Social reform in Edwardian liberalism: the genesis of the policies of national insurance and old age pensions, 1906-11

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A B S T R A C T

The aim of this thesis is the analysis of the various pressures in late Victorian and Edwardian society which contributed to the genesis of the pension and national insurance legislation of 1908 and 1911. Many aspects of the social and political environment around the turn of the century are, therefore, outlined and discussed - the growth of 'awareness' about the social gulf in society and the state of those in, or on the brink of poverty; economic problems; political circumstances and pressures; and prevailing ideologies and philosophies.

The relationship between these considerations and policy-making is the crux of the matter and this is elaborated by the study of private and official papers and contemporary speeches. Although it is vital to ascertain the relative importance of the multitudinous factors to decision-making, we can never say anything absolutely definite about the relationship because it is the human mind with which we are concerned, complicated by the time factor.

Conclusions are, nevertheless, essential and are valid if based on informed speculation, although may vary according to the predilections of the individual politicians. Conclusions about the genesis of social reform in Edwardian Liberalism necessitate the erection of a three-tier structure. There were the preconditions of a social policy - the existence of an urban industrial society and its concomitant evils. There were opinion-creating factors such as social revelations, national efficiency and social imperialist ideologies and the existence of foreign examples of state-sponsored social security schemes. Finally, there were catalytic pressures within the Edwardian period, such as economic depression and the threat of Tariff Reform. The whole cumulative pressure made pension and national insurance policies a political and social necessity.

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C O N T E N T S

Page

List of Tables

Preface

I. THE FRAME OF REFERENCE
- I. The Legislation 2
- II. The Change in Ideas 5
- III. The Edwardian Liberal Cabinets and Social Reform Ideas 18
- IV. The Problem of Motivation 33
- V. The Importance of the Study 36

II. EMPIRICAL ASPECTS
- I. The Development of Remedies for Poverty in the Nineteenth Century and early Twentieth Century 40
- II. The Growth of 'Awareness' 52
- III. Foreign Examples 72
- IV. Conclusion 77

III. IDEOLOGICAL ASPECTS
- I. The State and the Individual : Bentham, Mill and Green 80
- II. The Fabian Society 91
- III. Social-Imperialism 99
- IV. National Efficiency 106
- V. Conclusion 112

IV. ECONOMIC ASPECTS
- I. Social Effects of Industrialism in Nineteenth Century Britain 114
- II. Economic Problems in the Edwardian Period 119
- III. Economic Defects of Pre-1906 Remedies for Poverty 128
- IV. The Financial Situation and Social Reform 131
- V. The Threat of Tariff Reform 147
- VI. Conclusion 152

V. POLITICAL ASPECTS : I. THE POLITICAL ENVIRONMENT
- I. The Threat of Social Upheaval 154
- II. Democracy and Policy 160
- III. The Threat of the Labour Party 172
- IV. Conclusion 193

VI. POLITICAL ASPECTS : II. THE EDWARDIAN LIBERAL PARTY
I. The Problem of Leadership, 1894-1906 195
II. The Problem of Domestic Policy, 1886-1906. 207
III. Conclusion : Social Reform in Edwardian Liberalism 217

Bibliography i

List of Tables

		Page
I.	Town Populations, 1801-1901	116
II.	Unemployment Percentages, 1900-1911	120
III.	Index-numbers of Money Wages, the Cost of Living and Real Wages, 1880-1914	125
IV.	Ministry of Labour Indices of Retail Prices - Partial Indices 1892-1914	127
V.	Total Government Expenditure at Current and 1900 prices, 1890-1913	132
VI.	Total Government Expenditure by Function at Current Prices, 1890-1913	133
VII.	Percentages of Total Government Expenditure by Function, 1890-1913	133
VIII.	Gross Public Income of the United Kingdom at Current Prices, 1873-1913	140.

PREFACE

A vast and growing body of literature exists on the England of Edward VII. In particular, the history of Edwardian Liberal social policy has been well-documented and there is much discussion about aspects of the environment in which this policy was conceived. However, there has been little attempt to analyse in depth the environment as a whole and the precise relationship of its component parts to Edwardian Liberal ideas on policy. The aim of this thesis is to outline pressures in Edwardian society and investigate the validity of certain hypotheses on the genesis of social reform in Edwardian Liberalism.

This has necessitated, not only the consideration of voluminous secondary material, ranging from biographies and memoirs to general histories, but also considerable examination of official documents and private papers. These included Cabinet and Board of Trade Papers at the Public Record Office; the Asquith Papers at the Bodleian; the Campbell-Bannerman and Viscount Gladstone Papers at the British Museum; and the Lloyd George Papers at the Beaverbrook Library. I should like to thank the staff of all these institutions for their help. I should also like to thank the Hon. Mark Bonham Carter for permission to quote from the Asquith Papers.

Many people have influenced my work and, although I must bear full responsibility for the conclusions and interpretations found in this thesis,

their help should be acknowledged. Students often thank their teachers, but where should one begin? Primarily, I should like to thank Mr. J.W. Edwards, formerly of Hanley High School, Stoke-on-Trent, who first aroused my interest in Edwardian Liberalism through his own enthusiasm for the subject. My supervisor, Dr. D.W. Sweet, also deserves thanks for his unceasing encouragement, invaluable ideas and painstaking labour in reading and criticising my work. Finally, praise should go to my wife who, besides providing occasional literary inspiration, has weathered successfully the many moods which have accompanied the preparation and writing of this volume.

I should also like to thank the Social Science Research Council without whose financial assistance I should have been unable to embark on this study.

The material in this thesis has not been submitted by the author for any other degree in any other university and is completely the result of his own work.

ABBREVIATIONS

The following abbreviations of manuscript sources are used in the footnotes:

CAB	- Cabinet Papers, Public Record Office.
MSS CB	- Campbell-Bannerman Papers, British Museum. Additional Manuscripts.
MSS HHA	- Asquith Papers, Bodleian Library.
MSS LG	- Lloyd George Papers, Beaverbrook Library.
MSS VG	- Viscount Gladstone Papers, British Museum Additional Manuscripts.
LAB 2/CL and SL	- Memoranda of the Commercial Labour and Statistical section of the Board of Trade, Public Record Office.

CHAPTER I

INTRODUCTION : THE FRAME OF REFERENCE

> The main current of legislative opinion from the beginning of the twentieth century has run vehemently towards collectivism... The problem before us is to ascertain what are the new causes or conditions which since the beginning of the present century have in England given additional force to more or less socialistic ideas.[1]

Despite historians' criticisms of his analysis of law and opinion in the nineteenth century[2], Dicey was right about the trend of legislative opinion in the Edwardian era. The record of the Liberal governments between 1906 and 1911 testifies to this. This thesis will examine the 'causes' and 'conditions' of this development of 'socialistic' legislation not only, however, in the Edwardian period, but also in late Victorian England.

As legislation is the result of political opinion and the action of politicians and their advisers, the problem is essentially a political one. In 1924, at the National Liberal Club, Lloyd George said:

> Liberalism in order to live must demonstrate to the new generation that it represents a real and deep human need which cannot be satisfied by any other party. Its appeal must be a living one to the times we live in...[3]

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1. A.V. Dicey, Law and Public Opinion in England during the Nineteenth Century (London, 2nd edn. 1914), pliii.
2. e.g. H. Parris, 'The Nineteenth Century Revolution in Government: a Reappraisal Reappraised', Historical Journal, III (1960), pp.17-37.
3. 12 May 1924; D. Lloyd George, Slings and Arrows (London, 1929), p.37.

Assuming that he held such a political philosophy in the Edwardian era, a hint is given that socialistic legislation was the result of the survival instinct of the Liberal Party.

More important, however, is the statement that the party's appeal 'must be a living one to the times we live in.' Consequently, although the question is fundamentally a political one, as the outward expression of the prevalent mood among politicians and the result of the political process, there is the essential background of the whole of late Victorian and Edwardian society. Components of society - social, economic, ideological, political - all had their influence in varying degrees on that nebulous concept of the spirit of the age which, when linked to the personal predilection of politicians, produced the reforms of the Campbell-Bannerman and Asquith governments.

Before examining these environmental influences in detail, it is essential to delineate the precise legislation involved, the change in ideas it entailed, the people responsible and the problems of determining their motivation.

I. The Legislation: Pension and National Insurance acts.

Historians often maintain that the period 1906-11 ushered in the modern British Welfare State. Thus, Ford's Breviate of Parliamentary Papers, 1900-1916[4] is sub-titled 'The Foundation of the Welfare State'.

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4. P. and G. Ford, A Breviate of Parliamentary Papers, 1900-1916 (Oxford, 1957).

Indeed, important steps were taken towards this in the late Edwardian period, although the contemporary Welfare State is very different in detail and infinitely more complex.

The most recent and full account of the establishment of the Welfare State is B.B. Gilbert's The Evolution of National Insurance in Great Britain: The Origins of the Welfare State.[5] In this rather mistitled work, Gilbert points to six measures, based on an entirely new principle, which separates true social legislation from all other forms of parliamentary activity:

> In these measures there occurred the transfer of income through the mediums of the State from the pocket of the taxpayer not to some general service available to all citizens, but rather to the benefit of certain designated individuals, who suffered no pain or penalty on the account of the aid they received, and who were chosen principally on the basis of their need.[6]

These six measures were the Eduation (Provision of Meals) Act 1906, the Education (Administrative Provisions) Act 1907, the Old Age Pensions Act 1908, the Labour Exchanges Act 1909 and the National Insurance Act 1911 (unemployment and health insurance). The main concern of this thesis, however, surrounds the

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5. B.B. Gilbert, The Evolution of National Insurance in Great Britain (London, 1966).
6. Gilbert, National Insurance, p.9.

pension and insurance legislation.[7] This is not to exclude the education acts because they were unimportant - indeed, Gilbert points out an observation made by C.W. Pipkin:

> It would be difficult to place too much emphasis on the new principle of state action which the Education (Provision of Meals) Act implied, for in a nation jealous of individual rights and proud of its conservative instincts it was nothing less than a revolutionary principle.[8]

Also concentration on pensions and national insurance leaves out other social legislation which, although falling outside Gilbert's definition, was of importance to the progress of British society - 1906 Trade Disputes Act, Workmen's Compensation Act; 1907 Patents Act; 1908 Coal Mines Regulation Act, Port of London Authority Act; 1909 Housing and Town Planning Act, Trade Boards Act; 1911 Shops Act; 1912 Miners' Minimum Wage Act; 1913 Trade Union Act.[9] To some of the more radical Liberal leaders too, notably Lloyd George, there were social issues of more fundamental importance than the alleviation of poverty by pensions

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7. Labour exchanges, however, should not be forgotten, for Churchill regarded them as indispensable to his scheme of unemployment insurance. A memorandum by Churchill on 11 December 1908 stated 'a system of public Labour Exchanges stands at the gateway to industrial security. It opens the way to all practical reforms...'. R.S. Churchill, Winston S. Churchill (London, 1969), II, Companion, Part II, pp.851-3.
8. C.W. Pipkin, Social Politics and Modern Democracies (New York, 1931), I, pp.72-3. Quoted in Gilbert, National Insurance, p.102.
9. A useful list of legislation of the Liberal governments between 1905 and 1910 is found in P. Rowland, The Last Liberal Governments: The Promised Land, 1905-1910 (London, 1968), p.377.

or insurance. The land question is the main case in point.[10]

But constant discussion of these policies is excluded, partly because of material available, but more importantly because the real concern is with official attitudes to the question of poverty. The pension and insurance policies illustrate well the overall opinion on poverty and the pressures exerted on the Edwardian legislators.

Furthermore, comprehensive, individual discussion of these social reforms is not intended here, nor is it necessary, as Gilbert provides a thorough, though occasionally incomplete and unreliable, account of the reforms and the mechanics of their development from embryonic idea to the problems of their execution. Rather the acts used here are not of intrinsic importance but, in their conception, highlight certain relationships between politicians and the social atmosphere.

II. The Change in Ideas

(i) Official attitudes to poverty, 1834-1911.

The Edwardian Liberal pension and national insurance schemes, when considered in detail, illustrate the fundamental dichotomy between Edwardian attitudes to poverty and the official attitude of 1834. In order to determine the reasons for this change, it is important to be clear about the nature of the difference

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10. Lloyd George's belief in the importance of land reform to social progress and as an indispensable supplement to the insurance schemes is described in H.V. Emy, 'The Land Campaign: Lloyd George as a Social Reformer, 1909-1914', in A.J.P. Taylor (ed.), Lloyd George - Twelve Essays (London, 1971), pp.35-68.

of attitude between the two periods and the extent to which the Edwardian attitude was a sudden development.

The official attitude of 1834 is basically expressed in the 'less eligibility' principle, which formed the foundation of the New Poor Law:

> The first and most essential of all conditions ... (is that) his (pauper's) situation on the whole shall not be made really or apparently so eligible as the situation of the independent labourer of the lowest class.[11]

According to this principle, the assistance provided for a person in need must be such as to cause his condition to be less desirable - 'less eligible' - than the condition of the lowest-paid labourer, who was not in receipt of poor relief and, consequently, more worthy and socially acceptable. In order to comply with this principle, the workhouse was made the sole distributor of relief:

> That except as to medical attendance ... all relief whatsoever to able-bodied persons or to their families, otherwise than in well-regulated workhouses ... shall be declared unlawful.[12]

The 'less eligibility' principle and the penal conditions of the workhouse reflected the attitude to the able-bodied poor of the early nineteenth century policy-makers. They failed to recognise the

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11. 'Report from H.M. Commissioners for Inquiring into the Administration and Practical Operation of the Poor Laws' (1834), quoted in K. de Schweinitz, England's Road to Social Security, 1349-1947, (Philadelphia, 1947), p.114.
12. 'Report'... (1834), de Schweinitz, England's Road, p.124.

social implications of a mass industrial society. Instead, they defined poverty in moral terms, as the result of individual failings such as intemperance and improvidence. The classical economists of the period substantiated the argument, for their doctrine reasoned that a man could raise himself by diligence in a society governed by natural economic laws and, should he remain in poverty, only he was to blame. The principles of the 1834 Poor Law, therefore, aimed to rectify the able-bodied pauper's moral laxity by forcing him to find work. Should he prove intransigent, he would, at least, be removed from society.

These principles formed the dominant attitude towards the poverty of the working classes in the first three-quarters of the nineteenth century, within and without the walls of officialdom. Outside the Poor Law, there was private philanthropy and insurance bodies, such as trade unions and friendly societies. But here again, doctrines of individual 'worth' existed as criteria for help. Trade unions and friendly societies gave benefits to members who had proved themselves 'thrifty' by having saved with them. But the main extra-establishment exponent of the old nineteenth century attitudes to poverty was the Charity Organisation Society (C.O.S), formed in 1869 to combat indiscriminate charity, and which existed well into the

twentieth century to fight new ideas on poverty.[13] Although the C.O.S. moved slightly from the deterrent principle in that it helped the destitute, it established firmly a standard of public social responsibility, differentiating between 'helpable' and 'unhelpable' as a criterion for granting aid.[14]

But this study is mainly concerned with the attitude of the state, particularly, at the moment with Edwardian Liberal attitudes. The Liberal legislation in 1908 and 1911 is evidence enough of a new attitude and different understanding of the causes of poverty, compared with the 1834 concepts. Old age pensions were now to be given to less well-off people over seventy years of age, who would earlier have been consigned to poor relief. Similarly, state-sponsored unemployment and health insurance was designed to keep able-bodied men and their dependants from the ignominy of poor relief. Both pension and insurance schemes, therefore, reflected a change of attitude, a deeper understanding of the nature of poverty.

This new attitude is repeated time and time again in the speeches of Lloyd George and Churchill in particular. In a speech at Leicester in 1909, Churchill said:

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13. C.L. Mowat, The Charity Organisation Society (London, 1961), especially Chapter Six, 'Against the Current: the C.O.S. and the Movement of Ideas, 1883-1900', pp. 114-45.
14. Gilbert, National Insurance, pp.51-2.

> there are trials and misfortunes which come upon working class families quite beyond any provision which their utmost unaided industry and courage could secure for them. Left to themselves, they must be smashed to pieces, if an exceptional disaster or accident like recurring sickness, like the death or incapacity of the breadwinner or prolonged or protracted unemployment, fall upon them.[15]

This illustrates a new perception of the causes of poverty and, at the same time, denies the reliability of 'thrift' as protection against pauperism. Yet this perception must not be exaggerated, for at Penrhyndeudraeth in September, 1906, Lloyd George described 'the most fertile cause' of poverty as 'a man's own improvident habits, such as drinking and gambling'.[16] This is evidence of a lack of subtlety in Lloyd George's analysis. He knew the problem of poverty existed, but in 1906 had little idea of the details of it - remedies were the result of later experiences and consultation. As with the continued existence of the C.O.S., this speech does urge a word of caution to the historian speaking of the complete ascendancy of a new analysis of poverty in this period.

Another qualification must also be made. This is to warn against regarding the ideas of 1834 as a static concept until the 'revolution' of 1908-11. In fact, the basic notions of 1834 were consistently

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15. 5 September 1909; W.S. Churchill, Liberalism and the Social Problem (London, 2nd. edn. 1909) p.376.
16. 25 September 1906; Lloyd George, Slings and Arrows, p.7.

modified throughout the nineteenth century and a distinct humanitarian sentiment seems to have set in after 1885. This is noted in an undated, unsigned memorandum in the Asquith Papers on the 'History of the Poor Law';

> Between 1871 (i.e. when the Poor Law Board was incorporated in the new Local Government Board) and 1907, there were two distinct influences at work on the Boards of Guardians, one dominating before 1885, the other after.
>
> Until 1885 the Inspectors stood on the principles of 1834 and in some cases went beyond them... After 1885 on the other hand, the President and with him Parliament introduced a humanitarian tendency into the treatment of particular classes, which is a direct contradiction of the assumed principles of 1834.[17]

Many orders and circulars, mainly the result of select committees, resulted and caused a change in workhouse administration - such as that in 1891 recommending a supply of books and toys for children, in 1892 permitting tobacco and snuff, in 1896 permitting trained nurses and in 1900 recommending better treatment of the deserving aged and the improvement of diet.[18] Also in February 1886, there was the famous Chamberlain Circular, reissued by succeeding presidents of the Local Government Board which, while upholding the idea of the Poor Law, stated that an altogether different provision must be made for the unemployed wage-earner.[19] Furthermore, in 1885, there was the Medical Relief (Disqualification Removal)Act, which stated that no one should lose his

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17. MSS HHA 78, f.88.
18. MSS HHA 78,ff.89-92.
19. MSS HHA 78, f.92.

vote if he had received poor relief for medical purposes only.[20]

Therefore, the historian must be wary about eulogising on the revolutionary content of the 'foundation of the Welfare State' and Edwardian attitudes to poverty. The legislation may have been new in detail, but a more human attitude to poverty among the working classes had been in the air for over twenty years.

(ii) State intervention

Pension and insurance legislation in the late Edwardian period not only marked a change in the official attitude to poverty, but also a change in the nature of state intervention.

State intervention in society was nothing new in the early years of the twentieth century. Apart from the traditional functions of government in keeping order, defending the realm against external attack, and dispensing justice, the British government had, since the early years of the nineteenth century, increasingly interfered in the economic and social life of the country. At the same time as the old mercantilist restrictions on trade were removed, such as the Corn Laws in 1846 and the Navigation Acts in 1849, regulations were placed upon industry and machinery

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20. B. Rodgers, 'The Medical Reflief (Disqualification Removal) Act', Parliamentary Affairs, IX (1955-6), pp.188-194.

set up to safeguard the public health. This was a kind of incipient 'Welfare State', but there were important differences between nineteenth century 'Welfare' and the Edwardian provisions.

The main criterion seemed to be the benefit state intervention may have for society rather than the individual. The New Poor Law, for example, was governed by attitudes of worth and independence and so designed as to force men into good citizenship or remove them from society, rather than to alleviate poverty. Secondly, although steps taken to safeguard public health, notably the 1875 Public Health Act, were important 'social reforms', they too were 'social' in the sense of appertaining to society as a whole, not individual social atoms. Consequently, the Board of Health was established in 1848 as a result of fear for the health of society, following the scare of a cholera epidemic, rather than from a humanitarian impulse to alleviate the problems of the less fortunate in the land.[21]

Nevertheless, Victorian legislators did recognise that there were weak elements in society which needed protection. This is especially shown in the factory acts of the period. But 'weak' meant women and children, rather than adult males who, true to

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21. H.M. Lynd, England in the Eighteen-Eighties: Toward a Social Basis for Freedom (New York, 1945), pp.144-62.

individualist principles, were expected to fend for themselves. If they prospered, it was a sign of diligence and thrift. If they failed, it was because of their own moral weaknesses. State intervention was virtually unthinkable as it would end in the 'demoralisation' of the adult male worker.

