

We Can Conquer Unemployment

Lessons for Today from the Liberal Approach to Unemployment in the 1920s and 1930s

Report back from the History Group's September Conference fringe meeting.

Speaker: Lord Skidelsky.

Lord Skidelsky, the biographer of Keynes, reminded a packed meeting at the Brighton Conference of the era when the function of a declining Liberal Party seemed to be to provide the Labour Party with ideas and the Conservative Party with Cabinets. The quality of Liberal thought rose as the Party itself declined - and although Keynes provided much of the dynamic behind Lloyd George's bid for power in 1929, Liberals were by then too firmly established as a third party for success to follow.

The Keynesian legacy thus passed to the other two parties, primarily to Labour; but, as they were not Liberals, his policy instruments were implemented in a non-Liberal way. Keynes, Lord Skidelsky argued, was and remained a classical economist; his *General Theory* aimed to fill gaps in classical theory not to replace it. Therefore his policy proposal of government action to raise aggregate demand and thereby reduce unemployment would have worked in the 1920s and 1930s, where it was the private sector which had collapsed - but it did not work in the 1980s, when it was *government* action which had caused the new shocks to demand.

In his speculation as to *why* this might be so, our speaker most clearly revealed his own views as a Conservative, believing that the public sector, whether because of high welfare spending or union militancy, had simply grown too big. The prescription, Skidelsky argued, should be that the state must retreat to its defining characteristics - ie only those actions which individual cannot achieve by themselves - or risk collapse.

An additional factor, which Keynes did not foresee, was the substantial increase in capital mobility, resulting in a rise in interest rates from any unilateral attempt to expand the public sector. The main function of government, Skidelsky therefore claimed, becomes to maintain conditions of maximum business profitability in order to attract international capital. He did accept, however, Keynes' own argument for greater regional and global coordination of economies.

No-one knows, of course, what would have happened had Keynes' policies been implemented by Liberal governments. It is difficult not to share, however, our speaker's conclusion that the range of options available to modern governments has shrunk dramatically, and in reality no-one really knows what the future will hold.

One Prayer Above All: Ireland, Ireland, Ireland

Book Review
by Andrew Adonis

H. C. G. Matthew:

The Gladstone Diaries Vols 12, 13 & 14
(Clarendon Press, 1994)

William Ewart Gladstone, the greatest of Liberal leaders, spanned Victorian Britain like one of Isambard Kingdom Brunel's massive constructions. First elected to Parliament in 1832, the Grand Old Man formed his fourth government in 1892 at the age of 82, fighting a last, awe-inspiring but ultimately pathetic campaign to right the wrongs of British rule in Ireland.

All the while, Gladstone kept a daily diary. The historian Colin Matthew has spent the last 20 years editing this invaluable commentary on the man and his age, and draws his labours to a close with these three superbly edited volumes. Volumes 12 and 13 cover the final decade from 1887 to 1896 - Gladstone wrote the last entry 16 months before his death. Volume 14 is an index to the entire diary - all 25,000 entries - starting in 1825. At £65 each they will not become best sellers, but Matthew promises a biography based on his introductory essays - he has already published a life up to 1874 - which will be a formidable contribution to modern British political history.

Gladstone's diary has little in common with Alan Clark's melange of titillating gossip. Indeed, Gladstone himself was wont to call it a 'ledger' - an account kept for the purpose of justifying his acts and use of time to himself and the Almighty he so fervently prayed to. On one level it is a dry record of letters, engagements and reading, with the occasional reflective sentence or two. Yet the very record renders Gladstone as superhuman to posterity as he was to contemporaries. Here, for instance, is the entry for 21 April 1893. To get a sense of perspective, imagine Harold Wilson to be still four years away from a final stint in Downing Street, or Paddy Ashdown as prime minister in 2024:

Wrote to the Queen - Crawthorn & Hutt [booksellers] - and minutes. Worked on [Irish] Home Rule papers and notes. Saw Sir A. West [private secretary] - S. E. G. [son] - Mr Marjoribanks [chief whip] - J. Morley [Irish Secretary]. Read Julius Caesar. House of Commons 3.45 - 6.30 & 9.45 - 1.30am. Spoke [on Home Rule Bill] from 11.05 to 1am. Majority 43. What a poor creature I felt. Eight to dinner: and backgammon with Mr Armitstead [Liberal MP].

There you have it all: the tireless energy, the Liberal cause, the consummate parliamentarian, the cramming of books into the interstices of the busiest day - the general index lists 17,500 books and pamphlets read - and the affectations of inadequacy so infuriating to friends and foes alike.

None of that, alas, can disguise the fact that Gladstone's career ended in failure.

