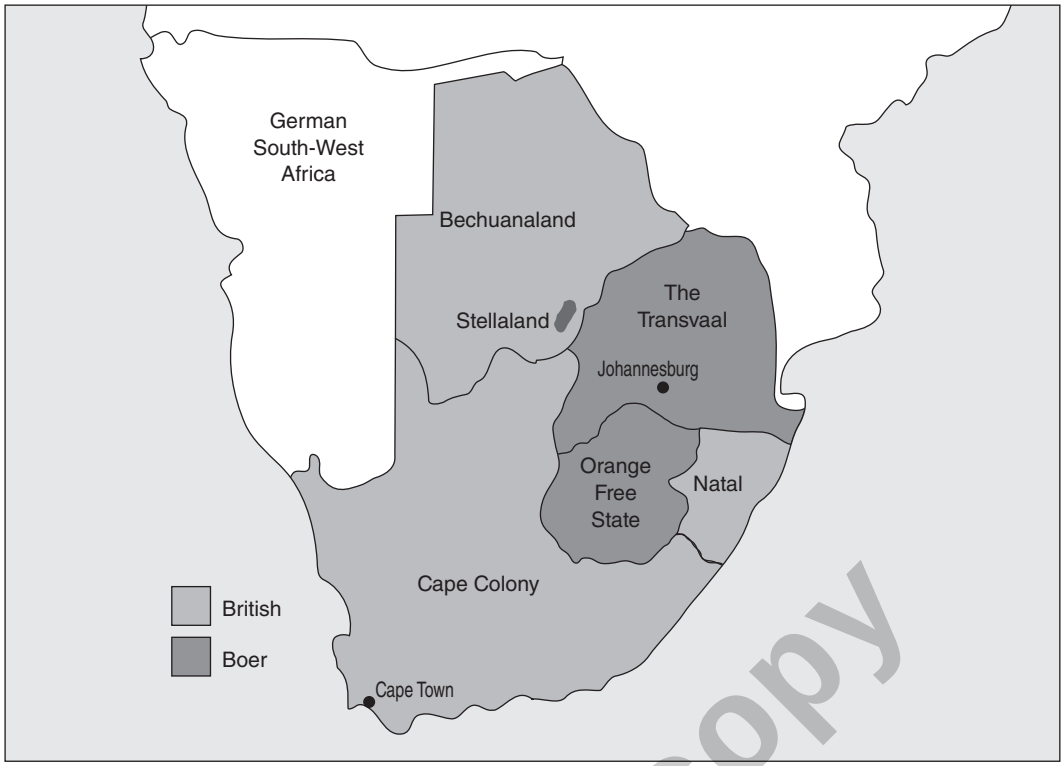


Figure 1.2 Southern Africa on the eve of the Anglo-Boer War, 1899–1902.

patriotism of the electorate in what became known as the **Khaki** election. Salisbury's government was returned with a very comfortable majority over the Liberals (see Table 1.3).

KEY TERM

Khaki British forces adopted this as the colour of their standard uniform during the Boer War.

However, from that point on things went badly for the government. Although the war was eventually won, with the surrender of the Boers in 1902, the Conservatives' handling of it proved dismal. The pro-Boers drew constant attention to the failure of British forces to win the conflict quickly. Still more unsettling for the government were the reports of the extreme measures which the British forces employed to break Boer resistance. The most notorious of these was the internment of civilians in 'concentration' camps, where the cramped and unhygienic conditions frequently led to the spread of fatal diseases. This had not been the intention, but it was the deadly outcome.

Table 1.3 The 1900 general election result

Party	Votes	Seats	Percentage of vote
Conservatives	1,797,444	402	51.1
Liberals	1,568,141	184	44.6
Labour (Labour Representation Committee)	63,304	2	1.8
Irish Nationalists	124,586	82	2.5

KEY FIGURES

Henry Campbell-Bannerman (1836–1908)

Led the Liberals 1899–1908, prime minister 1905–8 and was the first British premier to be officially entitled 'prime minister'.

Arthur Balfour (1848–1930)

MP 1874–1922, secretary for Ireland 1887–91, prime minister 1902–5, leader of the Conservative Party 1905–11, foreign secretary 1916–19.

The Liberal leader since 1899, **Henry Campbell-Bannerman**, accused Salisbury's government of employing 'the methods of barbarism', while David Lloyd George (see page 93), a dynamic young Liberal, declared: 'we have now taken to killing babies'. Britain's inhumane strategy against Boer civilians, added to the fact that it took the might of the British imperial army three long years to overcome an outnumbered and outgunned group of farmers, caused embarrassment at home and aroused ridicule abroad.

Conservative problems

When **Arthur Balfour** succeeded Salisbury as prime minister in 1902 he inherited the poor reputation that the Conservatives had gained over their embarrassing Boer-war record. But his troubles did not end there. Despite the credit his party had earned since the mid-1880s for their progressive reforms in which he had played a prominent part, Balfour's years in office from 1902 to 1905 were overshadowed by a set of problems that would lead to the defeat of his party in a crushing Liberal victory in the 1906 election.

'Chinese slavery'

Africa again came to haunt the Conservatives. Balfour's government was accused of having permitted large numbers of Chinese labourers, referred to as 'coolies' or slaves, to be brought from Asia to work in appalling conditions for pitiful wages in the gold and diamond mines of southern Africa. It was widely felt that the government's claim that this was a matter for British officials in Africa to deal with on the spot was an inadequate response. Opponents suggested Balfour's government was simply passing the buck and that its moral authority was compromised.

The Taff Vale decision 1901

The significant part industrial relations now played in British politics was evident in this landmark case. In June 1900, the employees of the Taff Vale Railway Company in South Wales went on strike with the full backing of their union, the Associated Society of Railway Servants (ASRS). The company tried to break the strike by bringing in non-union labour and by taking the ASRS to court for illegal **picketing**. The tactics worked and the strikers reluctantly returned to work with nothing gained. Boosted by its victory, the company again took the union to court, this time claiming damages for the financial losses caused by the strike.

KEY TERM

Picketing Strikers stationing themselves at the gates of the factory or workplace so as to deter other workers from entering.

The first court hearing went in favour of the company but, on appeal by the ASRS, a higher court reversed this decision in November 1900. The company was not prepared to give up. It presented its case to the House of Lords, the highest legal authority in the land. The Lords overruled the appeal court decision and found for the company. The Lords' ruling, delivered in July 1901, came at the end of many months of legal wrangling. The time span meant that

the issue excited the widest interest; both the unions and the employers knew that it was a test case in industrial relations. Source B contains the key part of the Lords' decision:

SOURCE B

From the Taff Vale ruling delivered by the senior judge, Lord MacNaughten, in 1901.