Contrary to these ideas, the Edwardian legislation interfered in the free working of economic and social forces to protect those affected by unemployment, sickness or old age. But, as with attitudes to poverty and the Poor Law, old ideas died hard, and the Edwardian insurance legislation exhibited vestiges of the old individualist criteria of the nineteenth century. For example, unemployment insurance was limited to a number of highly organised trades, which were regarded as exceptional, being subject to regular heavy unemployment - building, shipbuilding, mechanical engineering, iron founding, vehicle construction and saw milling.[22] Also the 'insurance principle' itself was indicative of old attitudes of 'thrift', especially as the benefits were never intended to support people entirely, but merely to supplement whatever they had saved.

In realising the changing attitude to poverty, therefore, a definite revolution was occurring in the nature of state intervention itself. But, there remained a legacy from the past and so one should be

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22. Gilbert, National Insurance, p.276.

careful not to claim too much for the 'revolution'.

(iii) 'New Liberalism'

The change in ideas which emerged in the Edwardian legislation also marked a change within the basic tenets of the Liberal Party.

'Old Liberalism' or 'Gladstonian Liberalism' are the terms used by historians to describe the conglomerate of attitudes found in the Liberal Party in the second half of the nineteenth century. This was basically a Liberalism moulded around the figure of Gladstone, where ideals are expressed in the slogan 'Peace, Retrenchment and Reform' with an indispensable foundation of Free Trade. 'Retrenchment' and 'Reform' are the most important elements in this study, because they were modified in the 'new Liberal' domestic policy of the Edwardian period.

'Retrenchment' refers to the canons of Gladstonian finance, essentially those of economic individualism. Resources of the individual should normally be kept out of the hands of the state, the assumption being that wealth left in the hands of private persons would be used more fruitfully than if used by the State. But Lloyd George extended the obligations of the state and linked the justification of his increased taxation to a concept of social justice rather than to economic criteria. The 1909 budget put the nails in the coffin of the Gladstonian creed of retrenchment, but this had been presaged, on a smaller scale, by Harcourt's Death Duties in 1894.

'Reform' in the Gladstonian sense encompassed many types of reform : franchise reform and the extension of democracy, in its widest sense, such as the 1884 Reform Act, 1872 Ballot Act and 1870 Education Act; Irish reform, progressing from disestablishment and land acts to Home Rule; and institutional reform, in the old Peelite sense, in the cause of efficiency and rationalisation. It did not mean 'social' reform and, therefore, the Edwardian period saw the overthrow of another Gladstonian tenet.

Although the change of attitude in the Liberal Party was given legislative expression between 1906 and 1914, it was already apparent in the mid-eighties, when Gladstone was still in the ascendant, though increasingly obsessed by the Irish question. Younger Liberals increasingly demanded a new policy on social issues. They were not radicals of the Lloyd George ilk, but 'moderates' such as Asquith, Grey, Haldane and Buxton, who were dissatisfied with the leadership and the current direction of policy. In a letter to Ronald Ferguson in November 1889, Haldane described the aims of this ginger group and the apprehension it caused among the Liberal leadership:

> He (Rosebery) and Fowler began by cross-examining me closely as to what you, Asquith, Grey and I proposed. I said we aimed not at a new party - still less at a conspiracy - but simply at the formation of a group bound together by a common point of view, rather than a definite organisation. This group should aim at gaining the confidence of the public by its constructive propositions...

> We would at the same time be perfectly loyal to our front bench while stimulating it to give the party a lead.[23]

This growing dissatisfaction with Gladstonianism shows that 'new Liberalism' was not a sudden break in the continuity of Liberal ideas in the Edwardian period. The actual development of 'new Liberalism' into insurance was novel, but not the inherent predilection to question old values and their relevance to modern society.

On the other hand, old ideas continued in the new political situation. In 1928, Asquith wrote of the early twentieth century Treasury:

> The department when I first came to it, was steeped in the Gladstonian tradition. The older members of the staff had in their early days worked either under Gladstone's personal guidance or while the memory of his methods and example was still fresh and dominant...
>
> I remember that, when preparing my first Budget, I proposed to my experts to establish a differentiation for purposes of income tax between earned and unearned incomes. I was at once met with the objections, which was considered fatal, that Gladstone had always declared that any such scheme was impracticable.[24]

With such a legacy, 'new Liberalism' was bound to be qualified at every turn, unless circumstances rendered adherence to old attitudes dangerous.

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23. Nov. 1889, Haldane to Ferguson; D. Sommer, Haldane of Cloan, (London, 1960), p.76.
24. H.H. Asquith, Memories and Reflections (London, 1928), I, pp.252-4.

(iv) Conclusion

The Edwardian Liberal pension and insurance legislation made explicit the fact that a change had occurred in the attitude to poverty, the nature of state intervention and the aims of Liberalism compared with the mid-nineteenth century. The social responsibility of the state for its citizens now seemed to have expanded beyond the individualist and moralistic notions of a penal poor law and concern only for women and children in special circumstances. Now people threatened by pauperism and destitution - the aged, the sick, the unemployed - and their dependents, were provided with a cushion to alleviate the precariousness of their situation. The State would now assume responsibility for preventing the poverty and degradation of a wide section of the population, outside the poor law. An important step was taken towards the modern welfare state.

But the idea of this change being sudden in the Edwardian era is incorrect. In themselves, the pension and insurance acts were novel, but there was no sudden break in ideas. Edwardian Liberals not only were affected by a legacy of nineteenth century attitudes, but also had experienced, and contributed to, the emergence of new ideas in the last twenty years of the nineteenth century.

Therefore, in considering the genesis of pension and national insurance legislation in the Edwardian period, we should, firstly, not exaggerate the

revolutionary aspect of the policies and, secondly, study society in the late nineteenth century as the indispensable prelude to the legislative expression of the new ideas, as well as the immediate environment of the early twentieth century.

III. The Edwardian Liberal Cabinets and Social Reform Ideas

The men responsible for turning new ideas into the pension and insurance legislation formed the Liberal Cabinets under Campbell-Bannerman and Asquith. It is tempting to maintain that one must also consider the party within and without Parliament, but great care must be taken when doing so. The study of politics today shows that actual policy-making rests in the Cabinet, or probably even the inner cabinet, depending on one's cynicism about the strength of democracy. Consequently, it is not hard to realise that, in Edwardian politics, when ministerial - back-bench liaison was less complex, that backbenchers had little influence over policy-making. Indeed, it is doubtful whether extra-Cabinet ministers had much effect either, and often they were even uncertain as to what exactly took place in the Cabinets themselves.

The extra-parliamentary party had little positive influence too on the policy of the Liberal Party. This was because the former grew up to serve the latter in the age of mass democracy. The Liberal

extra-parliamentary machine was essential for the survival of the Liberal Party and useful for conveying local opinion to Westminster, but National Liberal Federation policies were not binding on the parliamentary party. The classic example of this was the Newcastle Programme of October 1891, which ostensibly committed the parliamentary Liberal party to a vast range of reforms, especially as Gladstone seemed to accept it, but was subsequently not acted upon.[25]

The Liberal Cabinets under both Campbell-Bannerman and Asquith were 'not all of one colour'[26] politically. Indeed, it would have been strange had they been homogeneous in ideas, for there are as many variations of opinion as there are politicians. C.F.G. Masterman summed up his first impressions on entering the House of Commons in 1906 thus:

> Suddenly one discovers that politicians are not black and white, but that there are shades and differences of complexion, especially among progressives. We have in fact a complex living organism, palpitating with conflicting ambitions, opinions and prejudices. A party is the greatest common factor and nothing more.[27]

It is small wonder, therefore, that there should be political differences within the Liberal Cabinet.

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25. For details of the Newcastle Programme, K.O. Morgan, The Age of Lloyd George (London, 1971), especially 'The Newcastle Programme', October 1891', pp.113-4; and 'Gladstone and the Newcastle Programme', pp.114-5.
26. R. Jenkins, Asquith (London, 1964), p.175.
27. L. Masterman, C.F.G. Masterman (London, 1939), p.66.

However, historians generally allude to three dominant groups - Gladstonians, Liberal Imperialists and Radicals.[28] The 'Gladstonian' section included Campbell-Bannerman, John Morley and Herbert Gladstone. These men were true to the nineteenth century pattern of Liberalism - Home Rule, Free Trade, economy where possible and social reform where absolutely necessary. They condemned the South African War and detested jingoism. 'Liberal Imperialists' were Asquith, Grey, Haldane and Fowler. These men had supported Rosebery in the belief that the Boer War was justly waged and in his founding of the Liberal League. They were conservative in foreign policy and vaguely socialistic in home affairs. The 'Radicals' were Churchill and Lloyd George, though it was thought that Burns too was one in 1906. They wanted socialistic government and economy in military expenditure.

These classifications are, however, inadequate and misleading, for there are many different shades within them and some important Liberals, notably Ripon and Crewe, just do not appear in them. Moreover, the classifications are ambiguous - for example, Alexander Mackintosh wrote in 1903:

> Perhaps in a Liberal Government of the future the most influential figures will be Sir Edward Grey and Mr. Lloyd George... both are

28. Occasionally, historians differ on the loyalties of individual Liberals, notably Birrell and Bryce who are sometimes classed as 'Gladstonians' (Rowland Last Liberal Governments, p.34; Jenkins, Asquith, p.175, on Bryce), sometimes as 'Imperialists' (R. Douglas, The History of the Liberal Party, 1895-1970 (London, 1971), p.33).

> clear-headed Radicals and they have shown that they can work cordially in concert.[29]

Later records may have obliterated earlier predilections from the historian's gaze, but they should not be ignored. With such considerations in mind, it seems wise to assess the importance the leading figures in the Cabinet attached to social policy to see precisely how acceptable it was to the Edwardian policy-makers.

Campbell-Bannerman, the leader of the party and Prime Minister between 1906 and April 1908, was a radical of the old school. His politically formative years were under Gladstone and his Liberalism was in harmony with Gladstone's. But he did come to realise the extent of the social problem, and Keir Hardie expressed faith in Campbell-Bannerman's sincerity about the promises of 1906.[30] But he did not possess the political background or the originality of mind to put his vague promises of social reform into reality, except

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29. September 1903, Young Man, MSS LG A/11/2/16.
30. 'In common fairness I must say Sir Henry has earned and fully deserves, all the praise that is heaped upon him. He seems to be mellowing with age, and really desirous of effecting some useful legislation. Of one thing I have convinced myself - that where the Liberal Party falls short of its promises, the blame will not rest with C-B.' January 1907, Labour Leader; quoted J.A. Spender, The Life of the Rt. Hon. Sir Henry Campbell-Bannerman (London, 1929), p.225. However, this probably merely reflected Hardie's elation at Campbell-Bannerman accepting Hudson's Bill in 1906 in place of the government's trades disputes bill.

in the Trades Disputes Act, Workmen's Compensation Act, school meals and the ill-fated land bills of 1907. He remained, at heart, an old Liberal with an inclination for constitutional reform.

John Morley, too, is classed as a 'Gladstonian', but this is too rigid for him. He was certainly an old Manchester School radical in his political upbringing. But he was not out of touch with new issues - for example, in 1889 he is found advocating the provision of food for destitute schoolchildren at the public expense in the municipalities,[31] and it was he who commended Rowntree's 'Poverty' to Churchill.[32] Also Morley himself claims that he pressed for Burns to be included in the Cabinet in 1905.[33] It was, in fact, his attitude to foreign affairs which really stamped him as a Gladstonian, for he deeply distrusted the Liberal Imperialists and saw politics mainly in terms of them and the 'Pro-Boers'. Thus, on the death of Campbell-Bannerman, Morley said there would

> have to be a little readjustment of one or two offices... to keep the balance between the two wings of the Cabinet, the Liberal Leaguers on the one hand and the 'Pro-Boers' on the other hand.[34]

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31. 20 November 1889, Speech at Eighty Club, quoted in Lynd, England in the Eighteen-Eighties, p.169.
32. 12 December 1901, Morley to Churchill, Churchill, Companion, I, p. 101.
33. J. Morley, Recollections (London, 1917), II, p.132.
34. Quoted in D. Hamer, John Morley: Liberal Intellectual in Politics (Oxford, 1968), p.342.

Herbert Gladstone's Gladstonian predilections must be qualified too. He was very interested in labour questions, having had experience of them under Asquith at the Home Office in 1892-4, and the problem of labour representation. By 1905, he was concerned that the government should make itself responsible for dealing with periodic bad unemployment. He opposed national workshops, but thought the government should intervene in times of crisis with state-sponsored temporary employment,

> which would not tempt men from their ordinary trades, which would give them a wage sufficient for the support of themselves and their families, and which would be profitable to the state.[35]

Gladstone's Liberalism was not rigid Gladstonianism. He seems to have been receptive to progressive ideas to combat glaring problems.

Lord Ripon, Liberal leader in the House of Lords and Lord Privy Seal between 1906 and 1908, is generally regarded as a party 'moderate'. Although he had served in Palmerston's last government and his Liberalism had roots in the mid-nineteenth century, his political ideas progressed with the times. For example, he was greatly interested in labour questions, deeply sympathetic to labour aspirations and believed the state might interfere with wages and that the state had a duty to deal with unemployment.[36]

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35. 1 January 1905, H. Gladstone to Fowler, MSS CB 41217 ff.164-5.
36. L. Wolf, Life of the First Marquess of Ripon (London, 1921), II, p.321.

Lord Crewe is generally considered to be of a relatively radical bent because he was one of the few great landowners to stay with the Liberal Party after the split of 1886. His biographer says that on domestic policy he was 'infinitely more radical than Lord Rosebery.[37] But, on the whole, he was a moderating influence in Liberal counsels.

Asquith too was a moderate in domestic policy. He was of a different generation from Campbell-Bannerman, Ripon and Morley, and was the accepted leader of a group of young Liberal M.P.s - Grey, Haldane, Buxton, Ferguson, Ellis - whose aim was to give a new constructive dimension to Liberalism in the late 'eighties.[38] His radicalism was fundamentally conservative. He wanted social progress, but he was not sure how to achieve it. He came to support firmly the idea of pensions, for his biography states:

> If he had any special ambition when he became Chancellor of the Exchequer, it was to provide the means to this end (pensions).[39]

But, apart from this, his ideas were limited - except that social progress must be achieved on a basis of Free Trade economics.

R.B. Haldane was a close friend of Asquith and generally followed his political line. On his radicalism, his biographer says:

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37. J. Pope-Hennessy, Lord Crewe: The Likeness of a Liberal (London, 1955), p.54.
38. J.A. Spender and C. Asquith, Life of Herbert Henry Asquith, Lord Oxford and Asquith (London, 1932), I, pp.67-8.
39. Spender and Asquith, Asquith, I, p.188.

> It is sometimes suggested that Haldane 'turned to Labour' only at the close of his life. In one sense, of course, this is true, but it is evident from the very beginning of his political career that he embraced many of the ideals of the early Labour movement and his whole outlook was a good deal closer to the Webbs' than that of Harcourt.[40]

Throughout his political career, he showed a sympathy for social reform as long as it could be reconciled with the ideology of efficiency.

Sir Edward Grey completes the triumvirate of the Relugas Compact. He was mainly concerned with foreign policy while in office and, like Asquith and Haldane, was distrusted by many old Liberals because of his Liberal Imperialist background. However, Balfour did once describe him as 'a curious combination between the old-fashioned Whig and Socialist'.[41] Although his foreign interests overshadowed his radicalism, there is no doubt that he was aware of the social problem and the necessity for action, even if he only had vague notions about precise policy.

The final Liberal Imperialist leader in the Cabinets between 1905 and 1910 who merits consideration was Sir Henry Fowler, created Viscount Wolverhampton in April 1908. He was of a different generation from his Liberal League Colleagues, but he still favoured socialistic legislation, if not socialism.[42] His

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40. Sommer, Haldane of Cloan, p.89.
41. R. Jenkins, Mr. Balfour's Poodle (London, 1954), p.44; quoted in Rowland, Last Liberal Governments, p.38.
42. E.H. Hamilton, The Life of Henry Hartley Fowler, First Viscount Wolverhampton, G.C.S.I. (London, 1912), p.507.

daughter testifies that he would have preferred to have dealt with Reform of the Poor Law, then pensions and then Education, on the Liberal return to power in 1905, rather than in the actual order they were dealt with.[43]

Lloyd George was the leading 'Radical' in the Liberal Cabinets. He was a political enigma to contemporaries - having his political roots as a radical welsh nationalist demagogue in the 'nineties and as a 'Pro-Boer' and nonconformist in the early years of the twentieth century, he, nevertheless, proved to be a remarkable administrator[44] and fountain of policy. He possessed, if not an original mind, one ever open to ideas. The Liberal administration would see this harnessed to his awareness of the 'condition of the people' problem and result in the guidance the Liberal leadership lacked.

Churchill was the other radical, dynamic force within the Liberal ranks and it seems no accident that his tenure of the presidency of the Board of Trade and Cabinet rank in 1908 coincided with the elaboration of Liberal policy on unemployment. He had been originally

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43. Hamilton, H.H. Fowler, p.139.
44. In 1907, in fact, contemporaries were delighted and somewhat amazed that Lloyd George had been so successful at the Board of Trade. Newspapers eulogised over his performance. For example, 30 January 1907, The Times; 28 August 1907, South Wales Daily News; 29 August 1907, Manchester Courier; 30 August 1907, Bristol Times and Mirror; 30 August Sheffield Independent; 31 August 1907, The Economist; MSS LG B/5/1/36.

a Tory because of his aristocratic background. But concern for the social problem, in the face of Tory inaction, and his belief in the sanctity of Free Trade turned him into a rebel. He was to prove invaluable to the Liberal leadership, because his absorbent mind and friendship with the Webbs provided a concrete alternative to vague promises of social reform.

The third member of the Radical group in 1905 was John Burns, M.P. for Battersea. However, his radicalism proved to be purely fictional. He had originally been a Social Democratic Federation member in the 'eighties, but he seemed to mellow with the gratification of his political ambitions and his Liberalism has a curiously old-fashioned ring about it.[45] As President of the Local Government Board and in a position to influence Poor Law and unemployment policy, his policy was to do nothing, resulting in much exasperation for the young radicals like Masterman, Parliamentary Secretary to the Local Government Board from April 1908 to July 1909.[46] It would be charitable

45. e.g. I. Burns' Election Address (27 December 1905) called for payment of members, adult male and female suffrage, second ballot, referendum, triennial parliaments, abolition of the House of Lords and other hereditary institutions. W. Kent, John Burns: Labour's Lost Leader (London, 1950), p.153. II. Burns seemed committed to retrenchment: 'Every Section, interest and class, particularly the poor, were looking to Parliament to do everything in a short time. But his view was that the chief duty of Parliament was to practise economy in every branch of its work, certainly in the Army and Navy, in some branches of the civil service, and in every aspect of their national life'. Kent, Burns, p.165.

46. 13 April 1908, C.F.G. Masterman to Asquith, MSS HHA 11, f.95.

to say that Burns' conservatism resulted from the potency of officialdom within the Local Government Board. Perhaps it would be truer to say that Burns had achieved his ambition by obtaining office and the pomp that accompanied it, and, moreover, was essentially a platform orator not an organiser, meaning that he was out of his depth in office.

These brief pen-portraits of the leading figures in the Edwardian Liberal Cabinets and their attitudes to the social question lead to the conclusion that the majority were in favour of moderate social progress. It is false to talk of Gladstonians, Liberal Imperialists and Radicals when talking of social reform, for there seems general agreement that some moderate social policy was essential. However, the Liberals were not sure what shape the means to their end should take. This guidance was provided by the more dynamic elements in the Cabinet - Lloyd George and Churchill.

In a letter to Asquith in December 1908, Churchill indicated the responsibility he and Lloyd George had for the future social programme of the Liberal government:

> After the Budget statement, insurance schemes will be in the air. I don't think I could press my Unemployment Insurance plan until Lloyd George has found a way of dealing with Infirmity or (which is possible) has found that there is no way.

Considerable thought was obviously being given at this time to a social policy to succeed the pension legislation, although the details were far from finalised.

