

love. Keynes dismissed both liberal and Marxist economists for having overvalued the economic factor in social life. He dreamed of a world to come in which the economy would play a secondary role. (p. 259.)

Economic growth, therefore, was a means to an end, not an end in itself. Keynes would thus have appreciated Douglas Adams's ironic observation that most of the proposed solutions to unhappiness on earth 'were largely concerned with the movements of small green pieces of paper, which is odd because on the whole it wasn't the

small green pieces of paper that were unhappy.' Keynes knew that money doesn't make people happy, but, as this book also reminds us, his awareness of its capacity to make them miserable – through the lack of it – was an important driving force behind his humane version of political economy.

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## Labour and the Liberal decline

John Shepherd and Keith Laybourn, *Britain's First Labour Government* (Palgrave Macmillan, 2006)

Reviewed by **Michael Meadowcroft**

**T**HE 1924 Labour government played a highly significant role in the decline of the Liberal Party, and a new history of its brief life is certainly to be welcomed. John Shepherd and Keith Laybourn's *Britain's First Labour Government* is the first such work for over fifty years<sup>1</sup> and benefits from the availability of much new material. The fact that both authors are Labour historians has not affected their impartiality and this volume provides an excellent account of a short but important period in British political history.

It has a few minor but irritating typos, an occasional error – it was, for instance, Robert Smillie who chaired the Leeds Peace Convention of 3 June 1917,<sup>2</sup> not Philip Snowden – and a surprising omission from the bibliography: Vivian Phillipps' memoirs<sup>3</sup> which, given that he was the Liberal chief whip throughout the 1924 parliament, are important.

The basic facts are well known and are well documented here. The December 1923 general election, produced a hung parliament: Conservative 258 seats, Labour 191 and Liberal 159. Stanley Baldwin, as the new prime minister, had called an early general election and got clobbered, losing almost 100 seats. Labour had gained forty-nine and the united Liberals had gained

forty-three seats over and above their divided strength in the previous parliament.

Asquith recognised that it fell to the Liberals to determine the nature of the government. As a mirror image of the 2010 situation, it was not politically feasible to put the Conservatives back in office, having lost the election, particularly as the party had gone into the election espousing protection, an anathema to the free trade Liberals. Typically, there was no immediate forthright initiative from Asquith and, in fact, when he first met with his new parliamentary party on 18 December it was a full twelve days after polling day. He stated categorically that there had been no approaches to him by the other parties and that he had made no approaches to them. Rather different to the 'Five Days in May' last year!

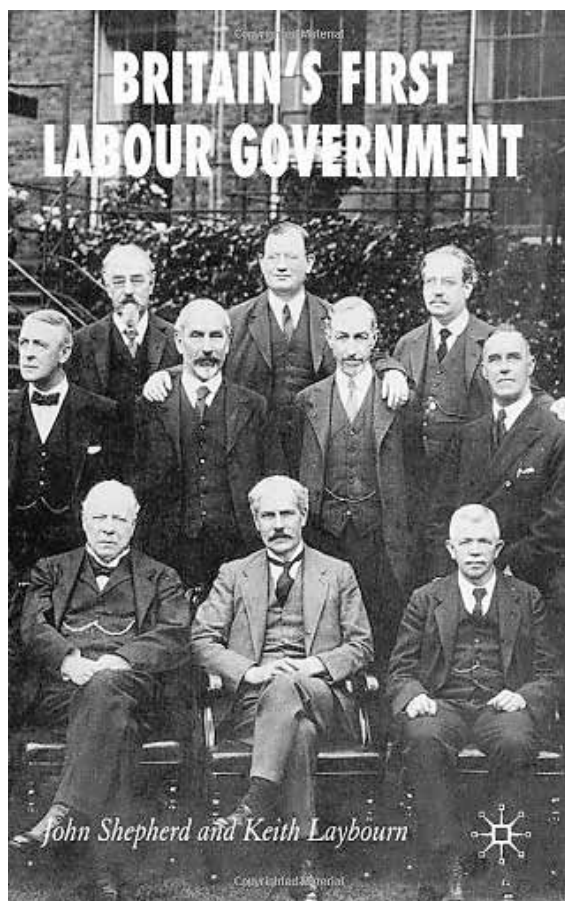
At this meeting Asquith claimed that it would be the Liberals who would 'control' affairs in the new parliament and, without any mention of the possibility of the Liberal Party forming a government, even though the subject had come up and been rejected at an earlier meeting of his close allies, he made his famous comment that 'if a Labour government [were] ever to be tried ... it would hardly be ... under safer conditions.' These two comments typified Asquith's patrician

attitude which, much more than his political decisions, would alienate the Labour Party, with fatal consequences. He was not the only leading Liberal who patronised Labour MPs in parliament and it is interesting to note Prime Minister Ramsay Macdonald's comments in his diary that he found the Conservative leaders more sympathetic than the Liberals.