Has the Legislature authorized the creation of numerous bodies of men capable of owning great wealth and of acting by agents with absolutely no responsibility for the wrongs they may do to other persons by the use of that wealth and the employment of those agents? In my opinion, Parliament has done nothing of the kind. I cannot find anything to warrant or suggest such a notion. It was intended by the strongest advocates of trade unionism that persons should be liable for concerted as well as for individual action; and for this purpose it seems to me that it cannot matter in the least whether the persons acting in concert be combined together in a trade union, or collected and united under any other form of association. I have no doubt whatever that a trade union, whether registered or unregistered, may be sued in a representative action if the persons selected as defendants be persons who, from their position, may be taken fairly to represent the body.

In Source B, on what grounds does Lord MacNaughten give his ruling against the ASRS? ?

The ruling was accompanied by the awarding of damages and costs against the ASRS amounting to £42,000 (equivalent to over £3 million in 2015). It was now clear that the unions' right to strike and to picket had been effectively destroyed by the Lords' decision. Only an Act of Parliament could alter this. But, when Balfour declared in 1902 that his government had no intention of formally reversing the Taff Vale decision against the trade unions, it reinforced the conviction among the workers that Conservatism was wholly unsympathetic to their interests.

Balfour's Education Act 1902

The measure, which bears Balfour's name, since he was largely responsible for its drafting, is now regarded as an important and progressive step. It:

- raised the school-leaving age to twelve
- granted subsidies to church schools from local **rates**
- abolished the locally elected school boards, and passed the authority over schools to the county or borough councils.

However, at the time, the credit Balfour might justifiably have expected was largely lost because of the furious row that broke out among religious rivals over the nature of the schooling to be provided. Ever since educational reforms had been attempted in earlier decades there had been a stand-off between the **Anglican Church** and the **Nonconformists**.

KEY TERMS

Rates Taxes levied on householders to pay for local government services.

Anglican Church The established English Protestant Church, the nation's official religion.

Nonconformists Members of the various Protestant Churches who refused to accept the doctrines and authority of the Anglican Church. Nonconformists had become an influential moral force in Victorian Britain.

Historically, most of the schools in England and Wales had been set up and run by the Anglican Church. When the nineteenth-century reformers sought to extend State education to all, they had necessarily to use the existing Anglican schools, otherwise schooling simply could not have been provided on the necessary scale. It followed that schools teaching the Anglican faith now received State funding. It was this that offended the Nonconformists, who complained bitterly of **heresy** being taught on the rates. For their part, Anglicans were unhappy at the thought that as State education was extended they would lose their traditional hold over it. These anxieties and resentments were intensified by Balfour's 1902 measure.

KEY TERMS

Heresy False religious doctrine; all faiths are heretical to each other.

Salvation Army Founded in 1878 by William Booth to put Christian values into practical form by directly helping the unfortunates of society, such as the destitute, the homeless and the victims of alcohol abuse.

The Licensing Act 1904

It was angry Nonconformists who were also the most vociferous in attacking the government's Licensing Act introduced in 1904 to regulate the sale and consumption of liquor. The aim of the new controls was to protect children and to prevent the adulteration of alcoholic drinks. However, the Nonconformists were unimpressed by this. They chose instead to condemn the clauses in the Act which provided generous compensation to the brewers and the landlords who stood to lose their licences under the new liquor regulations. Why, the Nonconformists asked, should the Treasury use its funds to reward vice? Their objections were not simply killjoy puritanism. All the prominent movements dealing with social distress, such as the **Salvation Army**, testified that drink was a major factor in deepening the poverty from which so many families suffered.

The Irish Land Act 1902

Another Conservative measure which was well intended but which brought the government more scorn than praise was the 1902 Irish Land Act, often referred to as **Wyndham's Act** after George Wyndham, the Irish secretary 1900–5. The reform is now seen as a very enlightened step which went a long way towards finally solving the land problem in Ireland. It made £100 million available to tenants to buy out their English landlords and thus become owners of the land which they farmed, something for which the Irish peasantry had yearned for centuries.

However, Ireland's sense of grievance, recently intensified by the English Parliament's rejection of home rule, was too deep-rooted for one measure, no matter how enlightened, to end Anglo-Irish bitterness. The Act received only grudging thanks from the Irish Nationalists, who regarded it as a belated recognition of their long-withheld rights, while the Irish Unionists dismissed the measure as a craven submission to nationalist pressure. It is notable that although Balfour, as Irish secretary, had often taken a very progressive attitude towards Ireland, as in his support for land reform, he had combined this with tough measures to control disorder. For this, the Nationalists had given him the title 'bloody Balfour'.

Tariff reform

Damaging as the problems listed above were, it was the question of tariff reform that most seriously weakened the Conservatives. In a misguided attempt to outmanoeuvre the Liberals on economic matters, Balfour's government adopted **imperial preference** as its official economic programme in 1903. It was a policy most closely associated with Joseph Chamberlain, who wanted the establishment of an imperial economic federation, based on the principle of free trade between its member states and protection against non-members; a modern parallel is the European Union. These member states would receive preferential treatment; their goods would enter free of duty. British exports would be granted a corresponding preference in the colonies. The idea behind this was to develop the British Empire as a worldwide protectionist trading bloc.

Chamberlain's motives

There was a deeper intention behind Chamberlain's thinking. He was not seeking to maintain Britain's prosperity simply for its own sake. He believed that so great was the poverty and destitution blighting the nation that unless these were remedied the grievances of the dispossessed would lead to widespread social violence. National efficiency had to be restored. Money had to be found and distributed to raise people from the squalor in which so many lived. But how was the money to be raised? One simple answer was through taxation.

For Chamberlain, this answer was unacceptable; he feared that the taxing of one group in society for the benefit of another would encourage **revolutionary socialism** and class war. His proposed answer was imperial preference. If the empire was developed through protection into a worldwide trading association it would bring Britain the wealth it needed to cure its social ills. And all this would be achieved without recourse to unjust and disruptive taxation. This was why Chamberlain was such an ardent imperialist. His belief in the maintenance and extension of the empire came together with his belief in the need for social reform.

The battle over protection

Chamberlain's dream of empire was never to become a reality, but he argued his case with such persuasive force that he was largely responsible for making tariff reform a national issue. It is certainly the case that few issues in any age have excited so much interest in the British people as tariff reform did in the Edwardian era. Although to later generations it may seem a rather dry topic, in its time it was regarded as vitally important. Ordinary people saw it in terms of whether they could afford to feed themselves and their families. Manufacturers and industrialists saw it as a question of whether they could survive in a competitive trading world. Workers felt somehow that their jobs and wages depended on it. While few of the electorate had the knowledge of economic theory to enable them to follow the tariff-reform debate in detail, they were well

KEY TERMS

Imperial preference
An alternative term for tariff reform, a system for protecting home-produced food and manufactured goods by placing restrictive duties on imports unless they came from the British dominions and colonies.