There would be a delay in realising the policies as Churchill explained:

> The insurance policy must I feel be presented as a whole; for it would never do to exact contributions from masters and men in successive layers. One shot must suffice. I therefore would desire to begin with a simple project of labour exchanges, which might be announced in the King's speech, and which to prevent overlapping would be framed so as subsequently to support the Unemployment Insurance scheme... Nothing will in fact be lost by getting the Labour Exchanges under weigh, everything will be gained by the opportunities for discussion and bargaining with the trades and workmen specially concerned.
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> This is the course of action which Lloyd George and I after much debating think best...[47]

Corroborating evidence of the authorship of the insurance policy and the collaboration between the President of the Board of Trade and the Chancellor of the Exchequer is found in Beveridge's autobiography Power and Influence.[48] Without a doubt, the insurance policy was the brainchild of both Lloyd George and Churchill, although the latter's contribution is often belittled because he relinquished responsibility for unemployment insurance when he left the Board of Trade in 1910, and Lloyd George had responsibility for both schemes when he introduced the National Insurance Act in 1911.

However, although it seems that Lloyd George and Churchill were the main inspiration behind the insurance

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47. 26 December 1908, Churchill to Asquith, MSS HHA 11, ff. 239-41.
48. W.H. Beveridge, Power and Influence (London, 1953), pp.80-81.

policy, a number of problems surround the Cabinet and the genesis of social policy. Firstly, before April 1908, Lloyd George was in the relatively unimportant position of President of the Board of Trade, and Churchill was not even in the Cabinet, being Under-Secretary at the Colonial Office from 1906 to April 1908. Yet, during this period, the old age pension policy was formulated[49] and, as early as February 1907, there were hints of an important programme of social reform and the financial revolution it would entail.[50] Thus, the personal factor of Lloyd George and Churchill was much lessened during the first tentative steps to a comprehensive social policy.

Secondly, although Churchill and Lloyd George were later to become great men, they were still very much upstarts in the ranks of the Liberal leadership and certainly mistrusted by many Liberals. Lucy Masterman noted in her diary in 1908:

> the distrust of the L1.G. - Churchill combination is so profound in the Cabinet they distrust everything they advance.[51]

This may be an exaggeration, but, nevertheless, shows that we must not assume the personal ascendancy of

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49. Evidence in cabinet memoranda : 14 December 1906, CAB 37/85/96; 12 April 1907, CAB 37/88/44; 6 September 1907, CAB 37/89/81; April 1908, CAB 37/92/54.
50. 26 February 1907, CAB 37/87/22.
51. Masterman, C.F.G. Masterman, p.112.

Lloyd George and Churchill in this period. Instead we must look for other reasons why their policies passed.

The Edwardian environment certainly played an important part. Also, the personal attitudes of the other Liberal leaders must not be forgotten, although they tended to be wary of the Webbian background of Churchill and the social radicalism of Lloyd George. But a vital role was played by Asquith.

Despite assertions of his indolence, fundamental conservatism and lack of passion or inspiration in policy-making,[52] it is likely that he was instrumental in the sanctioning of 'New Liberalism' by the Cabinet. He seems to have been a Prime Minister who would let his departmental ministers have a free hand, within Liberal principles, in policy-making. The end-product would finally come before the Cabinet for ratification. This is not necessarily an indication of weakness and political indolence. On the contrary, in the establishment of the welfare state, he seems to have recognised the worth of the ideas put forward by Churchill and Lloyd George, and to have been the decisive voice when they came before the Cabinet.

To illustrate Asquith's power in Cabinet, Randolph Churchill, in the biography of his father, related the words of Lloyd George in a conversation in

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52. C. Hazlehurst, 'Asquith as Prime Minister, 1908-16', English Historical Review, LXXXV (1970), pp.502-31.

the mid-thirties:

> Asquith was a much stronger Prime Minister than most people imagined. If he said he'd back you up he would see you through. He told me he would support the land taxes. When it came to the final discussion in the Cabinet, Asquith asked me to explain the position to them. When I had done so, he observed: 'The Chancellor has given us a very cogent account of his proposals. I think they are of such importance that every member of the Cabinet should say how he feels about them.' Asquith went round the table, and everyone spoke against them including your father... Asquith then said: 'We have had a very full and frank expression of opinion from every member of the Cabinet and it seems to me that the weight of the argument rests with the Chancellor'.[53]

Of course, we must be very sceptical and allow for the distortion of a quarter of a century. But we must also bear in mind that C.F.G. Masterman is similarly quoted by his wife, though in less colourful terms.[54]

Concerning unemployment insurance itself, Churchill testifies to the importance of Asquith's support against Cabinet colleagues in a letter to his wife on 27 April 1909:

> My Unemployment Insurance plan encountered much opposition from that old ruffian Burns and that little goose Runciman, and I could not get any decision yesterday from the Cabinet. Asquith however is quite firm about it, and I do not doubt that in the end it will come safely through.[55]

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53. Churchill, Churchill, II, pp.323-324.
54. Masterman, C.F.G. Masterman, p.133.
55. 27 April 1909, Churchill to his wife, Churchill, Companion, II, pp.886-7.

The Edwardian Liberal Cabinets, therefore, had a majority in favour of social progress and moderate social reform. The main inspiration after 1908 came from Churchill and Lloyd George, but they were distrusted because of their past records and alliances. Asquith, however, supported them and assured the ascendancy of their policies. All this happened within the framework of Edwardian society and attitudes were moulded to fit the circumstances. The main concern of this study is the motivation of the Cabinet members in supporting a new attitude to the problem of poverty. Asquith's role has been noted. The pressures in Edwardian society remain to be considered.

IV. The Problem of Motivation

The pressures influencing the politicians' attitudes took a number of aspects, and each aspect will be discussed in depth in order to construct a picture of the motivation of the Edwardian Liberal leaders in proposing the pension and insurance legislation.

Empirical factors, in all their senses, will be discussed. This will include consideration of the effects of the social surveys at the end of the nineteenth century, including both private inquiries and Blue Books; experience of social conditions through the agency of the settlement movement and 'slumming';

the development of remedies in late Victorian society for dealing with unemployment and poverty in old age; and, finally, the example of social security schemes in foreign countries.

Ideological aspects also require a chapter, although philosophy and ideology have, of necessity, only the most tenuous connections with legislative fact. Discussion will centre on the development of abstract political philosophy in the nineteenth century and the late Victorian ideologies of 'national efficiency' and 'social-imperialism'.

Economic factors, too, form a most important part of the environment surrounding political decisions. Consequently, not only will economic factors which made social reform an urgent necessity in Edwardian times be considered, but also the coincidence of favourable economic conditions for reform and the threat tariff reform posed to the Liberal Free Trade economic structure.

Most emphasis, however, will be found in discussion of the political circumstances surrounding the social reform - the problems of the Edwardian Liberal Party, the rise of politically independent Labour, the political threat of tariff reform, and the nature of politics in the mass democracy of the Reform Acts.

The aim of these chapters is to illustrate the relationship between pressures in society and the policy-making process. However, motivation itself

can never be fully analysed by the historian, unless, perhaps, the historian is also trained as a psychologist and has access to comprehensive, objective information about the men under consideration. The main problem is that of evaluating the multitudinous influences from birth - of parents, teachers, writers, religion, and so on - in fact, the whole environment. It needs a psychologist to say why one man is more prone to act in a certain way than another. We can point to certain factors, such as the coincidence between Nonconformity and Liberalism, but other factors may be as important if not more so.[56] Therefore, in discussing motivation, early character influences and ideas of an innate reforming spirit will be ignored. Emphasis will remain on influences in their political experience, say, from about 1880 to the Edwardian era.

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56. e.g. M. Kinnear, The British Voter: An Atlas and Survey since 1885 (London, 1968), p.82 Kinnear notes that there was some connection between non-conformity and Liberalism, but this is not always straightforward. Between 1885 and 1910, Liberals won all English seats with fifteen per cent or more nonconformists in seven out of eight elections at least. However, in the vast majority of English seats with under fifteen per cent nonconformists, there is often little apparent connection between nonconformity and Liberal victories - for example in West Yorkshire, Liberals were as strong in the woollen as in the mining district, although non-conformity was much stronger in the woollen.

Although this allows us to discuss the more relevant influences on action, motivation is still a problem. Influences may be noted, but there is rarely an undeniable link between them and legislation. Even if there are precise links, the question arises of whether they can be trusted. For the primary sources for discussion on motivation are private papers, printed speeches and parliamentary debates. These are merely the professed opinions of politicians, perhaps of a more candid nature in private letters, but revealing only what the author wants them to reveal. The primary sources of this thesis, therefore, are probably more conducive to value-judgement than is usual in an historical study. Studies of motivation are more open to controversy and the end-product more one of personal preference than other topics. But, if the discussion is based on reasonable, objective evaluation of the primary sources linked with careful study of the secondary sources the result will be worthwhile.

V. The Importance of the Study

This study of political motivation in the Edwardian period is important in itself as an historical exercise in the relationship of social circumstances to decision-making between 1906 and 1911.

However, it is also of importance to the historian who likes to dabble in theories and concepts. In 1958,

MacDonagh, an historian of emigrant traffic in the nineteenth century, constructed a model of early nineteenth century administrative change and sought to put this on a pedestal as the motive force behind the 'Revolution in Government', that is, the growth of Victorian administration.[57] Although this has been severely criticised since,[58] MacDonagh has pointed the way to a structural concept of administrative history, providing its own momentum. This may be criticised, but cannot be ignored. Thus, by using the Edwardian social reform as a case-history of administrative change in a modern industrial mass democracy, the historian may well be able to construct a new model, around which controversy may rage. But, perhaps, the change in governmental attitudes will be attributed merely to the coincidence of political personalities and transient political, economic and social conditions. This study aims to set forth the facts relevant to the problem and draw conclusions on the genesis of social reform in Edwardian Liberalism.

57. O. MacDonagh, 'The Nineteenth Century Revolution in Government: A Reappraisal', Historical Journal I,(1958), pp.52-67.

58. For discussion of the 'Revolution in Government': Parris, Historical Journal, III; J. Hart, 'Nineteenth Century Social Reform', Past and Present, XXXI (1965), pp.39-61; V. Cromwell, 'Interpretation of Nineteenth Century Administration: An Analysis', Victorian Studies, IX (1965-6), pp.245-55; L. Hume, 'Jeremy Bentham and the Nineteenth Century Revolution in Government', Historical Journal, X (1967), pp. 361-75; A. Brundage, 'The Landed Interest and the New Poor Law : A Reappraisal of the Revolution in Government', English Historical Review, LXXXVII (1972), pp.27-48.

CHAPTER II

EMPIRICAL ASPECTS

The empirical aspect of the genesis of Edwardian social reform is stressed in most books on the early twentieth century 'Welfare State'. In fact, hostile criticism has recently appeared against excessive concentration on this factor and the relative lack of consideration of other factors, in particular the role of the ferment of ideas in the late Victorian period.[1] Other factors, however, are increasingly being discussed[2], which make necessary the qualification of the place of nineteenth century empirical roots of the pension and national insurance legislation. Nevertheless, empirical considerations must not be under-valued. The historian cannot possibly discuss the 'origins' of the Welfare State without assessing the role of factors which made up the empirical framework of the opinion-creating process.

The definition of 'empirical' is given as 'originating in or relying or based on factual information, observation, or direct sense experience, usually as opposed to theoretical knowledge'.[3] The main elements, therefore, are the roles of an increasing body of knowledge and growing experience. With special reference

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1. C.L. Mowat, 'Social Legislation in Britain and the United States in the Early Twentieth Century - A Problem in the History of Ideas', Historical Studies, VII (1969), pp.81-96.
2. e.g. B. Semmel, Imperialism and Social Reform (London, 1960). G.R. Searle, The Quest for National Efficiency (Oxford, 1971).
3. Webster's Third New International Dictionary (London, 14th Edn. 1961), p.743.

to the relationship between empirical factors and social policy in the Edwardian period, this means, firstly, the growth of knowledge on social questions throughout the nineteenth century, but more especially from about 1880; and, secondly, the experience of nineteenth century solutions to social problems and their relative success.

The first section of this chapter will illustrate the 'experience' element. It will discuss the piecemeal development of thought and remedies for poverty in conditions of old age, sickness and unemployment in the nineteenth century to show the gradual, stumbling background to the Edwardian Liberal legislation. This provided the Liberal leaders with evidence of the failure and inadequacy of existing social policy.

The second part will deal with the growing body of information and knowledge of social problems. This includes private and official enquiries, propagandist journalism and personal experience. The importance of these considerations is that they aroused the consciousness of many people to the social gulf between the two nations within the United Kingdom, the rich and the poor.

The final section will consider the effect on legislation of the existence of foreign examples of state-sponsored schemes of social security.

The common theme will be the investigation of the

possibility of the existence of some link between the growing body of knowledge and experience and the Edwardian pension and national insurance legislation. Too often historians base their conclusions on circumstantial evidence, deducing from the existence of background A and results C, that they must have interacted at B.[4] The historian's object is to find out the truth and false sylloqisms have no place in his argument. Therefore, one should not be too hasty to draw conclusions. The intangibility of the roots of motivation make it difficult to establish specific relationships, but calculated hypotheses will make some conclusions more probable than others.

I. The Development of Remedies for Poverty in the Nineteenth Century and early Twentieth Century

The introductory chapter discussed the development of thought on poverty in the nineteenth century. The ideas and assumptions, although occasionally modified, remained essentially those of the 1834 Poor Law - if you were industrious and thrifty, you would prosper and could comfortably look after yourself and your dependants in times of trouble; if you were poverty-stricken, you were not only evidence of your own idleness,

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4. e.g. T.S. and M.B. Simey, Charles Booth: Social Scientist. (London, 1960), p.197.
'The analysis of the causes of poverty which Booth began led inescapably to the development of remedies in the form of old age pensions, unemployment insurance, and the like, and thus eventually to the laying of the foundation of the Welfare State'.

thriftlessness and lack of moral character, but also you were a disruptive threat to society. These beliefs showed themselves glaringly in the state's attitude to specific fields, which today we regard as the natural preserve of the social service state - the threat of poverty in conditions of old age, bad health and unemployment.

Maxims of self-help prevailed and insurance schemes were left to private institutions, such as friendly societies and trade unions,[5] which themselves were riven with individualist attitudes. Apart from the 1834 Poor Law, little was done by the State until the Edwardian period to make financial provision for people during sickness, old age or unemployment to prevent poverty. Granted, in 1861 Gladstone founded the Post Office Savings Bank to encourage small savings, but this was generally out of reach of all the working class except the better-paid members, who themselves could hedge against poverty by saving in the existing institutions. Limited thinking, based on moralistic assumptions, precluded positive governmental intervention.

(i) Poverty and sickness

Great steps may have been taken in the nineteenth century to safeguard the public health, but the problems of personal health and poverty was assigned to the Poor Law, and there was little change throughout the century.

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5. Gilbert, National Insurance, pp.165-7; M, Bruce, The Coming of the Welfare State (London, 4th edn. 1968), pp.111-114.

Sickness and poverty were tightly interrelated in the nineteenth century, because sickness entailed loss of work, temporarily or permanently. This was crucial, for if the person involved had few savings if any, and there were no other wage earners in the family, he consigned himself and his dependants to pauperism and the penal conditions of the Poor Law.

Only now did the State take action, because of the imagined threat of the pauper to social stability. There was no attempt to prevent sickness causing poverty, just the treatment of poverty itself by isolating the paupers. Actually, the deliberately harsh conditions of the workhouse system were not intended for the sick poor and medical attendance was to be permitted outside the workhouse. But, this was felt to be incompatible with the 'less eligibility' principle and the Poor Law Board gradually permitted the inclusion of the 'sick' in the general mixed workhouse, with the establishment of a 'sick ward' within the workhouse being left to the discretion of the local guardians.[6]

From the mid-sixties, conditions of the sick poor improved both in medical treatment and in environment. The notable advances were the Metropolitan Poor Law (1867)[7] and the Medical Relief (Disqualification Removal) Act (1885)[8]. The former, under the impetus

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6. J.E. O'Neill, 'Finding a Policy for the Sick Poor', Victorian Studies, VII (1963-4), pp.266-8.
7. O'Neill, Victorian Studies, VII, pp.283-5.
8. Bruce, Welfare State, p.120.

of the 1866 cholera epidemic, applied to London only, but encouragement was given to all Unions to combine to form 'Sick Asylum Districts' large enough to support hospitals to which the sick could be removed from the workhouses. The Act stated that sick poor should be given special treatment in a Poor Law hospital, where feasible, and in this was the assumption that the sick poor must be treated as invalids rather than as paupers to be penalised, despite the legal and social disabilities surrounding pauperism. This was carried a step further by the 1885 Act which removed the franchise disqualification from those in receipt of poor relief.

However, the increased humanitarianism surrounding the sick poor was irrelevant to the main issue. It might indicate that the 'less eligibility' principle was losing its grasp on official opinion, but this made little difference to the fact that the Poor Law idea still existed. The condition resulting from the coincidence of sickness and poverty was treated rather than the causes of pauperism - that is, the accidents of life and their pauperising effect on the less well-paid sections of the population.

(ii) Poverty and Old age

Poverty in old age was widespread in the nineteenth century. This is shown by the fact that of approximately one million persons in receipt of poor relief in England and Wales on 1st January 1906, about 350,000

were old aged.[9] Financial provision for the elderly was left to themselves and the State only, helped, via the Poor Law, in the event of pauperism in old age. This state of affairs continued throughout the century although, as with the sick poor, conditions improved as the century progressed - for example, in 1900, there was a government directive recommending better treatment of the deserving aged.[10]

However, apart from the Poor Law, other schemes were in the air in the last quarter of the century and a great controversy developed over the problem of old age, in particular the question of old age pensions.[11] The idea of state-assisted old age pensions was not new and has been traced to a bill of 1772, establishing a voluntary scheme of annuities for workmen to be guaranteed and assisted by the poor rates, which was rejected by the House of Lords. But the nineteenth century agitation stemmed from Rev. W.L. Blackley's scheme in 1878, based on compulsory contributions and propounded by the National Providence League. Thirty years of agitation followed in which select committees, royal commissions and private schemes

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9. 'Notes on the Present Position of the English Poor Law with a Scheme for its Reform', MSS HHA 76, ff.82-3.
10. Undated memorandum on history of Poor Law, MSS HHA 78, f.88.
11. For history of old age pensions, R.V. Sires, 'The Beginnings of British Legislation for Old Age Pensions' Journal of Economic History, XIV (1954) pp.229-253; 14 December 1906, Treasury memorandum on pensions, CAB 37/85/96.

abounded. There was procrastination from the start on the part of the government, but, at the same time, hints of the inevitability of the outcome. For example, in the 1887 Report of the 1884 Select Committee of the House of Commons into National Provident Insurance, there was much that was hostile to Blackley, notably to his schemes for sick pay. Although stressing the principle of thrift, however, the report did not reject old age pensions, but recommended a waiting period to see if public opinion demanded action.

In retrospect, in the new political conditions of 1867 and 1884, old age pensions do seem to have been inevitable, as the threat of the Poor Law loomed large to those members of the working class who had few savings and anticipated reaching old age and its attendant precariousness. For this reason, pensions became political pawns and electoral gambits. Churchill summed up the relationship between the Conservative Party and old age pensions at Manchester in 1909:

> They (the Conservative Party) promised old age pensions to win the general election of 1895. They were in power for ten years and they made no effort to redeem their pledge. Again, Mr. Chamberlain in 1903 promised old age pensions as a part of his Tariff Reform proposals but the Conservative Party refused to agree to the inclusion of old age pensions in that programme.[12]

Admittedly, this was a jaundiced view, but it serves

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12. 23 May 1909, at Manchester, Churchill, Liberalism, pp.299-300

to illustrate the role of pensions in late Victorian and Edwardian politics - it became a popular cry, but remained a distance from realisation because of ministerial reluctance to throw over old ideas of self-help and provide the requisite finance.

The 'political scandal' of old age pensions, spoken of by W.J. Braithwaite,[13] demonstrates that, in face of a clearly inadequate and frightening Poor Law, the years of agitation and discussion had created a state of affairs where old age pensions were virtually a social and political inevitability.