The book brings out the active role King George V played in the formation of the new government and, later, in its dissolution. It was the king who advised Baldwin to remain in office and to seek a vote on his King's Speech. Then, following the Commons defeat of Baldwin, the king invited Macdonald, as leader of the next largest party to form a government. This he succeeded in doing, though not without numerous vicissitudes en route, and, rather than seek any formal arrangement with the Liberals, proceeded deliberately to stick largely to a moderate programme which it would be difficult for Liberal MPs to oppose.<sup>4</sup> He also accepted that the government would be defeated on minor issues which would not provoke the government's resignation. There were, in fact, eleven government defeats before the final issues designated by Ramsay Macdonald as votes of confidence.

The final collapse of the government, after only nine months and a mere 129 sitting days, was brilliantly contrived by Baldwin. The debate was on the initial prosecution and subsequent withdrawal of the summons of a Communist journalist for sedition for calling on the armed forces to refuse to fight against the working-class comrades. It was botched by the government and the Conservatives put down a motion of censure. The Liberals, anxious to avoid an election for which they had neither enough candidates nor cash, tabled an amendment calling for a Royal Commission to look into the whole issue. Macdonald, believing that his honour was being impugned, made the fatal error of stating that the government would resign were either the Conservative motion or the Liberal amendment to be carried. Baldwin, hearing this, spotted the opportunity to bring down the government, and announced that his party would support the

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Liberal amendment. The Liberals could hardly not support their own amendment, and were therefore forced to troop through the lobbies towards their own electoral destruction. It would take forty years before the Liberals again secured more than fifty MPs.

Given that Shepherd and Laybourn provide a balanced general account, a Liberal perspective of this period needs to go beyond the strict confines of a book review. There was, for instance, Baldwin's prophetic statement in the opening debate which despatched his party from office: 'The future lies between honourable members opposite and ourselves.' Also, as the authors state, when considering why Macdonald did not want a Lib-Lab deal, [he] had a different project in mind – the destruction of the Liberal Party.<sup>3</sup> Clearly, Baldwin had the same project in mind.

Whether Macdonald was playing a double game or was simply socially convivial is difficult to determine but it is curious that early on he fostered relations with Liberals. He was a member of the National Liberal Club for a time from 1890, and was a founder member, and the first secretary, of the

Lib-Lab discussion group, the Rainbow Circle which he even addressed after he had become prime minister.<sup>6</sup>

Though the authors bring out the naivety of Asquith faced with the low cunning of Macdonald and Baldwin, there is much more to add. The history of Labour in parliament in the early days was of MPs who were not seen by Liberals as extreme but rather as just rather more 'advanced' than mainstream Liberals and, therefore, were allies not opponents. Concomitant with this was considerable flexibility between the two parties: five members of Macdonald's government were former Liberal MPs and eleven Liberal MPs in the 1924 parliament later joined the Labour Party.

Such working men MPs as the Liberals had were rather tokenistic and the general attitude towards Labour was paternalistic, which was deeply resented by Labour MPs who were understandably proud of forming a government and were determined to prove they were capable of being in office. Certainly there were Liberal MPs, such as John Kenworthy, Ernest Simon and William Wedgwood Benn – all of whom eventually joined the Labour Party – who went out of their way to work with Labour and to sustain the government, but they were not the mainstream. Other Liberal MPs more accustomed to academe, including, alas, Ramsay Muir, had difficulty in coming to terms with the rough and tumble of the Commons chamber.

It is clear that throughout the nine months' life of the government, the Liberals wanted to work with Labour. Politically they could not put forward a formal arrangement but speech after Liberal speech expresses frustration at the government's casual reliance on the Liberals maintaining fifty or so MPs in the House to ensure the passage of procedural motions and other very basic parliamentary processes, without any quid pro quo. There was a growing awareness, shown by the evidence of Labour candidates being adopted in Liberal-held constituencies, in contrast with Liberal candidates being withdrawn – such as in the Burnley by-election, which enabled Arthur Henderson to have an easy return to parliament – that Labour's main

purpose was to destroy the Liberal Party.