Revolutionary socialism
The wish to overthrow the existing state and replace it with a worker-led government.

able to grasp that it was about the choice between dear food and cheap food, between having a job and being out of work.

Despite their adoption of it as party policy, few Conservatives were genuinely happy with the tariff-reform programme. They accepted it because it seemed to offer a means of raising revenue without resorting to taxation. A notable feature of Conservatism was that it was not, as its critics often tried to make out, against social reform in principle. Indeed, from Disraeli onwards, Conservative governments had introduced many significant reforms in this area (see page 20). The problem for most Conservatives was that they were unwilling to increase taxes to pay for reform, their argument being that heavy taxation imposed an unfair burden on those who were efficient and successful.

SOURCE C

? What message are the tariff reformers endeavouring to put across in the poster in Source C regarding the results of free trade?

A pro-tariff reform poster produced for the Liberal Unionist Council depicting John Bull (UK), Uncle Sam (USA) and Kaiser Bill (Germany).

SOURCE D

'Which Will You Have?' A free trade poster from 1905.

What basic message is the 'big loaf, little loaf' illustration in Source D attempting to put across?

The 1906 election

Conscious that matters were not going well for his government and party, Balfour resigned as prime minister in December 1905 and advised King Edward VII to dissolve Parliament, knowing that this would oblige the Liberals, led now by Henry Campbell-Bannerman, to form an interim government before an election was held. Balfour's intention was to play on the divisions among the Liberals over Irish home rule. He hoped that the Liberals would either be unable to form a government at all or be so divided when in government that this would hand the initiative back to the Conservatives, who would then doubtless win the ensuing election.

It is also likely that Balfour was engaging in what would now be called a damage-limitation exercise. By forcing an election earlier than was necessary, he hoped his party might suffer less badly at the polls than if he waited until 1907 when, under the **seven-year rule**, an election would have to be held.

KEY TERM

Seven-year rule At this time, the law required that a general election be held at least once every seven years.

Balfour's manoeuvring let him down. The Liberals were far from being as disunited as he had believed. Campbell-Bannerman accepted office enthusiastically and had no problems in forming a loyal cabinet. Having established his government, he then confidently called an immediate general election. In the impassioned campaign that followed, the dominant issue was free trade. The results showed that the electorate judged that the protectionists had lost the argument. Apart from Joseph Chamberlain himself, there were few advocates of imperial preference who were able to put over a convincing case or conduct a successful campaign. Sceptical observers said it was clear that the

SOURCE E

? Which of the problems has the cartoonist chosen to include and which to omit in Source E?

'Stepping stones to office'. A cartoon illustrating the problems confronting the Conservatives between 1900 and 1906.

Conservatives did not understand, let alone believe in, the tariff-reform policy with which Chamberlain had saddled them. As one contemporary put it: 'the Conservatives went into the polling-booths with the albatross of tariff reform about their necks'.

The result of all this was a sweeping victory for the Liberals in the election held in January and February 1906. Henry Campbell-Bannerman now headed a Liberal ministry with a majority of 243 over the Conservatives.

Table 1.4 The 1906 general election result

Party	Votes	Seats	Percentage of vote
Conservatives	2,451,584	157	43.6
Liberals	2,757,883	400	49.0
Labour Representation Committee (Labour in 1906)	329,748	30	5.9
Irish Nationalists	35,031	83	0.6

Electoral problems for the Conservatives

In 1906, it was not so much the attraction of the Liberals that won them the day as the dissatisfaction felt by the electorate towards the Conservatives. However, a note of caution should be sounded here. When dealing with the results of elections, it is tempting to talk of sweeping victories and landslides. Yet, such dramatic terms tend to distort the real picture. The truth is that the result of an election is invariably the consequence of a slight shift in public attitude. The characteristic of the British electoral system is that parliamentary seats are awarded not in proportion to the number of votes a party receives overall, but according to how many individual constituencies it wins. Since each elected MP gains his or her seat simply by being '**first past the post**', he or she could win by a very large majority or a very small one. So whether a party wins or loses is not a matter of how many votes it gets nationally but how those votes are distributed.

This can be seen by comparing the figures in Tables 1.3 and 1.4 (page 11 and above). Across the two elections the Liberals more than doubled their number of seats while the Conservatives saw their number more than halved. However, in terms of overall votes, the returns were nowhere near as dramatic; there had been a marginal shift in the popular vote, not a landslide. This is not to argue that the Conservatives had not lost support or that the Liberals had not gained it. Between 1900 and 1906 there certainly had been a major movement from the Conservatives to the Liberals. The former had improved their vote by only 654,140, while the Liberals had picked up an extra 1,189,742. Yet the Liberals' popular-vote majority over the Conservatives was only 306,299, hardly sufficient in proportional terms to justify a majority of 243 in the House of Commons. To put it as a ratio: in 1906, it required 15,615 votes to return a Conservative, but only 6894 to return a Liberal.

KEY TERM

First past the post
The electoral process by which the candidate with more votes than his or her nearest rival wins the seat, irrespective of whether he or she has an overall majority of the votes cast.

This imbalance would not always work in the Liberals' favour. It is one of the ironies discussed later in the book (see page 91) that although the Liberals gained from the oddity of the British electoral system in 1906, they were to become its victims after 1918 when they consistently failed to turn their popular vote into parliamentary seats. That development, however, lay in the future. In 1906 their great moment had arrived. They were in power with a massive majority which gave them the freedom to turn their political ideas into practical policies.

The Conservative record

Six years after winning a handsome victory in the 'khaki election' the Conservatives had squandered that supremacy and suffered a crushing electoral defeat at the hands of the Liberals that was to keep them out of office until 1922. It appeared to the electorate in 1906 that the Conservatives had been unsuccessful in tackling the great questions facing Britain. It was now the turn of the Liberals to test whether their ideas and programmes were better fitted to the times.

However, before turning to consider the Liberals, it is to be noted that it would be unhistorical to regard the Conservatives of this era as reactionaries vainly trying to hold back the forces of progress. The record of the Salisbury and Balfour governments shows a willingness to entertain reform. While this may not represent a systematic programme, it does indicate a readiness by the Conservatives to contemplate progressive legislation in key social areas. When the Liberals came into office in 1905 intent on reform they were working on prepared ground.

Major social reforms of Conservative governments 1886–1905

- Provision made to improve working-class housing.
- Steps taken to prevent cruelty to children.
- Landlords rather than tenants to be responsible for paying tithes.
- Factory Act 1891, improved safety condition in the mines.
- Education Act 1891, established free elementary education.
- Measures to improve the conditions of shop assistants and mill hands.
- Factory acts tightening safety regulations.
- Workmen's Compensation Act 1897, provided payments for injuries sustained at the workplace.
- Factory and Workshop Act 1901, improved working conditions.
- Education Act 1902, extended compulsory education for all into the secondary area.
- Wyndham's Land Act 1902, settled the landlord–tenant problem in Ireland.