(iii) Poverty and Unemployment

As with sickness and old age, the 1834 Poor Law was the only permanent remedy for the incidence of poverty and unemployment, and then only when men and their families were pauperised. However, nineteenth century statesmen and economists were not completely ignorant of the trade cycle, and certainly knew of the existence of times of economic distress, if only as periods of social turmoil and socio-political strife. Consequently, provision was made for periods of exceptional economic dislocation and unemployment.[14]

Occasionally, municipal authorities might provide relief work. This was stimulated by the 1886 Chamberlain Local Government Board Circular, which said that guardians should confer with the local authorities and

13. W.J. Braithwaite, (ed. H.N. Bunbury), Lloyd George's Ambulance Wagon (London, 1957), p.71.
14. W.H. Beveridge, Unemployment : A Problem of Industry (London, 1930), pp.154-160.

try to arrange municipal relief work for the unemployed unskilled. This work emphasises the temporary nature of the relief - it was to be work without the stigma of pauperism, non-competitive work, but especially work which could be ceased when normal employment became available. Beveridge describes the use of relief works:

> In a few places municipal relief works have become almost an annual institution. More generally they have been limited to times when there appeared to be exceptional distress. During the winter of 1892/3, for instance, 96 authorities in Great Britain provided relief work for the unemployed men in their districts; 77 of these gave employment to 26,875 persons.[15]

Related to the idea of municipal relief work where the special funds, the result of appeals to a charitable (or frightened) public, in times of acute distress. There were many of these, notably, the 1885 Mansion House Fund of £78,629[16]. The important point about such municipal measures was that they were of a temporary nature. However, 1905 saw the establishment of machinery of a more permanent nature.

In 1905, the Unemployed Workmen Act was passed. This created local London borough distress committees, supervised by a central body which was responsible for the establishment of labour bureaux. The local

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15. Beveridge, Unemployment, p.155
16. Beveridge, Unemployment, p.157

committees were not empowered to provide work, but simply to sift applicants and pass on suitable ones to the Central body, which would provide them with work or assistance to migrate or emigrate. The importance of this act, was that, finally, more permanent[17] machinery had been set up, distinct from the Poor Law - in fact, it was explicitly stated in the act:

> the provision of temporary work or other assistance for any person under this Act shall not disentitle him to be registered or to vote as a parliamentary, county or parochial elector or as a burgess.[18]

At Auchtermuchty, on 9 October 1905, Asquith said of the bill:

> it was introduced late and it was only owing to the appeals of the Labour members and the grumbling and menaces of a large section of the Government supporters that it was passed at all... It did not pretend to be more than a palliative, and the country must look to other quarters and to a different class of legislation if it were to deal effectively with the great evil of unemployment.[19]

This was prophetic, for within two years the act was dead and the country was ready for the 'different class of legislation'. The causes of its failure were mainly financial. The original bill had provided for a financial contribution from the boroughs in London

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17. The amended act was to be an experiment for three years. K.D. Brown, 'Conflict in Early British Welfare Policy: The Case of the Unemployed Workmen's Bill of 1905', Journal of Modern History, XLIII (1971), p.626.
18. Beveridge, Unemployment, p.163.
19. 9 Oct. 1905, Auchtermuchty; Liberal League Publications, No. 207, p.7. MSS LG H/109.

to the scheme, equivalent to a rate of one half-penny in the pound, possibly being raised to one penny at the discretion of the Local Government Board. However, the bill was amended and the rate-aid for wages was excluded. Now, depending on voluntary contributions, its days were numbered. It existed tenuously until 1911, infused with money from the Exchequer, but the National Insurance Act provisions made it redundant.

These main measures for the relief of unemployment and the prevention of subsequent poverty were blatantly inadequate, but by 1906, they had, by their very existence, made two things apparent. Firstly, there was a consensus of opinion that unemployment ought to be fought and poverty prevented before the situation demanded recourse to the Poor Law. Secondly, at least in the eyes of Labour members, the measures meant an implied acceptance of state responsibility for unemployment, finally made explicit in the 1905 Act. The ground, therefore, was prepared for Liberal attempts to evolve a lasting policy.

The unemployment problem was not confined to relief measures and peripheral topics were discussed such as labour colonies.[20] The question of labour bureaux or labour exchanges was of great importance to Liberal employment policy. Before the establishment of a national system of labour exchanges in 1909, there existed an anachronistic system of methods for

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20. See J. Brown, 'Charles Booth and Labour Colonies, 1889-1905', Economic History Review, XXI (1968), pp.349-60.

seeking employment in Great Britain. This consisted of newspaper advertisements, private registries (only for clerical, commercial and domestic services), trade union travelling benefit, and sporadic local public labour exchanges.[21]

The latter were set up on local initiative, the first being established by voluntary action at Egham in February 1885, but closing in 1894. Another voluntary bureau, established in Ipswich in 1885 continued until it was taken over by the distress committee in 1906. At the end of 1905, there were twenty-one municipal and three non-municipal bureaux. But one should not be misled by these figures - for only seven had been in existence for more than three years. This illustrates both the function and the failure of these bureaux - many were set up during the depression of the 'nineties, but were, intentionally, only transient in nature, to register men for relief work in times of severe distress. They were not designed to play a permanent role in the economic life of the nation.

Under the Unemployed Workmen Act, distress committees were set up in a number of industrial centres, often taking over the local labour bureau, and it was their business to register, investigate and classify unemployed persons applying to them for assistance. They were also empowered to give assistance by temporary work or to aid migration. But there was still no

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21. Beveridge, Unemployment, pp.239-46.

national system and by no means all unemployed persons came under their aegis.

Labour bureaux and distress committees, therefore, were a far cry from the national system set up under the Labour Exchanges Act in 1909. But they were indispensable in showing that, to be really useful and successful in providing employment and preventing poverty, the system should be a permanent national one rather than a temporary, local, incomplete one.

(iv) Conclusion

Poverty because of sickness, old age or unemployment was, therefore, tackled in various ways in the nineteenth century, but unsuccessfully and with blatant inadequacies. The Poor Law pervaded, and remedies took the form either of the Poor Law itself or tentative solutions, circumscribed by Poor Law assumptions. Generally, the evil to be attacked was pauperism itself rather than the conditions which pushed the poorer sections of society into that parlous state. It would be wrong to criticise the Poor Law for not alleviating extreme poverty. This is to miss the ideas behind the legislation - it was primarily designed to cope with the able-bodied pauper and deter other men from being so lax as to border on destitution.

However, by the twentieth century, great question marks had arisen about provision for the poor. The growing body of knowledge on the poorer sections of the community and the nature of poverty made the Poor Law

seem not only inadequate but also irrelevant. The Poor Law itself, also, was proving increasingly expensive with no commensurate decline in pauperism.[22] The case for reform was made even before the reports of the 1905-09 Poor Law Commission, if only in the constant modification and temporary measures which had occurred since 1834.

Therefore, by 1906, the way was open to the Liberal Party, eager to prove it could govern well, to fill the gap left by the deficiencies of the existing measures and introduced some new scheme of state-sponsored social organisation, alongside the Poor Law, if not in place of it.

II. The Growth of 'Awareness'

A prerequisite of realisation of the inadequacy of the Poor Law was an awareness of the social gulf within the United Kingdom, between the rich and the poor, and an analysis of the problems of people on the brink of destitution.

The idea of a 'social gulf' was not new. Every - day experience told one of the existence of the rich and the poor, although perhaps there were not always clearcut lines of distinction, owing to the existence of a mass of 'middling' people. However, it was a convenient classification for the use of the increasingly demagogic politicians of the late nineteenth century. In his book Sybil, Disraeli had spoken of the rich and the poor forming two nations, but it was the political

22. 12 February 1909, memorandum on Poor Law Reform, MSS HHA 79, f.137.

conditions, following the second and third Reform Acts, which made demagoguery respectable and increased the frequency of such comparisons.

Churchill and Lloyd George, the most vociferous demagogues in the Edwardian Liberal hierarchy, were free with their denunciations of the present condition of society by contrasting the rich and the poor. Typical of this was an early statement by Lloyd George, at Bangor in 1891:

> The most startling fact about our country is that you have men who have accumulated untold wealth living in gorgeous splendour in one street and a horde of miserable poverty-stricken beings huddled together in the most abject penury and squalor in the adjoining courts. Incalculable wealth and indescribable poverty dwell side by side...[23]

The Hull News reported along the same lines in November 1904:

> Speaking at a Liberal demonstration at Perth last night, Mr. Lloyd George, M.P., said that our trade returns, bank returns, income-tax returns, and railway returns all showed in the industrial and commercial field a harvest which was bending down with the weight of its own abundance; but in the ditches in that very field lay prostrate a multitude of our poor fellow countrymen, who were starving within reach of the golden ears.[24]

Churchill made similar statements,[25] but it would be wrong to think that the field was the exclusive concern of the 'Radicals'. The more staid, conservative

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23. Lloyd George, Slings and Arrows, p. 4.
24. 24 November 1904, Lloyd George at Perth; Reported in the Hull News, 25 November 1904, MSS LG H/109.
25. e.g. 10 October 1908, at Dundee, Churchill, Liberalism, pp.197-8; 30 January 1909, at Nottingham Churchill, Liberalism, p.237.

respectable Campbell-Bannerman made comparable utterances, showing an awareness of current social problems, but in less colourful, less evocative language. For example, at a meeting of the London Liberal Federation at the Albert Hall in December 1905, he said of the problems in London:

> London presents a group of problems positively terrifying in their dimensions, problems of housing and overcrowding, problems of the unemployed, of the over-employed and of the badly employed.[26]

Such statements were not uncommon among Edwardian politicians, who increasingly saw the social problem of the 'condition of the people' as the problem of the hour. This awareness of the parlous situation of vast proportion of the population was the result of the growing body of knowledge on social conditions accumulated in the latenineteenth and early twentieth century.

(i) Booth and Rowntree

One common misconception is that Charles Booth's volumes on social conditions in London,[27] were the first in the field. Rather his work was 'one of the first'.[28] There was a tradition of inquiry into social conditions in the nineteenth century, stretching back to the eighteen-thirties at least. At this time, the

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26. Quoted in Spender, Campbell-Bannerman, II, p.209.
27. C. Booth, Life and Labour of the People of London (London, 1889-1903) 17 vols.
28. Simey, Booth, p.245.

Statistical Society of London and provincial statistical societies were established to 'confront the figures of speech with the figures of arithmetic.'[29] The Statistical Society of London was the most important body and studied London in the eighteen-forties through special investigating committees. These committees combined reformist zeal with objective, quantitative analysis and produced startling reports, such as the 'Report to the Council of the Statistical Society of London from a Committee of its fellows appointed to make an investigation into the State of the Poorer Classes in St. George in the East' in 1848.[30] However, the influence of the Statistical Society was not very great because the circulation of its journal was limited and its main concern was public health. So when the public health movement achieved its immediate objective in 1848 with the establishment of the Board of Health, it came to a halt. A sporadic existence was maintained around its other interest - housing - but it did not flourish again until the eighteen-eighties.[31]

Booth, therefore, does not seem a phenomenon. Even in his own day, there were many other social inquiries being conducted into the condition of the

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29. A. Briggs, A Study of the Work of Seebohm Rowntree (London, 1961) p.16.
30. Journal of the Statistical Society of London, XI (Aug. 1848); in A.S. Wohl, 'The Better Cry of Outcast London', International Review of Social History, XIII (1968), pp.193-4.
31. Wohl, International Review of Social History, XIII, p.195.

Working Classes, for example, into their family budgets.[32] The question, therefore, arises of the reason why Booth was so special to contemporaries and later historians and sociologists.

It is not the time to discuss Booth's work in detail - this has been done elsewhere.[33] Here the main concern is to assess the importance of Life and Labour of the People of London on contemporaries, politicians in particular.

The basic significance of Booth - that is, his work being a landmark in urban sociological methodology - arises from the sheer epic proportions of his study. From the relatively humble beginnings of a paper in the Journal of the Royal Statistical Society in May 1887,[34] his work grew into seventeen large volumes covering 1889-1903. The mere size of this is a claim to greatness, but more important than size was the attitude he applied to his study.

Tradition describes Booth's researches as being essentially empirical, being devoid of theory and free from deductions based on economic or moral laws.[35] Recent writing has challenged this by saying that, although Booth may have believed in the objective scientific approach to policy, he was unaware of the preconceptions and subconscious assumptions, which he brought to his social investigations and influenced

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32. D.J. Oddy, 'Working-Class Diets in Late Nineteenth Century Britain', Economic History Review, XXIII (1970), pp.314-23.
33. Simey, Booth.
34. 'The Inhabitants of the Tower Hamlets (School Board Division), their Condition and Occupations,' Journal of the Royal Statistical Society, (May 1887).
35. e.g. Simey, Booth, p.4.

the results he obtained.[36] However, this is largely irrelevant to the main facts of the case as the solutions to poverty, which Booth proposed and which are supposed to be affected by his moral assumptions, are limited to the idea of 'labour colonies'. Booth, in effect, was mainly concerned with setting down the facts as he saw them and not with advocating remedies, few of which are found in his work. The solutions to the problems he was analysing were to be left to others. He himself wrote:

> A framework can be built out of a big theory and facts and statistics run in to fit it - but what I want to see instead is a large statistical framework which is built to receive the accumulations of facts out of which at least is evolved the theory and the law and the basis of more intelligent action.[37]

Also, his action in beginning his survey in 1886 was precipitated by the publication in Autumn 1885 of the results of a Social Democratic Federation inquiry into the working class districts in London. Appalled by its lack of objectivity and the sensational journalism of the 'eighties, he decided to collect relevant data in an objective fashion to determine the truth.[38] There is no reason to doubt his sincerity.

Similarly, there is no reason to doubt the fact that contemporaries were duly impressed by Booth's

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36. Brown, Economic History Review, XXI. Controversy has recently developed around this question. See: T. Lummis, 'Charles Booth: Moralist or Social Scientist?', Economic History Review, XXIV (1971) pp.100-5; J. Brown, 'Social Judgements and Social Policy', Economic History Review, XXIV (1971), pp.106-13.
37. Simey, Booth, p.77
38. Simey, Booth, p.69.

objectivity. Historians and psychoanalysts may cast doubts about it, but reformers and contemporary politicians regarded the results with great awe, especially when compared with previous inquiries. It was, in fact, the sheer objectivity and impersonality of the mass of incontrovertible facts, which Booth had painstakingly collected, that made Booth's work so influential on the environment of ideas. One cannot help but conclude that Booth's revelations, especially of the third of the population on or below the 'poverty line' and of the interaction of economic and social factors in causing poverty instead of the traditional moral ones, influenced the political discussion around the Poor Law and the possibility of alternative measures of social reform. Certainly, Booth's biographer seems to think so,[39] but we must reserve judgement about the exact relationship.

Booth's results were made all the more powerful too by the publication of Seebohm Rowntree's Poverty: A Study in Town Life in 1901. Rowntree had been stimulated by Booth's study and was interested to see whether his results were peculiar to London or whether they applied equally well to other provincial centres. York became his subject and the result was 'the second great exercise in basic fact finding, a kind of modern social Domesday Book'.[40]

Rowntree's methodology was essentially the same as

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39. Simey, Booth, p.197. (See above footnote No. 4).
40. Briggs, Seebohm Rowntree, p.30.

Booth's and his results were almost identical. For example, the percentage of York's population in poverty was found to be 27.84, compared with 30.7 per cent in London. Details were occasionally at variance, resulting from Rowntree's greater subtlety in differentiation between 'primary' and 'secondary' poverty, for example. But the main conclusion remained unaltered - York, economically representative of Britain's large provincial centres, had returned statistics almost identical to those which had emerged from London. Whatever influence Booth had was increased manifold by this corroborating evidence.

Ideal evidence for the influence of Booth and Rowntree on politicians in the Edwardian era would be letters between the men concerned with social policy confessing their actions to have been the result of Life and Labour and Poverty. Unfortunately, historians rarely find their ideal evidence and this is no exception to the rule. However, by looking at what politicians said, it is possible to discover more than mere hints of the impact of Booth and Rowntree on political discussion. The most important clue is the use of data, so obviously from Booth and Rowntree, in speeches from about 1903 onwards.

Campbell-Bannerman said, in the House of Commons in June 1903:

> We used to hear of a submerged tenth in the population. We now know of a submergeable third. The effect of taxing the food of the people would be to turn

> the submergeable third into a submerged third.[41]

Similarly, Lloyd George said at Newcastle on 4 April 1903:

> We have great problems in front of us. Never were a people confronted with greater or more serious problems. What is the condition of the people in this country at the present time? Seven per cent of the people in the great cities live in a state of chronic destitution - a hand-to-mouth existence. Thirty per cent, or nearly one third, live on or below the poverty line.[42]

Seemingly, this is rendered more conclusive by specific reference made by politicians to either Booth or Rowntree, more often both. Campbell-Bannerman referred to twelve million 'underfed and on the verge of starvation',[43] citing as his authority the investigations of Booth and Rowntree. At Penrhyndeudraeth, in September 1906, Lloyd George referred to the 'careful investigation of men like Mr. Charles Booth and Mr. Rowntree' which had revealed deplorable conditions in the towns.[44] In 1901, Morley had written to Churchill:

> I find my copy of the book I commended to you has been lent. 'Tis sure to be on the table at the Carlton. 'Poverty: A Study in Town Life'. It is not nearly so big as it looks.[45]

Churchill obviously read this book and was impressed by it, for, in his published papers, there is an undated, unpublished review of Rowntree's book.[46]

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41. 10 June 1903, House of Commons; Spender, Campbell-Bannerman, II, p.120.
42. 4 April 1903, Newcastle; D. Lloyd George, Better Times (London, 1910), p.2.
43. 5 June 1903, Perth; Spender, Campbell-Bannerman, II, p.120.
44. 25 September 1906, Penrhyndeudraeth; Lloyd George, Slings and Arrows, p.6.
45. 12 December 1901, Morley to Churchill, Churchill, Companion, I, p.101.
46. Churchill, Companion, pp.105/11.

At first glance, the conclusion to be drawn from the obvious acquaintance of the Liberal leaders with the works of Booth and Rowntree is that the latter were a direct 'cause' of the pension and national insurance legislation. But the historian must not be too hasty, as there is no explicit statement of this relationship. In fact, if one looks at the speeches in which reference occurs, one notices that reference is merely a means to an end - for example, in Campbell-Bannerman's speech on 10 June 1903, he used it as justification for opposition to Tariff Reform; and Lloyd George at Newcastle used it to embarass the Tories and justify land reform. Booth and Rowntree stated massive social certainties, incontrovertible and conscience-rousing. But this did not necessarily mean that they were certain to result in reform. Political society at the turn of the nineteenth century was a complex organism and many more factors need consideration. The surveys of Booth and Rowntree were undeniably important but it would be foolhardy to place responsibility on them for the foundation of the welfare state, as if their work existed in a vacuum.

(ii) Official Inquiries

Apart from private surveys, investigation into the social contingencies of a modern industrial state occurred through the agency of various official inquiries - royal commissions, select committees,

interdepartmental committees and departmental inquiries.

There was a long tradition of official inquiries reaching back into the early nineteenth century. The 'thirties and the 'forties especially saw the influence of Benthamites, notably Edwin Chadwick, on various reports, particularly on sanitary conditions.[47]

Also in the middle decades of the century, conscientious local medical officers, inspired by John Simon, made many reports on slum conditions and their consequences.[48] Simon's reports themselves were exceptional and reached well beyond the usual terms of reference - that is, the public health, - to conclusions about the housing problem. He made startling revelations, especially concluding that sanitary reform alone would achieve little and overcrowding was a deep moral, as well as physical, problem.

Such reports, however, were sporadic when compared with the outburst of official inquiries after 1880. There were inquiries into all aspects of social life, with royal commissions leading the way - 1882 on Agriculture, 1884-5 Housing of the Working Classes, 1885 Depression of Trade and Industry, 1892-4 Labour, and 1893-5 on the Aged Poor.

The period after 1900 saw many commissions too,

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47. eg. 'Report on the Sanitary Commission of the Labouring Population' (1842). Reports of the Metropolitan Sanitary Commission.
48. Wohl, International Review of Social History, XIII, pp.196-8.

but there was not such concentration on the same sort of social problems as in the 'eighties and 'nineties. One all-embracing commission, the 1905 Poor Law Commission, was set up, instead, to investigate the state of the nation in matters of poverty. Apart from this, there were a number of departmental committees, such as on the Aged Deserving Poor (1900) and Compensation for Injuries to Workmen, and numerous departmental memoranda and inquiries.[49]

It is difficult to establish a definite relationship between official inquiries and governmental action. In fact, it is probably harder than assessing the influence of Booth and Rowntree, for the latter were, at least, frequently cited in political speeches. Important royal commissions may get specific mentions, but certainly not the mass of routine memoranda on important topics which formed the backbone of official data on social conditions.[50]

However, there are some tangible points which can be made about the possible influence of official inquiries on policy. Firstly, exhaustive inquiry into certain problems does not necessarily mean legislation will follow. The classic example is the extensive investigation surrounding Old Age Pensions.