One person who spent a great deal of time trying ensure the success of the Labour government was C. P. Scott, the editor of the *Manchester Guardian*. Scott had access to the leadership of both parties and his diaries reek of frustration.<sup>7</sup> What is clear to me, as a natural whip, is the failure of the two chief whips and of the whip system itself. Scott acknowledges the poor quality of both men but did not address the crucial issue of replacing them. In a hung parliament the whips are vital in enabling survival and for doing the necessary deals. For Liberals, Vivian Phillipps presents himself well in his own memoirs but was, from all accounts, aloof and part of the Asquith style. For Labour, Ben Spoor was an accelerating disaster. He was a rather middle-class MP from Durham who started out as a Methodist lay preacher but ended up dying aged fifty in 1928 whilst still an MP, from chronic alcoholism. Before his death, in a London hotel room, he had been certified insane. From all indications he was ill through much of the 1924 parliament. It was not a good prescription for making a hung parliament work.

Shepherd and Laybourn bring out the continued tensions between Asquith and Lloyd George. Ostensibly they had buried their previous differences and were committed to presenting a united leadership from mid-1923. This had produced the good performance at the general election, but the problems continued to simmer below the surface and, occasionally, came to the fore as is chronicled in the book. With his recent record of coalition with the Conservatives, Lloyd George was not trusted by Labour and was a malign influence on relations between the parties.

The authors rather skate past a further important point for Liberals. When Macdonald went to Buckingham Palace to ask the king for a dissolution it was immediately granted, without any suggestion of calling on Asquith to attempt to form a government as might have been expected. The book states, 'there was no other course of action [for the king] as he already knew that neither Baldwin nor Asquith would take office or form a coalition government.' This suggests

# OWNERSHIP FOR ALL

## THE LIBERAL PARTY, CO-OWNERSHIP AND INDUSTRIAL RELATIONS

In 1928 the Liberal Party published the 'Yellow Book', *Britain's Industrial Future*. While the report is best known for the compelling case it made for state intervention in the economy, planning and programmes of public works, it also contained detailed proposals for profit-sharing and co-partnership.

Unlike socialists, Liberals did not seek the abolition of private ownership. Unlike Conservatives, Liberals were not ideologically hostile to public control of natural monopolies or the great national industries. Liberals favoured diffused popular ownership in industry, everyone having some stake in their industrial future, and looked to profit-sharing, collaboration and co-ownership as a means to that end.

This meeting will revisit the Liberal Party's commitment to co-ownership, with **Dr Tudor Jones**, author of the recently published *The Revival of British Liberalism*, and **Professor Andrew Gamble**, Head of Politics & International Studies at Cambridge and author of the chapter on 'Liberals and the Economy' in Vernon Bogdanor's book *Liberal Party Politics*. Chair: **Chris Nicholson**, Special Adviser to the Secretary of State for Energy and Climate Change, Ed Davey MP.

**7.00pm, Monday 9 July 2012**

Lady Violet Room, National Liberal Club, 1 Whitehall Place, London SW1A 2HE

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that Asquith – and Baldwin – had intimated this, which would be surprising, but other authorities put the onus on to the king who stated that 'no other Party could form a government that could last.'<sup>8</sup>

Thus the Liberals moved reluctantly but inexorably towards an election which was bound to be disastrous. Lloyd George, who still maintained sole control of his large fund, much of which had come from the sale of honours, showed his malignity by refusing to provide the cash to enable the party to field a broad front of candidates. The party had 111 fewer candidates than at the previous

election and elected only forty-two MPs.

Ernest Simon, MP for Manchester Withington, summed up the party's situation on the eve of the 1924 election: 'What a party! No leaders, no organisation, no policy! Only a summer school! But it is still worth the effort.'<sup>9</sup> He joined the Labour Party in 1946.

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1 Since Richard W. Lyman, *The First Labour Government 1924* (Chapman & Hall, 1957).

2 See Ken Coates (ed.), *British Labour and the Russian Revolution:*

*The Leeds Convention – a report from the Daily Herald* (Spokesman Books, 1974).

3 Vivian Philipps, *My Days and Ways* (privately printed, 1946). It is a difficult book to find – it took me around thirty years!

4 Ironically, given Macdonald's determination to pursue as consensual an approach as possible, the most successful minister turned out to be John Wheatley, one of the 'Red Clydesiders', whose Housing Act was the main legacy of the first Labour administration.

5 Arguably Macdonald also had this specific aim in mind when he concluded the Macdonald/Gladstone pact of 1903 under

which each party withdrew candidates in around fifty seats and which gave Labour a bloc of thirty MPs independent of the Liberal whip. In retrospect Herbert Gladstone was alarmingly naive at the time.

6 See Michael Freedon (ed.), *Minutes of the Rainbow Circle, 1894–1924* (Royal Historical Society, 1989).

7 Trevor Wilson (ed.), *The Political diaries of C. P. Scott 1911–1928* (Collins, 1970).

8 David Marquand, *Ramsay Macdonald* (Jonathan Cape, 1977).

9 Mary Stocks, *Ernest Simon of Manchester* (Manchester University Press, 1963).