Summary diagram: The Conservative Party

The character of the Conservative and Unionist Party

Conservative difficulties 1902–5

- The Anglo-Boer War, 1899–1902
- 'Chinese slavery'
- The Taff Vale decision, 1901
- Balfour's Education Act, 1902
- Irish Land Act, 1902
- Licensing Act, 1904
- Tariff reform

1906 election

- Balfour's miscalculation
- Liberals' landslide victory

The Conservative record

- Electoral problems

3 The Liberal Party

▶ *In what sense were these years the age of 'New Liberalism'?*

'New Liberalism'

The electoral landslide of 1906 was not simply a victory for the Liberal Party after a decade in the wilderness; it was a victory for **'New Liberalism'**, the movement among progressive Liberals who wanted their party to commit itself fully to social reform. In the last part of the nineteenth century, the Liberal Party had faced a crisis of identity. Its traditional character was Gladstonian; that is to say, it had developed into a major party in accordance with the ideas and attitudes of its leader, William Ewart Gladstone, the towering figure of late Victorian politics. The policies and principles that the Liberal Party had come to represent under him were succinctly captured in Gladstone's own slogan, 'Peace, Retrenchment and Reform'. By 'peace', he meant the settling of international disputes by negotiation; by 'retrenchment', the cutting of wasteful central government expenditure and by 'reform', the acceptance of essential change provided it did not encroach on the freedom of the individual.

A prominent feature of these policies was that, while they included the principle of necessary change, they excluded the idea of the State's undertaking a comprehensive programme of social and economic reform. This was because traditional Liberalism championed the cause of the individual. It was very reluctant to allow the State to intrude on the economic and social liberties of

KEY TERM

'New Liberalism'
The movement within the Liberal Party that pressed for the adoption of social reform as the principal party policy.

Joseph Chamberlain

1836	Born
1880–5	Liberal president of the **Board of Trade**
1885	Presented 'Unauthorised programme'
1886	Joined Conservatives
1895–1903	Colonial secretary
1899	Pushed Britain into Anglo-Boer War
1902	Advocated tariff reform
1914	Died

Having made an impression as a young radical, Chamberlain was appointed president of the Board of Trade in Gladstone's Liberal government of 1880–5. However, in 1885 his alternative 'Unauthorised programme', advocating an extensive scheme of social reform, was a sign of his dissatisfaction with Gladstonian Liberalism, and in 1886 he resigned.

Chamberlain's decision was motivated in part by his anger at Gladstone's attempt to grant home rule to Ireland, but he was equally concerned to press his schemes for dealing with national poverty. Chamberlain feared that if the plight of the industrial masses was left untouched they would turn to socialism. He explained his attitude in these terms: 'Politics is the science of human happiness, and the business of politicians is to find out how they can raise the general condition of the people.' Having left the Liberals, Chamberlain gravitated towards the Conservatives whom he joined as a Liberal Unionist. As colonial secretary he showed his passionate belief in the need to preserve and expand the British Empire by making claims in South Africa that led to the Anglo-Boer War.

Chamberlain's last major contribution to British politics was to persuade the Conservatives to adopt tariff reform as a basic part of its policy. For him, empire, tariff reform and relief of poverty were inextricably linked. His conviction was that tariff reform with its system of imperial preference would provide the revenue to pay for economic reform, thereby depriving socialism of the chance to exploit social unrest.

Chamberlain split the Liberals in 1886 and then saddled the Conservatives with a tariff-reform programme that pushed them out of office for decades. Yet, notwithstanding his destructive tendencies, he more than any other politician of his day had made social reform the pervading issue of the age. Although he left the Liberals, his legacy to them was New Liberalism, the ideology of the liberal reforms that were soon to follow.

KEY TERM

Board of Trade
A government department concerned with promoting British manufacturing and exports.

the people. That was why it supported free trade (see page 17). By the 1890s, however, such an approach was too restrictive for the progressive, radical Liberals who began to chaff against the limitations that Gladstone's pervading presence imposed upon their party. Despite retiring on a number of occasions, Gladstone continued to dominate the Liberal Party until his death in 1898. His longevity had prevented the younger members from pushing their ideas on to the party agenda.

The major victim of this was Joseph Chamberlain, who was unable to persuade the Liberal Party to accept his radical ideas (see page 15). Dismayed by the unwillingness of a party led by Gladstone to adapt itself to adopt modern policies, Chamberlain took the dramatic step in the late 1880s of abandoning the Liberals and joining the Unionists.

The outstanding representative of this new force in the Liberal party was David Lloyd George, who regarded Chamberlain as his political hero. Sharing Chamberlain's dislike of socialism, Lloyd George also wished to prevent its rise and believed this could best be done by the Liberal Party's widening its

political appeal by a commitment to the relief of poverty. He expressed this view powerfully in 1906, when, as president of the Board of Trade (1905–8), he explained why the Liberals had to embrace social reform as their major objective (Source F).

SOURCE F

From a speech by Lloyd George in Cardiff, October 1906, quoted in *Better Times: Speeches by the Right Hon. D. Lloyd George*, University of Michigan Library, 1910, p. 36.

If at the end of an average term of office it were found that a Liberal Parliament had done nothing to cope seriously with the social condition of the people, to remove the national degradation of slums and widespread poverty and destitution in a land glittering with wealth; that they had shrunk from attacking boldly the main causes of this wretchedness; that they had not arrested the waste of our national resources in armaments, nor provided an honourable sustenance for deserving old age; that they had tamely allowed the House of Lords to extract all the virtue out of their Bills; then would a real cry arise in this land for a new party. But if a Liberal Government tackle the landlords and the peers and try to deliver the nation from this pernicious control then the Labour Party will call in vain upon the working men of Britain to desert Liberalism that is so gallantly fighting to rid the land of the wrongs that have oppressed those who labour in it.

What illustration of Lloyd George's political motives does Source F provide? ?

Lloyd George's great Liberal ally in this period was Winston Churchill, destined to be among the greatest statesmen of the twentieth century (see page 157). In 1906, Churchill gave a precise definition of the practical need for New Liberalism: 'No view of society can be complete which does not comprise within its scope both collective organisation and individual incentive. The ever growing complications of civilisation create for us new services which have to be undertaken by the State.'

'The sovereignty of social welfare'

There were Liberals who saw New Liberalism not as a break with the party's past but as a continuation of it. They argued that the progressive elements in traditional, Gladstonian Liberalism could be expanded to embrace the demands of the times. An important voice in the formulation of such thinking was J.A. Hobson, a prominent Liberal intellectual. Writing in 1909, he summed up the essential change in attitude.