Initially, there were schemes by private individuals, the most important being those of Rev. Blackley,

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49. Indicated by a Board of Trade memorandum, 6 July 1906, MSS LG B/2/1/1. This includes a list of proposed and completed inquiries by the Labour Department in 1905-6.

50. e.g. the evidence of the Board of Trade Papers at the Public Record Office; especially relevant to social questions was the 'CL and SL' classification, which referred to memoranda of the Commercial Labour and Statistical Department of the Board of Trade.

Charles Booth and Joseph Chamberlain.[51] Alongside these, official inquiries proliferated, made essential by the increasing agitation. Therefore, in 1884 the Select Committee on National Provident Insurance was set up, followed by the 1893-5 Royal Commission on the Aged Poor, the 1896 Treasury (Rothschild) Committee on Pensions, the 1899 Select Committee on the Aged Poor, and the 1900 Local Government Board Departmental Committee on the Aged Deserving Poor. By 1900, there had been adequate investigation of the question and the 1899 Select Committee even concluded:

> there is prima facie evidence that it is practicable to create a workable system of Old Age Pensions for the United Kingdom.[52]

However, there was no great desire among the governing classes for pensions, especially as the financial situation caused by the Boer War was unfavourable to such Welfare expenditure. But many politicians continually pressed for pension legislation and the period up to 1908 saw periodic bills introduced. It seemed, however, impossible for a mass of fact to be realised in legislation without the coincidence of favourable financial and political circumstances.

Nevertheless, inquiries often themselves caused political or social ferment making legislation imminent, even if not directly on the topic in question. For example, the royal commissions of the last quarter of

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51. Details in Sires, Journal of Economic History XIV, pp.232-3.
52. 14 December 1906, Treasury memorandum, CAB 37/85/96.

the nineteenth century added to the general social unrest of the period and demands for a re-examination of the condition of the poor. Their very establishment was the result of unrest and agitation and their investigations and recommendations contributed to the growing disenchantment with laissez-faire private enterprise and growing acceptance of the need for state participation. Their role in the formation of the climate of opinion, which was not only the background of Edwardian Liberal social policy but also the background of the formative years of the Edwardian Liberal politicians, must not be under-estimated. Yet this is mere speculation and must be considered with this reservation.

With immediate relevance to the Edwardian Liberal reforms is the consideration of the role of investigations into the physical fitness of the British people at the turn of the century. In 1901, Rowntree's book had noted that of 3,600 potential recruits applying to the army between 1897 and 1900 at York, Leeds and Sheffield military depots, 26.5 per cent were rejected as unfit and a further 29 per cent only provisionally accepted as 'specials'.[53] These appalling figures were backed up by an official memorandum by the Director-General of the Army Medical Corps in 1903, which described similar figures for the period 1893 to 1902. These reports resulted in the 1904 Inter-departmental

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53. Gilbert, National Insurance, p.83.

Committee on Physical Deterioration. This told the same tale of poverty and malnutrition and recommended medical inspection in schools, school meals and the extension of regulations on sanitation and environment.[54] This is an example of how empirical investigation stimulates other inquiry and adds to the atmosphere of the period. In this case, it helped to stimulate the cry for 'efficiency' which played an important part in forming a climate of self-reassessment in the Edwardian period, so necessary to ease the passing of social reform.

The final point concerning the relationship between official inquiries and policy is a specific one - the question of the connection between the Reports of the Poor Law Commission, published in 1909 and the genesis of the National Insurance Act. The process of 'post hoc, propter hoc' would imply that the reports 'caused' the Act. However, there must be considerable doubt about this.

For example, W.J. Braithwaite maintains in his memoirs, that Lloyd George, the architect of national health insurance, did not start reading the Poor Law Reports until late March 1911.[55] This, however, is evidence only that he himself did not look for details in the Reports. If nothing else, there was certainly Cabinet discussion on the Reports in 1909.[56]

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54. Gilbert, National Insurance, pp.80-1.
55. Braithwaite, Ambulance Wagon, p.136.
56. e.g. 12 February 1909, Cabinet memorandum on Poor Law Reports; MSS HHA 79ff. 137-41; 10 March 1909, Cabinet memorandum on Poor Law Reports, MSS HHA 79, f.163.

Also, while the Reports of the Poor Law Commission were published in February 1909, discussion on 'security' and 'insurance' had been taking place since 1908.[57] This seems to deny the importance of the Reports, but two qualifications should be made. Firstly, details of the insurance schemes still had to be thrashed out by the time of publication and the Reports may have provided some guidance. Secondly, a member of the Commission was none other than the Fabian Beatrice Webb, and the Minority Report reflected the ideas of herself and her husband. In 1908, the Webbs were in close contact with Churchill, at least until he became President of the Board of Trade, and his ideas were based on theirs.[58] Therefore, he was echoing, perhaps, many ideas of the Minority Report - although it is significant that he diverged from it in important respects too.

Conclusions, therefore, on the influence of official investigations on policy are that they were not major factors, although indirectly, they were vitally important in forming the atmosphere of opinion which demanded reform.

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57. See: 4 January 1908, Churchill to A.W. Fox, Churchill, Companion, II, p.759; July 1908, Churchill memorandum, Churchill, Companion, II, pp.827-31; 11 December 1908, Churchill memorandum, Churchill, Companion, II, pp.851-3; 26 December 1908, Churchill to Asquith, MSS HHA 11, ff.239-42.

58. Churchill, however, increasingly acted independently of them after April 1908. See: B.B. Gilbert, 'Winston Churchill versus the Webbs', American Historical Review, LXXI (1966), pp.846-62.

(iii) Sensational journalism

Discussion of the growth of 'awareness' necessitates consideration of the sensational journalism of the 'eighties'. It was different from the surveys of Booth and Rowntree and official inquiries in that it was blatantly propagandist and highly coloured.

In mid-October 1883, the Pall Mall Gazette published the most famous denunciation of conditions in London since Mayhew's London Labour and the London Poor.[59] This was 'The Bitter Cry of Outcast London' by Andrew Mearns. In drawing attention to intolerable living conditions in London, the article was the most influential of a series of sensational articles in the early eighties. Although it did not provide true empirical evidence because of its obvious extremity and bias, it did affect the social conscience It shocked conservative elements from their complacency, notably Charles Booth who determined to test the article's contentions by making a real empirical survey of London.

'The Bitter Cty' was, however, only the most memorable of a number of articles and pamphlets published at this time. It was inherently important but the long term importance lay mainly in the composite effect of the whole body of journalistic literature concerning the social conditions of the working classes. The basis

59. Henry Mayhew, London Labour and the Labour Poor:A Cyclopedia of the Conditions and Earnings of Those that will work, Those that Cannot work and Those that will not work. (London, 1861-2).

on which this acted was theattitude of self reassessment permeating British society in the eighteen-eighties. The shocking revelations stimulated and prepared the ground for the later surveys.

(iv) Personal experience

An indispensable element in empirical considerations is the role of personal experience of social conditions of the poorer sections of late Victorian society. This experience took a number of forms - visits, 'slumming' and 'settlements'.

'Slumming' was a common practice among the more confortable classes in the nineteenth century. It entailed visits to slum areas to witness the living conditions of the masses and was for many a form of adventure and entertainment, at the same time often producing a deep sense of shock and shame. A recent writer has deduced a probable result of this sense of shame or guilt on attitudes to reform:

> there was a miscellaneous group of reformers who did much to mitigate suffering and to shake the complacency of those who regarded themselves as the natural rulers of society. And this was done by a good deal of hard work on the part of these individuals. It could not have been done at all had there not existed some common ethic by which appeal to a given evil or condition could in the long run be demonstrated to require action. Much of what was achieved came as the result of shame at the discrepancy between theofficial moral standards of society and what in fact existed.[60]

'Slumming' performed a social function, therefore, by

60. M. Richter, The Politics of Conscience: T.H. Green and his Age, (London, 1964), p.309.

making people aware of conditions among the lower social classes and nullifying opposition to social reform, if not by turning men into reformers.

Whether or not the Edwardian Liberal leaders indulged in 'slumming', we do not know in most cases. Lloyd George certainly paid a visit to the East End in 1891 and 'was fascinated by the Hogarthian picture of the nasty nineties and appalled by its degradation'.[61] However, this is not so important, for a man could not be a member of the governing classes in those days without being confronted by the 'condition of the people' question and lurid detail to illustrate it.

'Settlements' were another method by which the governing classes could come face to face with the squalor of Victorian England. In 1884, Toynbee Hall was founded by Canon Samuel A. Barnett in Whitechapel. So began the settlement movement, which saw about thirty such houses established by the end of the century, about half in provincial cities. Settlements were institutions set up in the heart of poor districts to which university men might come to live among the poor in order to gain some understanding of them and help them. They provided an opportunity for intelligent members of the governing class to bridge the gap between the two nations and try to convince the poor that someone cared about their lot. By so doing, the

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61. F. Owen, Tempestuous Journey, (London, 1954), pp.63-4.

conditions of the poor were publicised among their social superiors and men who would probably govern them in a few years.

This first-hand experience presents a link with governmental policy which one dare not overlook. For, if one looks at the biographies of men who directed policy on social questions in the Edwardian period, there is evidence that these men very often had settlement experience. William Beveridge, the architect of labour exchanges, was sub-warden at Toynbee Hall between 1903 and 1905. Hubert Llewellyn Smith, the Permanent Secretary of the Board of Trade under Churchill, was a Toynbee Hall resident between 1887 and 1889. W.J. Braithwaite, instrumental in formulating national health insurance, was resident at Toynbee Hall between 1898 and 1903. R.L. Morant, Permanent Secretary at the Board of Education and then Chairman of the National Health Insurance Commission, was resident again at Toynbee Hall in 1895 and 1896. Finally, C.F.G. Masterman, a 'social radical' and junior minister under Asquith, was resident for a time in Cambridge House, in the Camberwell Road and between 1900 and 1906, lived in conditions of poverty in South London.

The importance of Barnett and the settlement house movement, therefore, can hardly be overestimated. But the lingering question is whether the settlement movement was symptomatic of some innate condition of

mind common to the residents, rather than the cause of an attitude of mind, an arousal of social responsibility.

(v) Conclusion

'Awareness' of the social problem, therefore, developed through a number of agencies in the last decades of the nineteenth century. People may have been aware of a social gulf and the condition of the poor for many years, but the late Victorian revelations drove home the parlousness of the life of, at least, one third of the population to most people in society.

Yet, one must not forget that these revelations and the drive to get at the truth reflected the already aroused social consciousness of some members of higher echelons of society. Perhaps then, concern for social reform should be seen in two tiers - those people who were inherently concerned with the condition of the people and those who needed to be urged into reform, to be enlightened on the lot of a huge proportion of the population. It is the latter to whom the significance of 'awareness' as a root of Edwardian social legislation is attached.

III. Foreign Examples

The final empirical aspect to be considered is the role of foreign examples of state-sponsored social security in the growth of opinion in favour of the establishment of a similar British system.

Dicey wrote in Law and Public Opinion:

> English collectivism and socialism owes its peculiar development in England mainly to the success of English trade unionism, but every part of the world is by means of railways and electric telegraph being brought nearer to each other. It may therefore be taken for granted that the progress of socialistic legislation and the trial of socialistic experiments in English colonies, such as the Australian Commonwealth, or in the U.S., or even in an utterly foreign country, such as France, have promoted the growth of collectivism in England.[62]

It cannot be denied that othercountries had passed 'socialistic legislation' in the late nineteenth century. The main example is Germany which, under Bismarck, passed legislation introducing insurance against sickness (1883), accident (1884-5), and incapacity in old age (1889). Other European countries were inspired by the German example and passed their own socialistic measures - Denmark, for example, copied all three German schemes between 1891 and 1898, and Belgium did likewise between 1894 and 1903. There were colonial examples, too, of pension legislation for British legislators to mull over. In 1898, pensions were introduced in New Zealand for people of good character over sixty-five years of age. Similar legislation was introduced in New South Wales and Victoria in 1901, followed by a proposal for pension legislation throughout Australia by the Federal Convention in 1901, which culminated in the Old Age Pension Act of 1908.[63]

62. Dicey, Law and Public Opinion, p. l x v.
63. A. Briggs, 'The Welfare State in Historical Perspective', Archives Europeenes de Sociologie, II (1961), pp.243-4.

It also cannot be denied that British politicians were intensively interested in these schemes and studied them thoroughly. The case of old age pensions is the classic example. In 1898, there was renewed interest in old age pensions because of the 1898 Act in New Zealand. The British government was under heavy pressure to do something and the Board of Trade records show numerous memoranda on old age pension policies in Norway, Belgium, Roumania, Italy, Germany, France and Denmark.[64]

With the Liberal success in 1906, pensions were again in the air and investigation continued. For example, the Asquith Papers contain the Report of the Royal Commission on Old Age Pensions in Australia, which had studied the old age pension schemes of New South Wales and Victoria, and the probable cost of a scheme for the Commonwealth of Australia, and which recommended:

> That Old Age pensions should be provided throughout the Commonwealth and be paid out of the Consolidated revenue.[65]

Finally, there was considerable Cabinet discussion on pensions in 1907. Foreign examples figured in this, notably the Treasury memorandum of 12 April 1907, in

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64. Foreign Office memoranda to the Board of Trade on Old Age Pension schemes in 1898: 4 August 1898, on Germany, 803/98; 10 August 1898, on Denmark, 831/98; 10 August 1898, on France, 834/98; 17 August 1898, on Germany, 865/98; 23 August 1898, on Italy, 879/98; 24 August 1898, on Roumania, 885/98; 9 October 1898, on Belgium, 1005/98; 19 November 1898, on Belgium, 1127/98; 6 December 1898, on Norway, 1179/98. Board of Trade Papers classification: LAB 2/1480/CL and SL.

65. March 1907, Report of Royal Commission on Old Age Pensions, MSS HHA 74, ff.71-74.

which details of schemes and current thought on pensions in Denmark, Iceland, France, Belgium, Italy, Germany, New Zealand, Australia, and Canada, were included.[66]

There was a similar basis for health insurance, but more important were specific missions to Germany to study its scheme. The first visit was by Lloyd George himself in 1908. His intentions are illustrated by a telegram he sent to Asquith on 21 August 1908 from Germany:

> I do not propose approaching anyone on international question. I am confining my investigation exclusively to invalid and other pensions...[67]

The second visit was by W.J. Braithwaite in December 1910 and was followed by a confrontation with Lloyd George at Nice on 3 January 1911, which, according to one historian, marked the birth of the Welfare State.[68]

There were no foreign examples to act as a basis for unemployment insurance in 1911. However, labour exchanges, which formed an integral part of Churchill's unemployment insurance scheme, had a background of foreign schemes.[69] A memorandum by Churchill to the Cabinet on 27 January 1909 summarises the notice which had been taken of foreign developments:

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66. 12 April 1907, Treasury Memorandum, CAB 37/88/44.
67. 21 August 1908, Telegram: Lloyd George to Asquith MSS HHA 11 f.176.
68. A.J.P. Taylor, 'Lloyd George - his rise and fall' Leslie Stephen Lecture (1961) (Cambridge, 1961) p.7.
69. e.g. 'Papers showing information to be collected by Mr. W.H. Dawson respecting Labour Registries in Germany', 745/1905, LAB 2/1564/CL & SL.

> The United Kingdom is now coming to stand almost alone among important European countries in the want of attention paid to the question of public Labour Exchanges. In the Report upon agencies and methods for dealing with the Unemployed in Foreign countries, issued by the Board of Trade in 1904, special attention is drawn to the very considerable extensions of Labour Registries in the last few years in Germany, Austria, Switzerland, France and Belgium. To this list may be added now Norway.[70]

All this seems to lead to the conclusion that foreign examples, particularly the German one, were of vital importance in the establishment of the Edwardian Welfare State. This view is confirmed by speeches of Churchill and Lloyd George, the politicians responsible.

While Churchill was saying 'thrust a big slice of Bismarckianism over the whole underside of our industrial system',[71] and 'we may profit by the example of Germany',[72] Lloyd George was maintaining:

> all we have now left to do in order to put ourselves on a level with Germany - I hope our competition with Germany will not be in armaments alone - is to make some further provision for the sick, for the invalided, for widows and orphans.[73]

However, it must be realised that foreign schemes remained nothing more than examples. For example, in the House of Commons in May 1909, Churchill

70. 27 January 1909, Churchill memorandum, CAB 37/97/17 f.114. This memorandum was based on an earlier one by Churchill (July 1908) which itself had its origins in one by Beveridge.
71. 29 December 1908, Churchill to Asquith, Churchill, Companion, II, p.863.
72. 19 May 1909, House of Commons; Churchill, Liberalism, p.259.
73. 29 April, 1909, House of Commons; Lloyd George, Better Times, p.72.

acknowledged the debt labour exchanges owed to Germany, but maintained that he aimed to improve one the German system, which was mainly municipal in scope.[74] Also, Lloyd George says in a Cabinet memorandum that his plan for health insurance differed from the German scheme in a number of respects,[75] a statement which is backed up by Braithwaite who points out that the two schemes had different foundations:

> their legislation was imposed upon an almost clear field. Ours was superimposed upon a great variety of existing institutions.[76]

The historian should, therefore, be wary of how much influence they accredit to foreign examples. Schemes in other countries may increase pressure on politicians and provide evidence of the feasibility of certain details, but this is the most one can say.

IV. Conclusion

Conclusions surrounding the role of foreign example in the genesis of Edwardian Liberal social legislation are in microcosm conclusions on the whole field of empirical aspects of the reform. As foreign examples stayed no more than examples, so empirical elements - experience, growing knowledge - remained merely component parts of the opinion-forming process. The

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74. 19 May 1909, House of Commons; Churchill, Liberalism, pp.259-60.
75. 30 March 1911, Cabinet memorandum 37/106/40, MSS HHA 105, f.16.
76. Braithwaite, Ambulance Wagon, p.82.

inadequacies of nineteenth century remedies at the end of the century, the shocking revelations of poverty, and foreign examples of solutions resulted in a cumulative feeling favourable to reform. But by itself, this feeling would probably not result in reform. Other factors were essential to interact with opinion and catalyse it into reform.

CHAPTER III. IDEOLOGICAL ASPECTS

The ideological aspects of the genesis of Edwardian Liberal social reform cover the whole spectrum of abstract thought on society. They range from the pure political philosophy of Mill and Green, on the relationship between the State and the individual, through to ideas of 'national efficiency' and 'social-imperialism', based on the reality of the state of the nation and Empire in the early twentieth century.

The importance of these philosophical and ideological considerations is that they formed an integral part of the environment of the day. Indeed, they were as much part of the Edwardian atmosphere as economic problems, the rise of the Labour Party or the revelations of private and official inquiries. But the effect of this environment of thought on Liberal leaders is inevitably speculative and inconclusive, because it is difficult to say whether statesmen were acquainted with these ideas and almost impossible to ascribe to ideas their actual role in the thought processes of politicians.

However, there must be some attempt to draw conclusions on the relationship because of the undeniable fact that political philosophy did change in the nineteenth century and new ideas did spring up

around the turn of the century, all this being coincident with a change of the nature of social legislation.

I. The State and the Individual : Bentham, Mill and Green

(i) The Background

In the nineteenth century, ideas on the relationship between the state and the individual were constantly in the process of revision. The background to this modification by successive generations of political philosophers was the tradition of state non-interference in society. Hitherto, the main functions of the state had been the securing of national defence, the maintenance of public order, the administration of justice, and the protection of property. There had also been some limited paternalistic interference in social and economic matters - the protection of agriculture and mercantilist restrictions on trade - but relatively little compared with twentieth century developments.

At the turn of the eighteenth century, attitudes to the State and the individual stressed two factors - governmental non-interference and individualism, based on the doctrines of natural rights and economic liberalism. The philosophy of natural rights said that man had certain natural rights which must be protected and not violated by the State. Man should

be able to freely exercise these rights and not interfere with the rights of others. This individualism is extended to the economic liberalism of men such as Adam Smith which, in superseding mercantilism, assumed a natural economic man - self-seeking, intelligent and well-informed in pursuing his own economic interest - and a natural immutable economic order. Prosperity for the individual and society would result from the component atoms of the natural order following their own economic interest without disruption. Philosophy, of course, is never mirrored in practice and, of necessity, precedes practical application. For example, the old mercantilist traditions of the seventeenth and eighteenth centuries lingered well into the nineteenth century, long after the death of Adam Smith. But the prevailing ethos of early nineteenth century legislators seemed to be increasingly one of economic liberalism and individualism.