Had Gladstone's first 'retirement' in 1875 been final, he would be hailed as the Liberal genius who launched Britain on its peaceful transition to democracy, kept dangerous imperialist tendencies in check, and secured the foundations of a flourishing free market economy. Instead, he died with his Irish Home Rule ambitions scuppered, his Liberal Party in tatters, imperialism at its zenith, and relative industrial decline already evident.

Ireland is the pre-eminent charge on the sheet. "Now one prayer absorbs all others: Ireland, Ireland, Ireland," runs the diary entry for Easter Day 1887. With that guilty plea to obsession, it is easy to side with majority English opinion of the day, from Chamberlain on the left to Salisbury on the right, and dismiss Irish Home Rule as the supreme hubris of an old man in a hurry.

Easy but mistaken. For in conception and timing, Gladstone's Irish policy was profoundly enlightened, as the desperate tale of 20th century Ireland signifies. His land and church reforms had defused bitter social tensions in the 1860s and the early 1880s. The proposal to devolve government to Dublin in 1886 flowed naturally from the earlier reforms, and from the rise of a nationalist but secular and responsible - Irish parliamentary elite under Parnell.

The Act of Union had been imposed eight years before Gladstone's birth for security reasons. Gladstone has long sensed its impermanence if Ireland was to be governed by Liberal principles: in the mid-1880s he seized the opportunity presented by Parnell's leadership, and a lull in nationalist agitation, for an orderly progression to Irish self-government within the British state. As he correctly forecast after the defeat of the first Home Rule Bill by the Commons in 1886: "There is but one end to that matter: if what we ask is refused, more will have to be given."

Gladstone failed in 1886 not because his policy was wrong but because his party management was lamentable - particularly his handling of Chamberlain, a wealthy entrepreneur from outside the aristocratic Whig coterie. Gladstone always placed too much faith in incompetents because they were aristocrats - today's Tories do the same with businessmen. What would otherwise have been a partial Whig secession from the Liberal Party became a full-scale rupture.

The defeat of Gladstone's second Home Rule Bill in 1893 was essentially Sod's Law: the spectacular collapse of Parnell in the O'Shea divorce case of 1890 fatally undermined Middle England's confidence in the Irish leadership, and left Gladstone with a hung parliament after the 1892 election with which he was incapable of coercing the Conservative-dominated House of Lords. Encouraged by the Tories, the ugly face of sectarian conflict was already rearing its head in Ulster: it has not dimmed since.

In typical Gladstonian fashion, it was not the Irish failure which most galled the former prime minister in final retirement, but his treatment by Queen Victoria. The attention Gladstone

devoted to the interests of the Royal Family is truly astonishing: with the fate of Ireland and Africa in the balance, he was writing endless futile letters to the elderly widow and slaving over a financial settlement for one of her dim-witted sons. In return he got unremitting hostility, and not even the courtesy of a decent 'thank you' on his final resignation.

The complexity of Gladstone's mind and life pour out from every page of the diaries. Yet we glimpse only. "I do not enter on inferior matters. It is so easy to write, but to write honestly nearly impossible," are among the last words.

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The High Summer of Victorian Liberalism

Book Review
by Duncan Brack

Ian Bradley:
The Optimists: Themes and Personalities in Victorian Liberalism
(Faber & Faber, London, 1980)

The Optimists provides a counterpoint to the essentially non-ideological approach to Victorian politics adopted by those such as Professor John Vincent (whose *The Foundation of the British Liberal Party 1857-1868* was reviewed in Newsletter No. 4). "It starts from the premise that ideas, emanating from conviction and conscience, were central to Victorian Liberalism ..." and "that it was no accident that Liberalism flowered during the half century between the first and third great Reform Acts when there had ceased to be a narrow franchise but was not yet a mass electorate, and when Britain came nearest in its history to banishing vested interest and class from determining its politics and establishing the rule of ideas and principle instead."

The single characteristic that most clearly united the different strands of Liberalism throughout these five decades was an all-pervasive optimism. For G. M. Trevelyan, Gladstone was "at once the most optimistic and the most Christian of statesmen"; even the Conservative Lord Salisbury confessed his admiration for Gladstone's "gorgeous reckless optimism". The political beliefs and actions which this optimism led to form the bulk of Bradley's book.

Liberals were above all optimistic about human nature, holding the belief that, once given political power, people would use it to promote high ideals rather than to further their own immediate material interests. Hence the Liberal support for the gradual extension of the franchise - not, it should be noted, through any attachment to mass democracy, but as a proper reward for those sections of the working class that displayed "self-command, self-control, respect for order, patience under suffering, confidence in the law and regard for superiors."