SOURCE G

From J.A. Hobson, *The Crisis of Liberalism*, 1909, Forgotten Books, 2012, p. 49.

Liberalism is now formally committed to a task which certainly involves a new conception of the State in its relation to the individual life and to private enterprise. From the standpoint which best presents its continuity with earlier Liberalism, it appears as a fuller appreciation and realisation of individual

According to Source G, what adjustment did Liberalism have to make as a political ideology? ?

liberty contained in the provision of equal opportunities for self-development. But to this individual stand-point must be joined a just apprehension of the social, viz.*, the insistence that these claims or rights of self-development must be adjusted to the sovereignty of social welfare.*

What Hobson meant by 'the sovereignty of social welfare' was that New Liberalism had accepted social reform as its paramount policy. Personal liberty and freedom of enterprise remained valid objectives, but the rights of the individual must not be pursued at the expense of the general social good. Equal opportunity through social reform ought now to be the goal of Liberal policies. Writing in 1909, Hobson had the luxury of knowing that in the three years since their victory in the 1906 election Liberalism had clearly committed itself to 'the sovereignty of social welfare'.

The social reforms of the Liberals, 1906–11

It was Campbell-Bannerman, prime minister from 1905 to 1908, who set the Liberals on the path to reform by claiming that the 1906 election had given the party a mandate to pursue the radical policies for which the New Liberals had pressed. The pace of reform quickened in 1908 when Campbell Bannerman retired and was replaced by Herbert Asquith, who was to remain prime minister for the next eight years. What proved to be one of the new leader's shrewdest moves was the appointment of the radical Lloyd George as chancellor of the exchequer. Lloyd George brought an infectious energy to the government's programme. He and the equally dynamic Winston Churchill, who took over from him at the Board of Trade, were largely responsible for the reputation that the pre-1914 Liberal government gained as a great reforming ministry. Inspiring much of the legislation introduced in this period was the Royal Commission on Poverty which sat between 1905 and 1909. It was this body that collected and presented to Parliament the evidence on which the reforms were based.

In the box on page 25 there are three particular measures that most directly illustrate the character of the Liberals' approach to social welfare: old age pensions, 'the people's budget' and National Insurance.

Old Age Pensions Act 1908

- Granted 5*s.* (25p) a week to people over 70 years of age who had incomes of less than £31.10*s.* (£31.50) a year and who had not previously received help from the Poor Law.
- The pension was non-contributory; that is, it was funded entirely from government revenues.

Pensions for the elderly was not a new idea. Other countries, Germany and New Zealand, for example, had already adopted them, and they had been considered by all the parties, including the Conservatives, during the previous twenty years. It could be argued, therefore, that the introduction of pensions was a long

The main Liberal social reforms 1906–11

- 1906: Trade Disputes Act reversed the Taff Vale decision by protecting union funds from claims for damages arising from strikes.
- 1906: Education Act empowered local education authorities (LEAs) to provide school meals for 'needy' children. Yet, since the measure was not compulsory, only a third of LEAs were providing meals by 1911.
- 1907: Education Act introduced compulsory medical examinations – children had to be examined at least three times during their school years.
- 1907–12: a set of measures improved conditions in prisons, created the probation service and ended imprisonment for debt.
- 1908: Children's Act created special provisions for young offenders by setting up juvenile courts and remand homes. This measure became known as the 'Children's Charter' since it helped to establish the principle that the needs of children were to be separately treated. The belief was that it was by improving the conditions of the young and treating their offences in a specially understanding way that 'national efficiency' was to be achieved.
- 1908: Old Age Pensions Act (see page 24)
- 1909: 'the people's budget' (see below)
- 1909: Trade Boards Act laid down minimum wages in the notorious '**sweated**' industries.
- 1909: Labour Exchanges Act provided easily accessible centres where employers could advertise jobs and workers could go to be advised on what positions were available. The aim was to take away the uncertainty and hit-and-miss nature of the job market.
- 1909: Development Commission created to organise the funding of State welfare.
- 1911: National Insurance Act (see page 26).
- 1911: Shops Act established the legal right of shop workers to a weekly half-day holiday.

KEY TERM

Sweated Unhealthy, overcrowded premises, such as clothing workshops, where unscrupulous employers exploited cheap, often immigrant, labour.

overdue measure and that what made them so contentious in 1908 was not the principle behind them but the method of paying for them. To meet the necessary revenue, Lloyd George planned to increase taxes on the propertied classes. This was the purpose of his 1909 budget, which became known as 'the people's budget'.

'The people's budget' 1909

The main terms of the budget were as follows:

- The standard rate of income tax to be raised from 9*d*. (4p) to 1*s*. 3*d*. (7p) in the pound on incomes up to £3000 a year.
- A new 'super tax' of 6*d*. (2.5p) in the pound on incomes over £5000 a year.
- Death duties to be paid on estates valued at over £5000.
- A twenty per cent levy on the unearned increase in land values.
- Increased taxation on the sale of alcohol, tobacco and motorcars.

It was the proposal to impose death duties and to tax increases on land values that aroused the bitter opposition of the propertied classes. The Conservatives attacked the budget by asserting that in taxing the landowners so heavily Lloyd George was deliberately waging class war. He retaliated by claiming that it was indeed a war budget but not of the kind described by the Conservatives. 'This is a war budget. It is for raising money to wage implacable warfare against poverty and squalidness.'

Lloyd George's incensed opponents claimed that there was hypocrisy behind his words. They had a case; only a portion of the proposed revenue from the budget was earmarked for pensions. The greater part of the £16 million that Lloyd George was hoping to raise was to go towards the costs of the new warships that were being built for the navy. What sharpened the battle between the parties was the free trade versus protection argument, which was still the dominating economic issue of the day. To maintain themselves as a free-trade party it was essential for the Liberals to be able to pay for their welfare programme without resorting to trade tariffs.

For their part, the Conservatives realised that they would lose the protectionist argument if the Liberal government were to succeed in raising the necessary revenue through domestic taxation. The Conservatives organised a Budget Protest League in the country, while in the Commons they delayed the budget in a long ten-week debate. Even though the government eventually pushed it through, the Conservatives were far from broken-spirited. They took comfort from knowing that their Conservative colleagues in the House of Lords would use their majority to throw the budget out when it reached them there.