The nineteenth century saw philosophical developments which tended to make anachronistic the belief that individualism and progress is equated with, and dependent on government non-intervention. New criteria for judging the validity of action by the state were introduced to supersede the doctrine of natural rights. Nineteenth century developments demonstrated that the state had a larger role to fulfil in industrial society than its traditional functions. It could still maintain individualism, but by positive state action, rather than

'laissez faire'.

The basis from which late nineteenth century political philosophers worked was 'Benthamism' (or 'Philosophical Radicalism', or 'Utilitarianism'.) This involved, as a criterion for government action, the principle of 'utility' - the 'greatest happiness principle' - which stated that the best government was that which was most effective in increasing the total of pleasure for the largest number of people. This maximisation of happiness for the maximum number of people was the rule by which governments should take action and by which existing institutions should be improved. To Jeremy Bentham and his disciples, in politics, this meant annual parliaments, manhood suffrage and the abolition of privilege; in economics, economic liberalism; and in social concerns, a new poor law, public health regulations and legal simplification.

Benthamism was intensely individualistic in interpretation, for the common assumption in early nineteenth century England was that progress of society depended on the free play of economic and social forces, unfettered by state regulations. This attitude was taken directly from the doctrines of Adam Smith and explains why, to Benthamites, the 'utility principle' generally assumed 'laissez faire'. To them, the greatest happiness of the greatest number would be attained if the State confined itself to its minimum traditional functions and each man, seeking his own pleasure or profit, promoted the general good.

However, this is only half the story, for in the utility principle lay an inherent excuse for state intervention, should the idea of laissez faire be discredited or should greater realisation occur of the needs of an industrial society. Indeed, the Benthamites themselves accepted that there ought to be state intervention in some social matters. Particularly, there was the case of Edwin Chadwick and the public health movement. As Secretary of the Poor Law Commission, Chadwick became aware of the health and living conditions of the poor. In line with the greatest happiness for the greatest number idea, he advocated regulations on the public health, because the existing state of sanitary conditions in the towns threatened the public interest. He reasoned that the reduction of disease would result in two developments - a decline in poor law expenditure and the protection of the health of society. Thus, here we have a Benthamite advocating state interference in line with the utility principle. The rest of the century saw almost continual development of this same idea.

John Stuart Mill was a Utilitarian in the Benthamite sense in his early years, but, by the middle decades of the nineteenth century, had realised the inadequacies of the Benthamite philosophy. Therefore, he developed a philosophy expressing an adherence to Benthamite principles, but, at the same time, a modification of them.

He maintained the 'utility' criterion for State

intervention and was intensely individualist in that he saw the permanent welfare of the public as being directly related to the individual's ability to exercise his right to liberty within society. His liberalism accepted political and social freedom as elements of a good society, because, to him, freedom was the proper condition of the responsible human being. A good society is one which permits freedom and opens up the opportunity for free and satisfying ways of life.

From these premises, Mill restated the role of the state in modern society - the state's function was not negative but positive, as legislation should create, increase and equalise opportunity for individuals within society and preserve and extend to more persons those conditions which make life more humane. Mill, therefore, breached the 'laissez faire' assumptions of the earlier utilitarians by advocating reforms, such as popular education, and championing causes, such as trade union organisation, in order to allow individuals to progress with improved minds and a more equal opportunity to make the most out of society. The increased prosperity and progress of the individual elements in society would cumulatively mean the progress and prosperity of the whole.

In the period from about 1880 to 1914, the most important Liberal philosopher was T.H. Green. He was a member of the 'Idealist' school, which contained

other notable philosophers such as F.H. Bradley and Bernard Bosanquet.

The Idealists developed a theory based on the assumption that individual self-development and social progress was the aim of society, and state intervention did not preclude this. Their theory was called 'idealist', because it attempted to define and judge man and his institutions according to their ideal nature rather than their actual appearance. Green himself based his ideas on the premise that this real nature should be allowed to develop by the removal of all restrictions which law can remove.

This, in fact, was an extension of the utilitarianism of Bentham and Mill. The development of the individual and the progress of society were the aims. The difference came in the replacement of the idea of 'pleasure maximisation', as the criterion of state intervention, by moral obligation on the part of the individual and the state. The onus for individual development was placed on the individual himself, while it was up to the State to remove such hindrances to his progress and make social conditions more conducive to development.

The implication of this was 'collectivist' legislation and in the doctrine is a justification of Disraelian Toryism and New Liberalism. Green's biographer argues that Green did not explicitly propose

a theory of state intervention.[1] Rather he protested against the dogmatic and abstract statements of the older form of Liberalism, which seemed to imply that the government was bound to remain impotent in the face of flagrant evils and obstacles to progress. However, this seems pedantic, for implicit in Green was justification for governmental action to promote social progress. It matters little whether or not there was an explicit statement of it.

By studying Bentham, Mill and Green, we can see that there was a growing justification of 'collectivism' in liberal thought throughout the nineteenth century. Of course, these men were not the only philosophers and, in fact, there were developments contrary to this main stream of thought.

The most important example of this was Herbert Spencer, who proposed a theory of social evolution based on the premises of Darwin's 'Origin of the Species. This theory was reactionary in that it advocated a very narrow individualism and the barest minimum of functions for the state. Individualism and economic liberalism were moulded in a theory of natural selection and the survival of the fittest, and the result applied to human progress. Human society should be allowed to function as in a state of nature, free from state interference, organised charity and the like. Degeneration of society would

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1. Richter, Politics of Conscience, pp. 341-2.

result from theunfit being allowed to exist beyond the limits prescribed by nature. Spencer, however, was outside the main current of thought in the nineteenth century and, taking little account of humanity, social conditions and political reality, found himself out on a limb.

(ii) The Influence of Social Philosophy on the Edwardian Liberals

At Glasgow, in October 1906, Churchill made a speech in which he voiced typical 'new Liberal' philosophy on the role of the State and the individual:

> It is not possible to draw a hard-and-fast line between individualism and collectivism... No man can be a collectivist alone or an individualist alone. He must be both an individualist and a collectivist. The nature of man is a dual nature. The character of the organisation of human society is dual... For some purposes he must be collectivist, for others he is, and he will for all time remain an individualist. Collectively we have an Army and a Navy and a Civil Service; collectively we have a Post Office, and a police, and a Government; collectively we light our streets and supply ourselves with water; collectively we indulge increasingly in all the necessities of communication. But we do not make love collectively, and the ladies do not marry us collectively, and we do not die collectively, and it is not collectively that we face the sorrows and hopes, the winnings and the losings of this world of accident and storm. No view of society can possibly be complete which does not comprise within its scope both collective organisation and individual incentive. The whole tendency of civilisation is, however, towards the multiplication of the collective functions of society.[2]

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2. 11 October 1906, Glasgow; Churchill, Liberalism, pp.79-80.

This not only expresses the collectivist attitude which found legislative expression in the reforms between 1906 and 1911, but also explicitly states the importance of the individual. The whole expresses the direction of liberal thought in the nineteenth century and the point it had reached by the middle of the Edwardian period.

The problem is to discover whether or not there was a direct link between the evolving social philosophies and the socialistic legislation of the Edwardian Liberals. Of course, philosophy might have an indirect effect on policy through the political conditions of a period, for, in creating opinion with other factors, such as Booth's revelations, it might result in an unstoppable momentum for reform. Direct effects are less easily determined, however, and have recently resulted in controversy. This controversy is centred on the administrative changes in the nineteenth century, the so-called 'Revolution in Government'. One school of thought describes the changes as the result of a pragmatic approach to government,[3] while another school makes allowances for the influence of Benthamism.[4]

However, it is the late nineteenth century and the 'new Liberals' with which we are concerned, not the first half of the century. The philosopher in this period who probably had the greatest influence -

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3. MacDonagh, Historical Journal, I.
4. Parris, Historical Journal, III; Hart, Past and Present, XXXI.

if philosophers had any effect at all - was T.H. Green. But, by considering mainly the role of Green, it does not follow that other philosophers, especially the more important of the earlier ones, had no influence on the Edwardian Liberals. For example, in the Asquith Papers, there is a note in typescript on '10, Downing Street' paper, containing an excerpt from Mill on rent.[5] This can mean absolutely nothing, but it does indicate that it is unwise to presuppose that Green was the only philosopher to influence Edwardian Liberals.

Green's biographer testifies that between 1880 and 1914, few, if any, other philosophers exerted a greater influence upon British thought and public policy than T.H. Green. His liberal version of 'Idealism' superseded Utilitarianism as the most prominent philosophical school in the universities and, from the universities themselves, there came a stream of serious young men dedicated to reform in politics, social work and the Civil Service.[6] This is the justification for considering Green and his influence specifically.

The man among the Edwardian Liberals whom one might suspect of being mostly affected by Green was Asquith himself. When Asquith was at Balliol in the 'seventies, Green was his tutor and they quickly

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5. Date uncertain, possibly 1909, Extract from Mill on rent, MSS HHA 92, ff.115-6.
6. Richter, Politics of Conscience, p.13.

became mentors and friends. But Asquith later wrote:

> Between 1870 and 1880 Green was undoubtedly the greatest personal force in the real life of Oxford. For myself, though I owe more than I can say to Green's gymnastics, both intellectual and moral, I never worshipped at the Temple's inner shrine.[7]

If, in this case, it is impossible to claim any direct effect of Green's abstract ideas in the making of history, there seems little chance of attributing great direct influence by Green on other Edwardian Liberals. The evidence just does not exist for the vast majority of these men being acquainted with Green, his disciples or his work. Lack of evidence does not necessarily justify the conclusion that Green had no effect, but it makes one wary of, firstly, describing Green's philosophy and the Edwardian Liberal reforms and then drawing conclusions about a direct relationship between them.

Richter himself speaks of Green's reputation being at its zenith between the posthumous publication of his lectures (1888) and the First World War because people from all parts of the establishment were acquainted with his ideas. But he then says:

> Certainly no other political philosopher was more important during this period, but the number of his readers indicates that the technical quality of Idealist language and concepts put a limit on his influence, which in any case was only one of the forces operative at that time. Although Green's formulae were in some form adopted by many who did not know him directly, there is no accurate way of determining their contribution to legislation.[8]

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7. Asquith, Memories and Reflections, I, p.2.
8. Richter, Politics of Conscience, pp.294-5.

With this rather inconclusive argument on the influence of Green on Liberal leaders, it is worthwhile to refer again to the early nineteenth century and the influence of Benthamism to look for a possible conclusion. In criticism of the pragmatic school, one writer has concluded:

> It is surely nearer the truth to hold that ideas can influence people who are unconscious of their origin, by becoming part of the general climate of opinion, than that they cannot... The criteria of 'reading the works' or of 'hearing the name' are therefore improper criteria by which to assess influence.[9]

This is perhaps the only definite conclusion on the role of philosophy - and this cannot be measured. Philosophy was a component factor in a larger whole, the climate of opinion among the thinking sections of the political nation. The influence of philosophy on policy is, therefore, indirect and directly dependent on the strength of other factors and the state of political society.

II. The Fabian Society

Socialist ideas of various colours erupted in British politics in the last quarter of the nineteenth century. Of course, ideas of a socialist nature had abounded for many decades, even centuries, but from about 1880 socialist groups multiplied and were in a continuous state of flux. The ethos of socialism

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9. Hart, Past and Present, XXXI, p.45.

and socialistic ideas, seemed to be growing more powerful, almost inevitably, because of the changing social and political values.

Socialistic organisations of the post-1880 period included the Social Democratic Federation (1884), the Socialist League (1884) and the Independent Labour Party (1893). But it is not this aspect of Socialism with which we are concerned here. The question at issue at the moment is the ideological contribution of Socialism to the 'New Liberalism', not the threat to Liberalism and the political pressure applied by organised Socialism. Thus, we are not specifically concerned with the extra-establishment Socialist groups like the S.D.F. and the I.L.P, but rather with the Fabian Society, which was relatively respectable and, indeed, was on the fringe of the establishment itself.

The Fabian Society was a group of middle-class intellectuals, notably the Webbs, Graham Wallas, George Bernard Shaw and H.G. Wells. It had its roots in an organisation of libertarian idealists called the 'Fellowship of the New Life', whose interests were moral rather than political. But the intellectual leadership of Shaw and Webb steered the Fabian Society into a well-organised political pressure group. It did not aim to be the basis of an independent political party, but preferred the policy of 'permeation', that is, the winning over to their policies of the men in power. Direct political action was not precluded but,

in fact, was only expressed at the local level, especially in London where Fabians formed the backbone of the 'Progressives', who were in control in the 'nineties. The essence of the problem of determining the influence of the Fabians on national political society is discovering the success of the policy of 'permeation'.

'Permeation' is evidence of a distinct moderation, even conservatism, about the Fabians. They were the Utilitarian successors of Bentham and Mill, evidenced by their basic principle, which was a socialist interpretation of the 'greatest happiness principle':

> The members of the society assert that the Competitive System assures the happiness and the comfort of the few at the expense of the suffering of the many and that society must be reconstituted in such a manner as to secure the general welfare and happiness.[10]

To the Fabians, the capitalist system must be altered, but not by Marxist revolution. 'Gradualness' was to be the key to this development of society and it would be achieved through the conventional constitutional framework.

Fabian ideas were geared essentially to the concept of a socialist state and welfare legislation was purely incidental to this. However, welfare legislation was as integral a part of the evolution of the socialist state as redistributive taxation and the public ownership, and so the Fabians developed the idea of the 'National Minimum Standard' as its basis.

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10. Quoted in C.B. Cox and A.E. Dyson (ed.), The Twentieth Century Mind, (London, 1972), I, p.122.

The national insurance legislation and the old age pension legislation of the Edwardian period embodied this idea of a 'national minimum'. The problem comes in deciding the exact relationship between the Fabians, most especially the Webbs, and the Liberal leaders.

The Fabians were closely connected in the early years of the twentieth century with three men who were, or became important Liberal leaders - Lord Rosebery, R.B. Haldane and Winston Churchill. The association with Rosebery can be ignored for the present, because it centred on the quest for national efficiency and, in any case, Rosebery had slipped into the shade as a Liberal leader by 1906 and had little to do with the Campbell-Bannerman and Asquith ministries.

Haldane was an old personal friend of Sidney and Beatrice Webb, having known them both from the early 'nineties.[11] Over the years, he became gradually more and more imbued with Fabian ideas, though not without a struggle. Mrs. Webb wrote:

> When we are together we are constantly discussing hotly. He has been converted in a vague metaphysical way, to the principles of collectivism. But whether it is that his best brains are given to his professional work, or whether it is that he is incapable of working out or even fully comprehending concrete principles, he never sees the right side of a question until you have spent hours dinning it into him.[12]

However, so indoctrinated, Haldane was a Webbian agent in the higher echelons of the Liberal Party, especially important after its accession to power in 1905.

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11. B. Webb, Our Partnership (London, 1948), p.97.
12. Webb, Partnership, p.98.

It would be wrong to assume that Haldane forgot his education in social reform and collectivism after being appointed Secretary for War. At the War Office, he was responsible for important army reforms, but he still retained his interest in the social question and the Fabian alliance. Thus, in late 1907, Haldane was sending Asquith letters and papers he had received from Sidney Webb concerning pensions.[13] Haldane had proved to be an energetic channel for Fabian Socialism, but the more important figure to the Webbs was Churchill.

Churchill had not known the Webbs as long as Haldane. Since 1901, however, he was certainly in contact with members of the Fabian Society, notably H.G. Wells and the Webbs.[14] This alliance with the Fabians was consolidated over the next few years by Churchill's regular visits to 41, Grosvenor Road for dinner, during which Fabian ideas and concepts were discussed.

Churchill was a rebel and sympathetic to collectivism by the time he was in a position to do something about the social question in 1908. As early as October 1906, he was speaking of 'minimum standards'[15] and was obviously

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13. 17 December 1907, Haldane to Asquith, MSS HHA 75, f.131. Haldane enclosed, in this letter, a memorandum by Sidney Webb on pensions and a letter from Webb (S. Webb to Haldane, 12 December 1907).
14. Since 1901, Churchill had at least been corresponding with Fabians. See: 19 November 1901, H.G. Wells to Churchill, Churchill, Companion, I, p.97; 14 July 1903, B. Webb to Churchill, Churchill, Companion, I, p.213.
15. 11 October 1906, Glasgow; Churchill, Liberalism, p.81.

thinking of ideas he had gleaned from the Webbs, despite his political preoccupation with colonial affairs. He was, in fact, an ideal subject for Fabian cultivation - he was a politician, dissatisfied with what he saw in society, apprehensive of the political consequences for himself and his party of ignoring the social question, and ready to absorb a politically feasible policy. The Webbs took advantage of this state of mind and gradually instilled their ideas in Churchill's receptive thought processes.

The peak of their influence came in the spring of 1908 when Churchill was on the brink of Cabinet office. First of all, they introduced him to William Beveridge, a Fabian protege whose particular goal at this time was the establishment of a national system of labour exchanges. Churchill, as President of the Board of Trade, was later to recruit Beveridge and give him the responsibility for organising such a system. Secondly, March saw a famous article by Churchill entitled 'The Untrodden Field of Politics',[16] which was a mere regurgitation of Sidney Webb's schemes. Thus, Mrs. Webb commented:

> Winston Churchill dined with us last night, together with Masterman, Beveridge, Morton: we talked exclusively shop. He had swallowed whole Sidney's scheme for boy labour and unemployment, had even dished it up in an article in 'The Nation' the week before.[17]

But this influence was illusory. Sidney Webb did

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16. 'The Untrodden Field of Politics', The Nation (7 March 1908).
17. Webb, Partnership, p.404.

continue to meet Churchill and send him memoranda, and Churchill did follow a policy of labour exchanges and unemployment insurance. But the end product of social organisation was fundamentally different from the Fabian schemes. Sidney Webb sent Churchill a memorandum in December 1908 which read:

> ... my wife and I had come to the conclusion that Compulsory Insurance was impracticable unless we had a Compulsory Labour Exchange; and that, along with a Compulsory Labour Exchange, Compulsory Insurance was unnecessary... We cannot help thinking that the Compulsory Labour Exchange, plus subsidised Voluntary Insurance, and Maintenance under disciplinary Training for uninsured men in distress, solves more difficulties than Compulsory Insurance, plus a Voluntary Labour Exchange. And we cannot help believing that it will prove more difficult to get the employers and the Trade Unions to consent to Compulsory Insurance than to a Compulsory Labour Exchange.[18]

These ideas were dramatically opposed to Churchill's schemes for voluntary labour exchanges and compulsory national insurance for specified trades, embodied in the 1909 Labour Exchanges Act and Part II of the National Insurance Act of 1911.

Churchill, therefore, ditched the Fabian ideas. Apart from political considerations, this 'betrayal' of the Webbs arose from Churchill's character and personal ideas on policy making. He was a man with great political energy and the Webbs were influential in turning it towards the social question. But this did not create any sense of obligation or dependence in Churchill, who saw the policy-formulating process as

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18. 13 December 1908, memorandum from S. Webb to Churchill, Churchill, Companion, I,pp. 853-4.

the consideration of ideas from various sources and appropriating, modifying or rejecting them. The Webbs were a very useful basis from which to build a policy of social organisation - but they were not to be allowed to dictate policy.

Churchill was the brightest hope the Webbs had of influencing social reorganisation along Fabian lines. They had lost him, indeed probably never had him, and this meant their ideas were doomed to failure in the Edwardian period, for most other Liberals distrusted them intensely. Moderate collectivists like Asquith were always suspicious of Fabian Socialism, especially after the 1909 Minority Report with its authoritarian, penal overtones and moral content. With the Liberal establishment and, especially, Asquith hostile, the advancement of Fabians was often impeded and their ideas looked at very warily. For example, in 1909 it was felt highly likely that the Fabian sympathiser, R.L. Morant would be created secretary to the Local Government Board - but Asquith squashed any idea of this and a more acceptable person was appointed.[19]

Also, the most important 'Radical' of them all, Lloyd George, had little use for the ideas of the Webbs and adopted an alternative plan of social reorganisation to that embodied in the Minority Report. He regarded many Fabian ideas, especially the concept of training centres and detention colonies, as personally distasteful and politically impracticable.

19. Searle, National Efficiency, p.251.

His Health Insurance plan involved specific opposition to Fabian doctrines. His aim was to improve the living standard of the British people by preventing poverty which was caused by sickness. To Fabians and many advanced health thinkers, however, sickness was the evil that poverty caused and so poverty endangered the public health. This difference of priorities resulted in a great furore around the 1911 Health provisions, but Fabians were not the people with power and that is what counted.

This, in fact, is the essence of the conclusions historians must reach on the influence of the Fabians on the Liberal legislation between 1906 and 1911. Their theory of 'gradualness' was not unattractive to many people, but their political policy of 'permeation' meant they could only wield political power indirectly. Thus, their ideas depended for their practical application on prevailing social and political conditions and the individual personal predilections of government ministers. In fact, the Webbs, especially, did have an important part to play in the Welfare legislation, in that they stimulated Churchill to action on the problems surrounding unemployment. But in the last analysis, we must conclude that the effect of the Fabians on the legislation of the Edwardian Liberals was limited.

III. Social-Imperialism

'Social-Imperialism' is the name given by twentieth century historians and social scientists to the resultant

ideology of the relationship between social policy and the concept of Empire. For the late Victorian period, it specifically means the attempt on the part of the governing classes to provide a mass base for imperialism and so strengthen the bonds within an imperial society.

According to the historian of social-imperialism in the late nineteenth century,[20] the classis example of social-imperialism is to be found in Bismarckian Germany. Socialism was a potentially disruptive threat to German unity in the last quarter of the nineteenth century, so there was an impetus on Bismarck to develop a policy which would undermine the attractiveness of socialism. This was done partly by anti-socialist legislation and partly by a more positive social-imperialist policy - in 1879, he introduced a tariff to protect agrarian interests, promote the growth of heavy industry, and result in greater employment and higher wages; and between 1883 and 1889, he set up a system of state-sponsored social insurance. The whole system of 'state socialism' provided a real workable alternative to the remote ideas of the Socialists and succeeded in attracting the mass of Germans to the national, imperial interest.[21]

Semmel shows also that such a system was not peculiar to Germany and the Iron Chancellor. He notes

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20. Semmel, Imperialism and Social Reform.
21. Semmel, Imperialism and Social Reform, p.23.

the change in working class attitudes to imperialism in Italy between 1896 and 1911, and ascribes this to Giolittian social reform.[22] All this then makes investigation of the British situation necessary, for Britain also saw a rise in Socialist fervour and official interest in imperial affairs in the last quarter of the nineteenth century, developments which were soon followed by important social reform.

Certainly there was a school of thought in English political society, which attempted to link social reform and the Empire, and even advocated German methods - protection and welfare legislation. This school surrounded Joseph Chamberlain and the Tariff Reform League.

Chamberlain had realised by the early years of the twentieth century that closer military or political union between the United Kingdom and the Empire, especially the dominions, was hopeless and his only chance for close union lay in the economic field. Tariff Reform, therefore, became the alpha and the omega not only of his imperial policy, but of his very political existence. However, there were inherent obstacles in his proposals, the main one being the fact that tariffs conjured up pictures of the 'small loaf' in many people's minds. A programme had to be devised which would lure such people from their apprehension into the Tariff Reform Camp.

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22. Semmel, Imperialism and Social Reform, p.25.

This programme was outlined in the House of Commons in the third week of May 1903 and embodied promises in the German fashion. On 22 May, Chamberlain spoke in the debate on old age pensions and gave the impression that pensions depended on the introduction of tariffs.[23] Then on 28 May, in the debate on the fiscal question, Chamberlain promised that tariffs would result in higher wages, social reform, protection for agriculture and retaliation against 'dumping'.[24] Tariff Reform was, therefore, acting as a crucial link between imperial development and social reform.

But it is the Liberal Party with whom we are mainly concerned, for it was they who introduced the pensions and insurance legislation. Chamberlain and Tariff Reform may have helped to mould the political environment, but it was the Liberal Party leaders who were in power and had the responsibility for taking the crucial decisions.

The first question to be answered is whether or not the Liberal leaders were 'imperialists'. The Liberals were a heterogeneous conglomeration of men of various opinions, but a trait among the younger Liberals in the late nineteenth century was a concern for the Empire. There are exceptions, notably Lloyd George and John Burns, but on the whole, the vast

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23. J. Amery, Joseph Chamberlain and the Tariff Reform Campaign : The Life of Joseph Chamberlain, (London, 1969), V, p.227.
24. Amery, Joseph Chamberlain, V, pp.233-4.

majority of responsible politicians were interested in the future of the Empire. Artificial distinctions may be made from time to time, for example, the 'Liberal Imperialist' group in the Boer War, but these are purely transitory, except perhaps in the minds of some historians. The Empire was probably the greatest in the world, certainly the most widespread, and politicians, no matter what their ilk, found this an undeniable fact. They may loath imperialism in itself as antagonistic to peace and the social welfare of the people, but at the same time they could be concerned for the Empire as it existed - John Morley is a major example of this, for he was a great anti-imperialist,[25] yet a competent, reforming Secretary of State for India between 1905 and 1910.

However, despite the fact of the importance of the Empire to politicians, it cannot be denied that Lloyd George had scant regard for it at this time. He was a man of the people, preoccupied with the social question at home. There is no evidence to suggest that imperial questions figure largely in his social policy. However, like Bismarck, he showed an awareness of the threat of Socialism to the socio-political system of his country. This Socialist threat is distinct, first of all, from that of organised labour and, secondly, from the threat of Socialism and the Labour Party to the future of the purely sectional Liberal Party. The national well-

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25. Hamer, John Morley, pp.321-7.

being and threat of national disruption and social upheaval are the important issues here.

In a most revealing speech at Madeley on 1 November 1907, Lloyd George pointed to the difference between Socialism and Labour and indicated current fears of Socialism and their justification:

> They (Tories) were confining themselves to Socialism. Well, he had no objection to their doing that, but they were exaggerating it... For the attention that they gave to it, one might imagine that Socialism was about to cause a great revolution in the country, that the world was to be turned upside down, that everything was to be nationalised, and that private property was to be abolished. There were only five Socialists in the House of Commons; what were they among so many? The Labour Members were not Socialists and they assisted the Liberal Party to carry out practical measures... Toryism got those fits now and again. It was always seeing bogeys... Today Socialism is the bogey... There were indications of some terrible unrest beneath the surface of our national affairs, and, unless something was done, the rapids would sweep everything to destruction. All those difficulties, that unrest, that talk about Socialism, was merely the swirl on the surface of the stream; the real unrest was beneath.[26]

Despite the meoldramatic extremity of the latter part of the speech, Lloyd George has made some interesting points useful to the historian studying politics and society in the Edwardian period.

First of all, he shows the fear of Socialism which spread like wild fire through the Conservative ranks especially in the early years of the twentieth century. This was accentuated by the Labour

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26. 1 November 1907, Madeley; Reported on 2 November 1907 in the Wellington Journal and Shrewsbury News, MSS LG B/5/1/30.

Representation: Committee's success in the 1906 General Election which prompted Balfour to write:

> If I read the signs aright, what has occurred has nothing whatever to do with any of the things we have been squabbling over the last few years. C-B is a mere cork dancing on a current which he cannot control, and what is going on here is a faint echo of the same movement which has produced massacres in St. Petersburg, riots in Vienna and Socialist processions in Berlin.[27]

Lloyd George denied any justification for fear from the Socialists, but, in doing so, he was recognising the existence of such a feeling and, perhaps, was attempting to allay his own fears too.

This leads directly on to the second point - Lloyd George showed a realisation in the last part of his speech of a disequilibrium within British society, manifesting itself in Socialism rather than being the result of it. Social upheaval was possible unless something was done to stop it. In this respect then, Lloyd George was showing concern for the stability of the United Kingdom, if not the Empire. We must allow for Lloyd George's common histrionics of speech, nevertheless we cannot deny that society had been undergoing dramatic change in the nineteenth century and severe pressures were being put on the traditional framework giving some foundation to his assertions.

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27. 17 January 1906, A.J. Balfour to Lady Salisbury; quoted in Rowland, Last Liberal Governments, p.28.

However, we cannot really call this policy 'social-imperialist'. Assuming his revelations in 1907 to have affected his ideas on policy, the best we can say is that Lloyd George's policies had 'national' roots rather than imperial. This is not surprising for at this time Lloyd George was almost completely indifferent to the Empire. We must look elsewhere for the true 'social imperialist' outlook.

Semmel concludes that interest in imperialism and social reform was widespread in England in the Edwardian period and, although social imperialist ideas were not stated explicitly by the Edwardian Liberals, the welfare legislation did have social imperialist aspects of advocating the necessity of a strong United Kingdom and healthy imperial race.[28] However, in doing this, Semmel is moving from the definition of social-imperialism and impinging on 'national efficiency' ideas. The confusion of the two concepts necessitates a discussion of 'national efficiency' in the early twentieth century and the social imperialist aspects which formed an important part of it.

IV. 'National Efficiency'

There is no need to go into great detail about the concept of 'national efficiency' because a recent writer has dealt with it most comprehensively.[29]

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28. Semmel, Imperialism and Social Reform, p.28.
29. Searle, National Efficiency.

The relationship between the 'efficiency' school and the welfare legislation of the Liberals is the specific theme of this section.

Basically, the argument runs that because of military and economic decline - relatively, if not absolutely - there arose a school of thought which aimed at a national re-assessment and the exposition of ideas for promoting national efficiency. Such self-criticism and optimism for a better future is a common enough occurrence in times of difficulty, and the late nineteenth century was one such time, when Britain was shaken out of her complacent belief in her supremacy into a realisation of the threats of modern international society.

The Spectator typified British sentiment when it wrote in 1902:

> At the present time, and perhaps it is the most notable social fact of this age, there is a universal outcry for efficiency in all the departments of society, in all the aspects of life. We hear the outcry on all hands and from the most unexpected of persons. From the pulpit, the newspaper, the hustings, in the drawing room, the smoking room, the street, the same cry is heard: Give us Efficiency or we die.[30]

Relativity was perhaps the crucial factor in the crisis of confidence in Britain, because Britain had been used to certain economic, political and military standards in the nineteenth century which became more and more difficult to maintain as the century progressed.

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30. Searle, National Efficiency, p.1.

Yet this did not mean that Britain declined absolutely, rather that it did not maintain the differential between itself and otherpowers, especially Germany.

Britain's position as a great power was threatened militarily and economically by the growing super-states of Germany and U.S.A. Britain was never a great military power on land, something which became all too obvious, at the turn of the century, by the humilitations of the Boer War. Hitherto, she had compensated for this by trying to maintain a 'Two Power Standard' at sea. However, German industrialisation threatened this situation and the standard became harder and harder to maintain.

In fact, it was the growth of economies and technologies outside Britain which was at the root of her problems and the crisis of confidence. In the middle of the nineteenth century, Britain produced about two-thirds of the world's coal, half its iron, five sevenths of its steel, half its cotton cloth and about forty per cent of its hardware. In 1870 Britain's overseas trade still exceeded that of France, Germany and Italy combined. But, in the last quarter of the century, U.S.A. and Germany both threatened Britain's supremacy. - in the nineties both surpassed Britain's output of steel; between 1883 and 1913 the share of world trade in manufactured goods in British hands dropped from 37.1 per cent to 25.4 per cent, while Germany's rose from 17.3 per cent to

23 per cent, and U.S.A's from 3.4 per cent to 11 per cent; and, ominously for the future, Germany and U.S.A. produced new products such as electrical goods, chemicals and cars while Britain floundered in old staples - cotton, coal and iron and steel.[31]

Of course, this did not mean 'efficiency' was low. The world was changing not only politically, but economically and socially as well, as Churchill recognised:

> We have arrived at a new time.
> Let us realise it. And with that new time strange methods, huge forces, large combinations - a Titanic world - have sprung up around us. The foundations of our power are changing. To stand still would be to fall. To fall would be to perish. We must go forward... Thus alone shall we be able to sustain and to renew through the generations which are to come, the fame and the power of the British race.[32]

'Progress' was the goal and 'efficiency' was to achieve this. Thus, supra-party alignments developed and men sank ideological differences to concentrate on 'national efficiency'. Rosebery, for example, not only conferred with Liberal Imperialists over policy, but also discussed efficiency matters with the Fabians. This alliance was most important and led to Sidney Webb's famous article 'Lord Rosebery's Escape from Houndsditch' in September 1901[33] - in which, he invited Liberal Imperialists to discard the last vestiges of Gladstonianism and create an opposition around Rosebery, based on Fabian collectivism and efficiency doctrines.

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31. Searle, National Efficiency, pp.5-13.
32. 23 May 1909, Manchester, Churchill, Liberalism, p.317.
33. 'Lord Rosebery's Escape from Houndsditch', Nineteenth Century, L (September 1901), pp.366-86.

However, such a party did not evolve because of the political situation and Rosebery's hesitancy. In fact, the political turmoil of 1903-06 completely submerged 'efficiency' as such as the issues of inter-party warfare naturally superceded its supra-party ideology.

Asleep it may have been, but not destroyed, 'efficiency' raised its head in a peculiar social imperialist form around the issue of social policy.

In the social sphere, the 'efficiency' argument developed a distinct eugenicist complexion, following the revelations of Rowntree and the 1904 Inter-Departmental Committee on Physical Deterioration. This empirical evidence of the deplorable state of the physical condition of the working classes in the towns alarmed middle class opinion greatly and fears were frequently expressed for the future of the nation and the Empire.

Cecil Chesterton wrote in about 1905:

> ... in the last resort, all progress, all empire, all efficiency depends upon the kind of race we breed. If we are breeding the people badly neither the most perfect constitution nor the most skilful diplomacy will save us from the shipwreck.[34]

Churchill himself classed physical degeneration high on his list of threats to the British Empire:

> ... the greatest danger to the British Empire and to the British people is not to be found among the enormous fleets and armies of the European continent, nor in the solemn problems of Hindustan; it

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34. Searle, National Efficiency, p.61.

> is not the Yellow peril nor the Black peril nor any danger in the wide circuit of colonial and foreign affairs. No, it is here in our midst, close at home ... it is there you will find the seeds of imperial ruin and national decay - the unnatural gap between rich and poor, the divorce of the people from the land, the want of proper discipline and training in our youth, the exploitation of boy labour, thephysical degeneration which seems to follow so swiftly on civilised poverty, the awful jumbles of an obsolete Poor Law, the horrid havoc of the liquor traffic, the constant insecurity in the means of subsistence and employment... the absence of any established minimum standard of life and comfort among the workers... Beware lest they shatter the foundation of her (Britain's) power.[35]

Social policy, then, was for purely business motives - to safeguard the nation and the Empire. But the speech does make it clear that in Churchill's mind at least the necessity of a healthy imperial race was vital, but essentially only part of a wider frame of reference.

Although there is a sad lack of specific irrefutable evidence of 'efficiency' ideas affecting Liberal leaders, apart from the circumstantial evidence of friendship with Rosebery and advocacy of moderate collectivism, Churchill and Lloyd George certainly had an interest. In 1909, Churchill is found advocating a 'Committee of National Organisation' on the lines of the Committee of Imperial Defence,for coordination and efficiency in the war on poverty.[36] In August, 1910, Lloyd George himself drew up his famous National Government Memorandum which was to deal with

35. 5 September 1909, Leciester, Churchill, Liberalism, p.363.
36. 20 June 1909, Churchill to Lloyd George, Churchill, Companion, II, pp.895/8.

the great problems of the time.[37] Both suggestions failed because of the conservation of the age, but they nevertheless show that 'efficiency' ideas were not dead and, indeed, the two main architects of the welfare legislation were imbued with them.

V. Conclusion

Ideological aspects of the genesis of Edwardian Liberal social reform are difficult to assess adequately because of the lack of evidence on the relationship between ideology and policy. Much of the evidence is circumstantial, making conclusions tenuous and open to qualification. However, there is enough evidence of some shape or form to have made investigation worthwhile. Certainly, the influence of ideas and philosophy should not be ignored.

Abstract ideas, above all, created an environment of thought, feeling and emotion, unquantifiable but which must be allowed for in any discussion of motivation. Indeed, some of the ideas discussed, mainly social-imperialism and national efficiency, may have been part of a wider environment and reflected it, not being specific ideological concepts but rather second nature to men of the era, who were conscious of the Empire and the relative decline of Britain. But the whole gamut of philosophy, concepts and ideas, cumulatively, helped to create a body of opinion favourable to collectivism.

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37. 17 August 1910, National Government memorandum, MSS LG C/3/14/8.

The singling out of one or two major influences on opinion may seem irrelevant, but this chapter should not end without noting the exceptional importance of the idea of 'national efficiency'. The whole body of abstract thought was justification enough for the extension of the powers of the state, but it was the idea of 'efficiency' which probably made social reform truly respectable in the eyes of the majority of the political nation. The cry for 'efficiency', exaggerated by Britain's problems and Germany's solutions, seemed to make some sort of reform inevitable - to replace the rather chaotic, wasteful British system by some state-sponsored social safeguard akin to German ideas.

The final conclusion then is that the consideration of the ideological aspects of the genesis of social reform in Edwardian Liberalism is limited by the lack of evidence and the unquantifiable nature of the subject. However, in the last analysis, circumstantial deductions assure ideology and philosophy a place among the influences on the Edwardian Liberals.

CHAPTER IV. ECONOMIC ASPECTS

Economic factors played an important part in forcing the politicians of the early twentieth century, not only the Edwardian Liberals, to introduce some new type of social policy. The roots of these economic influences are found in the eighteenth century and the social and economic change caused by the Industrial Revolution. On this foundation, economic developments in the late Victorian and Edwardian periods made a new social policy imperative. These developments include not only the economic problems of Britain at the turn of the century, but also other economic and financial elements influencing social thought and social policy - the economic failure of previous remedies for poverty, the financial situation, and the politico-economic controversy over the basis of British Welfare policy and future economic development.

I. Social Effects of Industrialism in Nineteenth Century Britain.

The basic economic fact in the genesis of social reform in Edwardian Liberalism is that without the economic development of the United Kingdom in the eighteenth and nineteenth centuries - the so-called 'Industrial Revolution' - an important stimulus to social policy beyond the concepts governing the Poor Law would have been missing.

Industrialism was a fundamental force of change in nineteenth century British society. It is perhaps idle to speculate on whether or not Welfare legislation on a national scale akin to the 1906-11 reforms would have been introduced had society remained primarily rural, as it was in the first half of the eighteenth century, or merely undergone limited industrial expansion. The fact remains that, from about 1780, at least, British industrial development progressed at a tremendous rate, being reflected in the growth of a modern industrial urban society with a new brand of social problems, inherently demanding attention. The basic feature in English social and economic life became that of change - change from a small, mainly agricultural society to a large industrial population which lived and worked in towns rather than villages.

Population grew throughout the century,[1] but more important than bland population figures is the distribution between town and country. In 1801, about one-fifth of the population were towndwellers and four-fifths rural; by 1851, the proportions were

1. Population in England and Wales from Decennial Censuses, 1801-1911

	Population (thousands)
1801	8,893
1821	12,000
1871	22,712
1911	36,070

N.B. No census is perfect, but it seems as if the 1801 was less accurate than most in omitting five per cent of the population.
Source: B.R. Mitchell and P. Deane, Abstract of British Historical Statistics (Cambridge, 1962), p.6.

evenly balanced; and by 1901, they were completely reversed.[2] This change is implied in the growth of towns in the nineteenth century:

Table I: Town Populations, 1801-1901[3]

Town	Population (thousands)		
	1801	1851	1901
Birmingham	71	233	522
Derby	11	41	115
Leeds	53	172	429
Manchester	75	303	714
Newcastle-u-Tyne	33	88	215
Sheffield	46	135	381
Stoke-on-Trent	-	66	215
Swansea	10	31	95

Table I shows the rapid growth of some important towns in the nineteenth century. Admittedly, most are well-established industrial towns and among the fast-growing ones. But the important point is that most towns grew remarkably quickly in this period. Of course, there were examples of very slow growth or even stagnation, such as Macclesfield, but the general rule was rapid growth - especially in the coal, cotton and iron and steel areas. Urbanisation bore a direct relationship to the industrial expansion and prosperity of nineteenth century Britain.

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2. J. Burnett, Plenty and Want (London, 1966), p.1.
3. Mitchell and Deane, Abstract, pp.24-7.

In the eighteenth century, most people in Britain lived outside towns and their life was governed by rural habit and custom. However, an urban industrial environment, with its factories and completely different way of life, became increasingly commonplace in the nineteenth century and disrupted, if not destroyed, old habits of thought and action. In the process of this, unmeasurable stresses were placed on the individual in society who had migrated from the country to the towns. A great deal of such movement occurred in this period, a remarkable feature of which is the decline of those engaged in agriculture, despite the increasing population.[4] A new society was being created, but many members of it were incapable of dealing with the vicissitudes of their environment.