National Insurance Act 1911

The principal terms of this Act were as follows:

- The Act covered workers aged between 16 and 60 who earned less than £160 a year against sickness and unemployment.
- It did not apply to all industries, but only to building, engineering and shipbuilding – covering 3 million workers.
- Sickness benefit of 10*s*. (50p) for men and 7*s*. 6*d*. (35p) for women, paid for a period of 26 weeks.
- A maternity grant of 3*s*. (15p).
- The scheme was to be funded by compulsory weekly contributions: 4*d*. (2p) from the employer, 3*d*. (1.5p) from the employee and 2*d*. (1p) from the State.
- Contributions were to be paid by buying adhesive stamps which were then affixed to a card.

Interestingly, National Insurance met strong initial resistance from the very people it was intended to benefit. Its compulsory character was particularly disturbing to the five and half million people, many of them working class,

who already paid privately into schemes run by insurance companies, **friendly societies** and trade unions. The workers doubted that they were going to gain more from an imposed State plan than from their own private insurance. The popular press attacked the compulsory contributions as theft from the workers' pay packets.

Lloyd George showed remarkable skill in meeting the objections to National Insurance. He pointed out that the workers were 'getting 9*d*. for 4*d*.' and quietened the protests from the insurance companies, who feared losing out to the State scheme, by making them an integral part of the operation of the new plans. He was also able to overcome the complaints of the Labour Party, which had wanted National Insurance to be funded wholly from taxation of the wealthy. He pacified Labour by promising to introduce payment for MPs, a commitment which he honoured in 1911 (see page 37).

The resistance of the workers and the Labour Party to measures, which were supposedly in their interest shows that attitudes to welfare reform in the Edwardian period were often complex. It is notable that Churchill's Trade Boards Act of 1909, which aimed at providing minimum wages in the 'sweated' industries, was also initially opposed by the unions because they feared that the enforcement of a minimum wage would lead to job cuts by the employers. The minimum wage was also seen as undermining the customary right of unions to negotiate **differentials**. It was also dislike of the State's interfering between employer and worker that led the unions to look suspiciously at the labour exchanges introduced by Churchill in 1909.

The suspicious reaction of working-class people was understandable. They had a well-founded distrust of State intervention, which they saw as patronising and disruptive. Their practical experience of officialdom in the nineteenth century in such developments as the workhouse, compulsory education and vaccination had seldom been a happy one. They felt that too often they were being pushed around by State-employed snoopers. Workers suspected that State welfare was primarily intended to keep them in their place and make them conform. R.H. Tawney, one of the outstanding social historians of his day and a strong Labour Party supporter, explained the workers' reasoning (Source H).

SOURCE H

From R.H. Tawney, writing in 1912, quoted in J.M. Winter and D.M. Joslin, editors, *R.H. Tawney's Commonplace Book*, Cambridge University Press, 2006, p. 6.

The middle and upper-class view in social reform is that it should regulate the workers' life in order that he may work better. The working-class view of economic reform is that it should regulate his work, in order that he may have a change of living. Hence to working people licensing reform, insurance acts, etc. seems beginning at the wrong end.

KEY TERMS

Friendly societies Non-profit-making bodies which pooled contributions from members and paid out when members were in need.

Differentials Separate rates of pay for different levels of skill.

In Source H, how does Tawney explain the resistance among the workers to government-led social reform? ?

KEY TERMS

Welfare State
A comprehensive State-funded programme to provide the essential social, health and educational needs of all the people, regardless of their income or social status.

Pawnbroking Exchanging items for money in the hope that they can later be reclaimed by paying back the sum borrowed plus interest.

The Liberals' achievement

The Liberal social-reform programme has come to be seen as a key stage on the path to the modern **Welfare State**. Introduced in the face of strong opposition, the reforms may not have been as radical as some New Liberals had wanted. Nevertheless, collectively they were a considerable achievement; they had established that it was the responsibility of government to provide for people who could not provide for themselves. The Liberals' social reforms did not create a full welfare state; the resources simply did not exist for that. But the measures were significant steps towards what has been termed 'the social service state', a centrally organised administration capable of improving the living and working conditions of large portions of the British population.

However, intention should not be confused with achievement. It would take time for the measures to have a discernible effect. Historians point out that, despite the good will and energy which the Liberals put into their reform programme, little real improvement had occurred by 1914 in the actual conditions of the nation's underprivileged. By 1914, the cost of living was fourteen per cent higher than in 1906 and unemployment had risen sharply during the same period. Despite the Liberal welfare measures, the gap between rich and poor was widening. An illustration of this was that **pawnbroking**, one of customary ways by which the poor struggled to make ends meets, had reached a peak by 1914.

Summary diagram: The Liberal Party

The Liberal Party's crisis of identity
New Liberalism vs Gladstonian Liberalism

The character of New Liberalism
The sovereignty of social welfare

The definitive reforms
Old age pensions | 'The people's budget' | National Insurance

The battle over 'the people's budget'
↓
Reactions to the National Insurance Act
↓
The Liberal social reforms in perspective
↓
How successfully did the Liberals' welfare programme tackle poverty?

4 The Labour Party

What were the main features of the Labour Party in 1900?

In the second half of the nineteenth century, parliamentary reform had extended the vote to a growing number of working men. The Liberals had hoped that these new voters would support them as the only party able to represent the workers. Initially, this tended to happen. However, by 1900 a view had developed among working-class organisations that the Liberals, as an essentially middle-class party, did not really understand the problems faced by ordinary working people. What was needed, therefore, was a completely separate political party devoted solely to representing and defending the working class.

The Labour Representation Committee (LRC)

The result of such thinking was the coming together in 1900 of a variety of reforming and radical groups to form the Labour Representation Committee (LRC). Judging that it was too small to have a realistic chance of getting into government on its own, the LRC calculated that its best chance of gaining political influence was by co-operating with the Liberals. One outcome of this was the **Lib–Lab pact** of 1903. Some Labour supporters were not very impressed with this compromise and felt that the party had condemned itself to being a weak pressure group.

The Labour Party 1906–14

In 1906, the groups which had made up LRC formally merged as the Labour Party. The principal organisations were:

- The trade unions, which wanted a distinct political party to represent them.
- The Social Democratic Federation (SDF), led by **H.M. Hyndman**, which wanted class war against the ruling establishment.
- The Socialist League, similar to the SDF in its revolutionary aim.
- The Fabians (intellectuals such as George Bernard Shaw), who wanted to spread socialism not by revolution but through propaganda and education.
- The Independent Labour Party (ILP), founded by **James Keir Hardie** in 1893, and strongly influenced by Christian values in its desire to change Britain into a fair and moral society.
- The co-operative societies, formed in the nineteenth century to run shops and stores as non-profit-making ventures providing workers with food at affordable prices. Any dividends were shared among the customers.

Of the groups that made up the Labour Party, the trade unions were the most significant. It was they who provided the bulk of the funds and the members. Without trade union backing there would not have been a viable Labour Party. It was the formal resolution of the **TUC**, in 1899, to work for the organisation of a specifically workers' parliamentary party that enabled the Labour Party to become a reality in 1906.

KEY TERMS

Lib–Lab pact An agreement between the LRC and the Liberal Party that their constituency candidates would not stand against each other in parliamentary elections.

TUC Trades Union Congress. The body created in 1868 to represent the unions collectively.

KEY FIGURES

H.M. Hyndman (1842–1921)

A strong advocate of the ideas of the German revolutionary, Karl Marx, who believed the workers should unite to overthrow the capitalist system.

James Keir Hardie (1856–1915)

Legendary pioneering figure in the Labour movement; elected MP in 1892, he believed that politics should be about the creation of social justice; he was the first chairman of the Labour Party 1906–8.

Not all the unions had accepted the move; some doubted the wisdom of following the parliamentary path. However, the anti-union Taff Vale decision (see page 12) appeared to be a dramatic vindication of the TUC's decision; it greatly strengthened the argument for a new political party to plead the unions' cause. By 1903, 127 unions had affiliated to the LRC. The Taff Vale decision had stifled the doubts regarding the wisdom of unions engaging in political as opposed to industrial action and had forged the historic link between the trade union movement and the Labour Party. Some historians suggest that this marks the beginning of 'class' politics in Britain, the suggestion being that the awareness of the working class of its own potential became the most significant factor in electoral politics.

Tables 1.5 and 1.6 clearly show how dependent the Labour Party was on the trade unions for sustaining its membership. Another interesting indicator is that, pre-1914, it was very much a minority of trade unionists who had joined the party. The Labour Party was in the odd position of being heavily reliant on the trade unions and yet unable to win the majority of them over to its side.

Table 1.5 LRC and Labour Party membership 1900–14

Year	Number of members through trade union affiliation	Number of individual members	Total
1900	353,000	23,000	376,000
1901	455,000	14,000	469,000
1902	847,000	14,000	861,000
1903	956,000	14,000	970,000
1904	885,000	15,000	900,000
1905	904,000	17,000	921,000
1906	975,000	23,000	998,000
1907	1,050,000	22,000	1,072,000
1908	1,127,000	32,000	1,159,000
1909	1,451,000	35,000	1,486,000
1910	1,394,000	35,000	1,431,000
1911	1,502,000	37,000	1,539,000
1912	1,858,000	37,000	1,895,000
1913	–	–	–*
1914	1,572,000	40,000	1,612,000

* The Osborne judgment (see page 33) made figures unavailable for 1913.

Table 1.6 Number of workers in trade unions

Year	Number of workers
1900	1,911,000
1905	1,967,000
1910	2,477,000
1911	2,565,000
1912	3,139,000
1913	3,416,000
1914	4,135,000

Nevertheless, despite the pessimism this induced in some supporters, the Labour Party had made progress. By 1910 it had 42 MPs in the House of Commons compared with 30 in 1906. The party seemed to be more than holding its own. In the period before 1914, the number of trade unions affiliating themselves to the party continued to grow. This meant an increase both in the number of party members and in the party's funds. Since the unions which joined included the powerful Miners' Federation, there were firm grounds for claiming that the party was becoming increasingly representative of the workers.

Labour also appeared to benefit from the political situation created by the 1910 election results, which had ended the Liberal government's parliamentary majority (see the tables on page 38). Asquith's Liberals now had to stay on working terms with Labour and the Irish Nationalists in case they needed their support in a Commons' vote. This did not give Labour an overwhelming influence and it did not mean that it was in any sense a party of government, but it did mean that the Liberals had a radical rival in the country.

Labour's difficulties

Yet there was a sense in which Labour suffered from the **hung parliament** produced by the 1910 elections. The Liberal government certainly wanted the support of the Labour MPs but it was not dependent on it. It was the Irish Nationalists, whose 82 MPs outnumbered Labour's by two to one, whom Asquith's government were most concerned to placate (see page 86). How strong the rival Labour Party would become nobody could foretell at this stage. In the years 1910–14 the omens were not particularly favourable. In the second election of 1910 the Labour vote slumped and it failed to win a single by-election in the following four years, its failures reducing its number of parliamentary seats by four to 38. There were fears that the party would remain merely a fringe movement or wither away altogether.

KEY TERM

Hung parliament
A situation in which no single party has an overall majority in the House of Commons.

Part of the problem was that, small though it was, the Labour Party was an amalgam of interests, not a party with one clearly defined aim. Its Marxist members were angered by the party's willingness to support the Liberal government's measures and its reluctance to adopt a revolutionary stance in Parliament. However, the moderates found the left's talk of revolution unrealistic; as they saw it, the actual situation demanded that Labour first establish its credibility as a parliamentary party with the electorate. This could not be achieved by pretending that the party would be swept to power by the electors in a wave of revolutionary fervour. Of course, principles were important, but to turn these into realisable goals a mixture of patience and political opportunism was necessary.

For their part, the trade unionists, predominantly working-class men, were often exasperated by the revolutionary socialists in the party who were strong on ideas but who were invariably middle-class intellectuals who had little experience of real work. The great majority of trade unionists wanted a Labour Party that

would make its main task the increase of workers' pay and the improvement of conditions. They were concerned not with political theory but with immediate material gains. As one worker put it: 'Party's task is not t' natter on but to put food int' ours bellies and clothes ont' ours backs.'

The gap between the workers and the intellectuals and the dispute between the moderate centre and the revolutionary left over the aims and methods to be followed were to prove defining characteristics of the Labour Party over the next 100 years.

Labour's attitude towards the Liberal reforms

It is reasonable to assume that Labour had an influence on the Liberals' social and economic reforms in the pre-war period. However, the evidence does not suggest that any of the measures were introduced primarily because of Labour Party pressure or that the government needed Labour's support to get the legislation through Parliament. So strong was the commitment of the Liberals to social reform at this time that the measures would have doubtless been adopted even had there been no Labour MPs in the Commons.

KEY FIGURE

Beatrice Webb (1858–1943)

Writer and dedicated, if patronising, social reformer who worked with her husband, Sidney Webb, to advance a range of socialist causes.

Moreover, there were occasions when Labour showed a deep suspicion of the reforms (see page 26). For example, **Beatrice Webb**, a leading Fabian, opposed the National Insurance Act of 1911 on the grounds that working-class voters were 'too dull witted to understand' and that 'millions of public money will be wastefully collected and wastefully spent [on the] wholesale demoralisation of character through the fraudulent withholding or the fraudulent getting of benefits'.

The most that can be claimed is that the presence in the Commons of a group of Labour MPs indicated the temper of the times. It was in that sense that the Labour Party might be said to have had an influence, not as a promoter of any particular reform but as a reminder that Britain was moving into the age of welfare, with the needs of the deprived classes becoming an issue that no party could afford to ignore. Lloyd George had put this very clearly in 1904 before the Liberals came to power: 'We have a great Labour Party sprung up. Unless we [Liberals] can prove that there is no necessity for a separate party in order to press forward the legitimate claims of labour, then you will find that the Liberal Party will be practically wiped out.'

Labour's record before 1914

In the light of the subsequent replacement of the Liberals by Labour, Lloyd George's warning seems prophetic. But in 1914, contemporaries had no reason for regarding the Labour Party as having been especially successful. It may have returned MPs to Parliament but these had achieved little. Its membership may have grown but this was largely a result of trade union affiliation, not because the party had become popular in the country at large.

Significantly, it had played little part in the industrial disputes that troubled Britain between 1911 and 1914 (see page 43). This was not so much a lack of will as a failure of confidence. The Labour Party felt hamstrung by the **Osborne Judgment**, which like the earlier Taff Vale decision, indicated the anti-worker bias that then prevailed in English law. It is true that Asquith's government in 1913 introduced an Act reversing the judgment. However, Labour could claim little direct credit for this even though it benefited from the measure, which entitled the party to resume receiving funds from the unions with the proviso that individual union members could contract out from paying the **political levy**.

The inglorious performance of the Labour Party in this period, when it too often appeared a mere bystander in the dramatic conflict between bosses and workers, led a significant number of trade unionists to murmur that, since Labour was so ineffectual, the better option was for the workers to fight for their rights not through parliamentary representation but by direct action on the streets and in the factories.

Yet, in spite of its poor pre-1914 performance, historians sympathetic to the Labour Party have tended to regard its rise as logical and natural, if not inevitable. This is an interesting but controversial viewpoint since it largely relies on hindsight and tends to ignore the way people at the time viewed matters. The Labour Party's record in its short history up to 1914 was not impressive. Beatrice Webb commented in 1913: 'The parliamentary Labour Party is in a bad way and has not justified its existence either by character or intelligence, and it is doubtful whether it will hold the Trade Unions.' A year later she added: 'if we are honest, we have to admit that the party has failed'. She was referring to Labour's failure to establish itself as a distinct and separate alternative to the Liberals as representative of working-class interests.

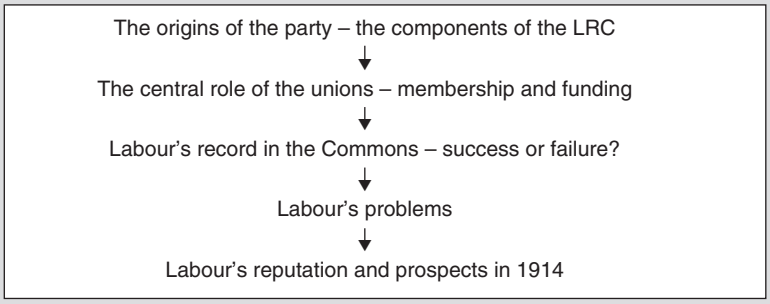
In 1914, there were no clear reasons for thinking that the Labour Party was destined for political power. Nobody could foresee the great shift in British politics that would be brought about by the 1914–18 war. It was to be the war that would make it possible for the Labour Party to displace the Liberals as the major radical force in Britain.

KEY TERMS

Osborne Judgment A 1909 appeal court ruling that it was illegal for a trade union to use its funds to support a political party or to pay candidates or MPs.

Political levy The portion of a member's trade union subscription that went to the Labour Party.

Summary diagram: The Labour Party



Chapter summary

Britain in 1900 faced a range of social, economic and military problems that included poverty, economic decline, poor industrial relations, war in South Africa, tension in Ireland and divisive constitutional questions. The Conservative government, whose conduct of the Boer War (1899–1902) had damaged its reputation, was eventually overwhelmed by these problems and lost power in 1905. Confirmed in office by an overwhelming election victory in 1906, the Liberals embarked on a programme of welfare reform in which the introduction of old age pensions and National Insurance figured prominently. Welfare was part of New Liberalism, a movement to transform the Liberal Party into a progressive political force. The perception that the Liberals were too restricted in outlook to become a truly modern party had led to the creation in 1906 of the Labour Party, committed to representing working-class interests. Although Labour achieved little before 1914, its existence was evidence that class had entered as a significant factor in British politics. The Liberals' narrow majority after the 1910 elections left it dependent on support from Irish Nationalist MPs in order to stay in office.

Refresher questions

Use these questions to remind yourself of the key material covered in this chapter.

1. Why was poverty so widespread in Britain by 1900?
2. Why had the extension of the vote become such a controversial matter?
3. How did Britain become involved in the Anglo-Boer war?
4. Why was opinion deeply divided in Britain over the Boer War?
5. Why did problems mount for the Conservatives between 1900 and 1906?
6. Why was tariff reform such a controversial issue?
7. Why did Balfour's Education Act, 1902, cause anger among religious groups in Britain?
8. What strategic mistakes did Balfour make in preparing for the 1906 election?
9. How successful had the Conservatives been in their period of office?
10. What was New Liberalism?
11. What accounts for the Liberals' overwhelming victory in the 1906 election?
12. In what ways were the Liberal reforms of 1906–11 the implementation of New Liberalism?
13. Why did the 1909 budget cause fierce controversy?
14. Why did the intended recipients of National Insurance initially oppose it?
15. Why had the Labour Party been formed in 1906?

Question practice

ESSAY QUESTIONS

1. Assess the reasons why the Conservatives lost so heavily in the general election of 1906.
2. 'Lloyd George's people's budget of 1909 was an act of class warfare.' Explain why you agree or disagree with this view.
3. How important politically was the formation of the Labour Party in 1906?
4. 'The Liberal reforms of 1906–11 were an example of New Liberalism in action.' How far do you agree?

SOURCE ANALYSIS QUESTIONS

1. With reference to Sources A (page 3) and B (page 13) and your understanding of the historical context, which of these two sources is more valuable in explaining why New Liberalism developed within the Liberal Party?
2. With reference to Sources A (page 3), B (page 13) and F (page 23), and your understanding of the historical context, assess the value of these sources to a historian studying the problems facing the Liberals in the first decade of the twentieth century.
3. Study the three Sources A (page 3), F (page 23) and G (page 23), and then answer both questions. a) Using your knowledge of living conditions in Britain at the start of the twentieth century, assess how useful Source A is as evidence for the poverty that existed in some areas. b) Using these three sources in their historical context, assess how far they support the view that the Liberals were ill-equipped to deal with the problem of poverty in Britain.
4. Study the four Sources A (page 3), F (page 23), G (page 23) and H (page 27), and then answer the following question. Using these four sources in their historical context, assess how far they support the view that the Liberal Party was struggling to adapt itself to the problem of poverty and welfare.