Many social problems developed and were accentuated. The more important surrounded the question of poverty because of old age, sickness or unemployment. In the old society, provision was often made within the local 'community', usually the family unit, or by looking to natural protectors in time of distress. However, such provision was anachronistic in the new economic and social system and the insecurity of industrial life continually threatened the poorer sections of the community with destitution. The better off members of the working classes could turn to self-

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4. Figures for males and females in agriculture shows a peak about 1851 and then a steady decline, accelerated by the 'Great Depression' in the last quarter of the nineteenth century. There was a slight increase in the early twentieth century: Mitchell and Deane, Abstract, pp.60-1.

help organisations. The State helped only those already destitute, while the mass of the working classes had little to look forward to, except pauperism for the family if economic vicissitudes were severe. Old social bonds had been cut and nothing put in their place. The Edwardian legislation was a recognition, unconscious perhaps, of the social dislocation the Industrial Revolution had entailed, and attempted to introduce some artificial social safety net to replace the old ties and customs.

Gradually, the nineteenth century governing classes recognised not only the intrinsic evils of social problems, but also their potential threat to the rest of society. At least, this is what one writer has argued:

> Social research and social policy derived essentially from professional middle class anxieties to maintain the stability of institutions by correcting the measured costs and inefficiencies of social wastage.[5]

This dual concern for the stability of society and social wastage certainly formed the basis for the attack on bad sanitation in the middle of the century. There is no reason to think that it should not also apply to the increasing concern for the other social evils of modern society - overcrowding and insecurity of economic life. Probably we should not deny humanitarian sentiment in the face of such implied

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5. O.R. McGregor, 'Social Research and Social Policy in the Nineteenth Century', British Journal of Sociology, VIII (1957), p.154.

self-interest, but it seems a tenable hypothesis, because gradualness was the rule and those evils, which specifically threatened society as a whole, were those tackled first - notably, the public health question.

But this is straying slightly from the point. The important conclusion is that industrialism resulted in urbanisation, and both accentuated old problems and created new ones - problems which awaited a change in the social conscience of the governing classes in favour of new remedies. Without industrialism and urbanisation, there would not have been the framework to stimulate opinion in favour of welfare legislation on a social security basis.

II. Economic Problems in the Edwardian Period

The economic problems of Britain in the Edwardian period are an integral part of British history in the early twentieth century.[6] We cannot possibly understand the nature of the crisis of confidence, which permeated society in this period, and the role it played in influencing opinion in favour of 'national efficiency' without appreciating the economic troubles Britain faced. However, the subject is so vast that the main concern of this section will be questions which specifically affected social policy - unemployment and the level of real wages in the Edwardian period.

6. For a thorough discussion of the state of the economy between 1870 and 1914, see: W. Ashworth, An Economic History of England 1870-1939 (London, 1960), Chs.I-X; J. Saville (ed.), 'Studies in the British Economy 1870-1914,' Yorkshire Bulletin of Economic and Social Research, XVII (1965), pp. 1-112; C. Wilson, 'Economy and Society in Late Victorian Britain', Economic History Review, XVIII (1965), D.H. Aldcroft and H.W. Richardson, The British Economy 1870-1939 (London, 1969).

(i) Unemployment

The relationship between the unemployment of the early twentieth century and the unemployment legislation of the period is not straightforward. Throughout the Edwardian period, unemployment certainly existed, reaching peaks in the years 1903 to 1905 and 1908 to 1909. The peaks coincided, firstly, with the formulation of the Unemployed Workmen Act of 1905, and, secondly, with the crucial phase of Liberal discussions on remedies of the unemployment problem in 1908. The fluctuation of unemployment is shown in in Table II.

Table II : Unemployment Percentages, 1900-1911.[7]

	All Unions making returns
1900	2.5 per cent unemployed
1901	3.3
1902	4.0
1903	4.7
1904	6.0
1905	5.0
1906	3.6
1907	3.7
1908	7.8
1909	7.7
1910	4.7
1911	3.0

However, qualifications must be made about the use of these figures. Before 1922, there were no

7. Mitchell and Deane, Abstract, pp.64-5.

general statistics of unemployment, but certain trade unions which paid unemployment benefit to their members did make returns to the Labour Department of the Board of Trade.

Churchill, himself, recognised the deficiencies of the figures in 1909:

> The Trade Union returns cover, and are mainly composed of the most fluctuating trades and exclude the most stable, and trade unionists are more prone to take unemployed benefit than to accept less than standard rates of wages - a choice not open to non-unionists. The Trade Union returns, compiled by the Board of Trade must, therefore, be taken as an index not as a measure of general unemployment.[8]

The Board of Trade figures, therefore, are inaccurate as true guides to the level of unemployment, but they do indicate general trends. Churchill, in fact, wanted labour exchanges to be permanent machinery for providing reliable information on the state of employment:

> We do not know what is the extent of unemployment, in what trades or in what places it is acute. We cannot trace its seasonal and cyclical variations. We cannot distinguish between the unemployed and the under-employed, between the worker and the loafer, between the permanent contraction and the passing depression. These exchanges should be the Intelligence Department of Labour.[9]

However, despite the failings of the statistics available to the government, they must not be rejected out of hand. It is true that they are not an accurate

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8. 2 January 1909, Board of Trade memorandum, CAB 37/97/1.
9. 11 December 1908, Churchill memorandum, Churchill, Companion, II, pp.851-2.

measurement and, at best, can only be a relative indication of the employment situation in certain trades. But, one must not forget that these very over-represented industries, which were especially vulnerable to cyclical fluctuations, were the same industries singled out to be covered by the National Insurance Act - building, shipbuilding, iron founding, engineering and vehicle construction. Therefore, there is a correlation between unemployment in which figures were available and the ultimate policy.

The Liberals were certainly concerned with the unemployment problem in the Edwardian era. From May 1903, there was an increased interest because, alongside the increasing unemployment, the banner of Tariff Reform was being waved as the panacea of all social problems. This theme continued but, apart from this consideration, there was another important factor within the Liberal ranks themselves which put the increasing unemployment at the forefront in many Cabinet discussions - Winston Churchill.

In the middle of 1907, depression hit Britain again, and did not lift until mid-1909. In April 1908, Churchill became President of the Board of Trade and immediately showed an official interest in the employment situation. Urged on by the Webbs and by Beveridge, he adopted unemployment as 'the problem of the hour'[10] and directed his political activity to resolving the problem. The Cabinet, consequently,

10. 10 October 1908, Dundee; Churchill, Liberalism, p.193.

received a steady stream of memoranda from his office on the employment situation, a practice he continued throughout his tenure of the Board of Trade.[11]

One cannot help but draw the conclusion that Churchill's persistent presentation of the facts of the unemployment case, if not being a basic element in the genesis of the unemployment legislation, must have moved waverers in the Cabinet to support such legislation.

However, Keir Hardie wrote in 1888:

> With such an immense army of the unemployed, and the growing helplessness of those in work, men are beginning to realise that the laissez-faire doctrine is about played out... and that if Parliament is to justify its existence it must grapple with the 'condition of the people' question.[12]

This serves to remind one that the early twentieth century unemployment was nothing new and was part of a larger issue reflecting fundamental changes in society which made remedies for the unemployment problem imperative. Unemployment was, as were all the economic changes in the period affecting the social balance, a catalyst for the existing socio-political circumstances, but not the basic reason for the legislation.

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11. See cabinet memoranda: July 1908, CAB 37/94/107; 10 October 1908, CAB 37/95/123; 2 November 1908, CAB 37/96/142; May 1909, CAB 37/100/90; 11 August 1909, CAB 37/100/104; 15 November 1909, CAB 37/101/153; February 1910, CAB 37/102/4.
12. August 1888, Keir Hardie to the Editor of Labour Elector; quoted in Lynd, England in the Eighteen-Eighties, pp.188-9.

(ii) Real Wages in the Edwardian Period

Average real wages are the command average money wages have over goods and services produced, at a specific time. However, for comparative purposes, the 'real wage index' is more useful. This is evaluated by dividing the average money wage index by the cost of living index[13] and multiplying by 100. A.L. Bowley refrained from calling the resultant a 'real wage index', but instead used the term 'quotient' because he accepted that it must be used with many qualifications to be truly accurate.[14]

13. For discussion of indices, see: A.L. Bowley, Wages and Income in the United Kingdom Since 1860 (Cambridge, 1937), Ch.I.
14. Bowley, Wages and Income, p.28.

Table III : Bowley's Table of Index-numbers of Money Wages, the Cost of Living and Real Wages (Quotient) 1880-1914. (1914=100).[15]

Year	Wage Index	Cost of Living Index	Quotient
1880	72	105	69
81	72	103	71
82	75	102	73
83	75	102	73
84	75	97	77
85	73	91	81
86	72	89	81
87	73	88	84
88	75	88	86
89	80	89	90
1890	83	89	93
91	83	89	92
92	83	90	92
93	83	89	94
94	83	85	98
95	83	83	100
96	83	83	100
97	84	85	98
98	87	88	99
99	89	86	104
1900	94	91	103
01	93	90	102
02	91	90	101
03	91	91	99
04	89	92	97
05	89	92	97
06	91	93	98
07	96	95	101
08	94	93	101
09	94	94	100
1910	94	96	98
11	95	97	97
12	98	100	97
13	99	102	97
14	100	100	100

15. Bowley, Wages and Income, p.30.

Table III is just a rough indicator and must be used carefully, especially over the long period. For example, Bowley points out that the statistics suggest that average wages and prices each rose twenty per cent between 1896 and 1914, but during this period sometimes prices were rising faster and sometimes more slowly than wages, which may have induced habits of expenditure to change.[16] However, Bowley does not deny, but merely qualifies, the validity of his conclusions. He maintains his statistics are valuable if their roughness is recognised and they are used carefully - in short periods of about five years, there is little need for modification, but for comparison over the longer period, 1880-1914, $\pm$ 5 should be allowed for.[17]

The data is, therefore, not accurate. Certainly the 'real wage index' should not be used as a reflection of 'standard of living', for it ignores social circumstances. However, it does indicate the trends between 1880 and 1914 or, perhaps, more significantly for this thesis, between about 1895 and 1910.

Real wages remained not quite stationary during the period 1895-1910, declining slightly during the 1903-05 depression after an increase around the turn of the century. In 1910, the index was even below that of 1895 and would stay that way to 1914. All this was

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16. Bowley, Wages and Income, p.27.
17. Bowley, Wages and Income, p.120.

with a background of rapid increase in real wages (forty per cent) between 1880 and 1895, probably because of the influx of cheap foreign foodstuffs during the 'Great Depression'.

A major factor in the decline in real wages was the change in the level of prices. There was a steady increase in food prices from the mid-nineties. This rise accelerated along with clothing prices from 1906.

Table IV : Ministry of Labour Indices of Retail Prices (Cost of Living)[18] Partial Indices 1892-1914.(1900=100)

	Food	Coal	Clothing
1892	103.9	74.4	101.0
93	99.3	83.4	100.3
94	94.9	70.5	99.1
95	92.1	68.8	97.8
96	91.7	68.2	98.6
97	95.5	70.2	98.2
98	99.5	72.1	97.0
99	95.4	79.3	96.2
1900	100.0	100.0	100.0
01	104.4	89.0	100.6
02	101.0	84.6	99.9
03	102.8	80.9	99.7
04	102.4	79.4	102.3
05	102.8	78.4	103.0
06	102.0	79.5	104.5
07	105.0	88.9	106.2
08	107.5	85.6	107.1
09	107.6	84.1	108.4
1910	109.4	83.8	110.7
11	109.4	85.1	112.4
12	114.5	87.0	115.5
13	114.8	90.7	115.9
Jan-July 14	111.6	92.5	117.4

18. Mitchell and Deane, Abstract, p.478.

The importance of all this to the genesis of social reform in Edwardian Liberalism is that, given Booth's and Rowntree's figures of those in dire poverty or on the brink of it, a huge proportion of the population were threatened with pauperism or condemned to remain in that parlous state. Booth's classes A, B, C and D, amounting to 30.7 per cent of the population were those so affected. Only the hated Poor Law waited for them, if real wages declined and unemployment ravaged. The onus was on the governing classes to lessen the chances of such a despised and feared end.

III: Economic defects of pre-1906 remedies - the failure of the Poor Law of 1834 and the Unemployed Workmen Act of 1905

The economic deficiencies of remedies prior to 1906 was vitally important. It consolidated opposition to them and ensured their demise and replacement by Liberal alternatives. Certainly the emergency relief funds, despite their success, suffered from the economic weaknesses of being temporary and dependent on voluntary subscriptions. However, the remedies under consideration at the moment are the more permanent ones - the Unemployed Workmen Act of 1905 and the New Poor Law.

The Unemployed Workmen Act of 1905[19] was rendered economically impracticable even before it was passed into law. When it was introduced by Gerald Balfour

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19. For thorough discussion of this act and its passage through Parliament, see Brown, Journal of Modern History, XLIII (1971).

on 18 April 1905, its financial backbone was to be that of rate-aid - each London borough had to make a financial contribution to the scheme equivalent to a rate of one half-penny in the pound, to be raised to one penny at the discretion of the Local Government Board. For the labour movement and the socialists, this clause heralded the introduction of a great new principle - equalisation of the rate burden. However, A.J. Balfour's reluctance to press on with the bill and conservative opposition resulted in an amended bill, which was put before the House in July 1905. This bill marked a crucial development, for it maintained that there could be no rate-aid for wages under the scheme. The bill was amended again when it was before the House, but rate-aid was not among the concessions given by the Government.

The failure of rate-aid was a fundamental weakness of the 1905 scheme and doomed to failure whatever chance of success the act had. The scheme had a rather tenuous existence for a couple of years, hamstrung by the lack of funds, relying mainly on grants from the Exchequer.

More important than the 1905 scheme, however, were the economic failings of the New Poor Law. Opposition to it was growing all the time, and there seemed almost an inherent antipathy towards it in British society in the early years of the twentieth century. The economic faults of it seemed to be the final nails in its coffin and consigned it towards the

limbo-like existence it increasingly seemed to lead after 1911.

The growing disquiet culminated in the 1905-09 Poor Law Commission and its reports pointed out some alarming aspects of the New Poor Law. Considerable Cabinet discussion took place on the whole problem and a Cabinet memorandum of 1909 shows the blatant inadequacies of the Poor Law and the failure of increased expenditure to remedy them.[20]

The situation is summed up thus:

> The position disclosed by the Royal Commission on the Poor Laws and the Relief of Distress is serious. In spite of social progress and a growing expenditure on the poor law, pauperism has increased since 1896.

Statistics of pauperism showed that the mean number of paupers in 1871 was 747,936; in 1896, 694,094; in 1906, 718,444; in 1907, 769,160; and in 1908, 772,346. However, these were only 'mean' figures - the total relieved on January 1st 1908 was 928,671. These figures were alarming and seemed to indicate that the Poor Law was not doing its job - certainly the 'deterrent' principle was discredited.

But what made matters even worse was the increasing expenditure on the Poor Law. In 1871-2, it stood at £8,007,403 per annum; in 1895-6, £10,215,974; and a staggering £14,035,888 in 1905-06.

These figures were alarming and the conclusion was drawn that:

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20. 12 February 1909, memorandum on the Poor Law, MSS HHA 79, ff.137/141.

> ...they (statistics of pauperism, expenditure and social progress) show clearly that the present system has reached the limit of its powers.[21]

The economic failings, therefore, were not because of a lack of finance like the Unemployed Workmen Act but rather because of a surfeit of expenditure. Expenditure had increased by about seventy-five per cent in thirty-five years, but pauperism had not declined, only increased. This money seemed to be wasted - in this frame of mind an alternative policy became increasingly acceptable.

IV. The Financial Situation and Social Reform

In talking about the cross currents to the stream of thought leading to collectivism, Dicey noted:

> Socialistic government is expensive government. And this is no accidental characteristic. For the true collectivist or socialist does not leave a penny which he can help to 'fruitify in the pockets of the people'.[22]

Such extremities certainly do not apply to Edwardian Collectivism, but Dicey's basic assumption is right - Socialistic government is expensive for the whole of Society. Total government expenditure at the turn of the century (Tables V - VIII) is evidence enough of this conclusion.

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21. 12 February 1909, memorandum on the Poor Law, MSS HHA 79, f.138.
22. Dicey, Law and Public Opinion, p. lxxxii

Table V : Total Government Expenditure at Current and 1900 prices, 1890-1913 (£ million)[23]

	At current prices	At 1900 prices
1890	130.6	133.3
1900	280.8	280.8
1910	272.0	263.3
1913	305.0	296.0(approx).

The 1900 figures should be regarded as atypical, because of the unusual circumstances of the Boer War. The general trend, however, shows a remarkable increase in expenditure, which is even more remarkable when compared to government expenditure in the earlier part of the nineteenth century.[24]

Of course, these increases are not wholly attributable to increased socialistic legislation. But the latter did contribute a large proportion to total government expenditure.

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23. A.T. Peacock and J. Wiseman, The Growth of Public Expenditure in the United Kingdom (London, 2nd Edn. 1967), p.42.

24. Total Government Expenditure in the Nineteenth Century (£mn).

	(a) Current	(b) 1900 Prices
1831	63.0	48.0
1850	66.0	62.0
1870	93.0	74.0
1890	130.0	103.0
1900	268.0	268.0

Source: Peacock and Wiseman, Public Expenditure p.37. N.B. The incompatibility of the 1890 and 1900 figures above and the 1890 and 1900 figures in the text are the result of different computations.

Table VI : Total Government Expenditure by Function at Current Prices, 1890-1913 (£ million)[25]

	Defence	Social Services	Economic Services
1890	34.9	27.3	14.4
1895	43.1	39.7	18.4
1900	134.9	50.6	36.4
1905	63.1	68.3	39.4
1910	74.3	89.1	37.8
1913	91.3	100.8	39.5

Table VII : Percentages of Total Government Expenditure by Function, 1890-1913.[26]

	Defence	Social Services	Economic Services
1890	26.7	20.9	11.0
1895	27.5	25.3	11.7
1900	48.0	18.0	13.0
1905	26.1	28.3	16.3
1910	27.3	32.8	13.9
1913	29.9	33.0	12.9

The tables (VI and VII) are not comprehensive statements of government expenditure by function, but rather tables of selected functions showing the faster-growing areas of public expenditure and those functions with the greatest claims on government financial resources.

25. Peacock and Wiseman, Public Expenditure, p.184.
26. Peacock and Wiseman, Public Expenditure, p.186.
N.B. 'Defence' includes expenditure in the service departments, administration and civil defence; 'Social Services' include education, health services, national insurance, poor relief, and housing (subsidies and capital expenditure); 'Economic Services' include services to agriculture, forestry and fishing, expenditure by the Board of Trade in Industry and commerce, employment exchanges.

The 'social services' category, according to Peacock and Wiseman, includes both central and local government expenditure and covers education, pensions, health services, unemployment insurance, and poor relief, for the period 1890-1913. The important point is that these services formed a major element, though not the only element, in the growth of government expenditure and, indeed, were the fastest-growing sector, increasing from 21 per cent of total public expenditure in 1890 to 33 per cent in 1913. For our purposes, the main concern is with the central government part of this expenditure. It increased rapidly along with local government expenditure between 1890 and 1913.[27] Certainly, Dicey was right in asserting that socialistic government was expensive government.

An omnipresent problem for governments in pursuing policies is that of obtaining adequate finance. This was the crux of successful socialistic legislation, for, without finance, many policies cannot be followed. Social services have proved exceptionally vulnerable to arguments of the need for financial stringency throughout the twentieth century from the very beginnings of the modern 'welfare state'. The history of old age pensions agitation is a classic example of the lack of finance hindering the practical application of a policy and providing justification for the nonexecution of a policy.

27. Local government expenditure on the social services was £19.4m in 1890 and £60.2m in 1910. Peacock and Wiseman, Public Expenditure, p.111.

By 1900, the principle of a non-contributory old age pension had been virtually accepted by the governing classes. In 1899, the Select Committee on the Aged Poor concluded that a prima facie case for a non-contributory scheme of old age pensions had been made and, in 1900, a Local Government Board Committee was set up to determine the cost of such a scheme. But the Boer War rendered all this impracticable because of the increase in defence expenditure and the consequent diversion of sources which could have been directed to pension finance.

Boer War expenditure was no idle excuse for not pursuing a pension scheme. Vast amounts of money were siphoned into the war effort, draining the national coffers. The financial legacy was described by Lloyd George in January 1906 at Caernarvon. He pointed out that the £250,000,000 spent on the Boer War meant that

> ... the matter (old age pensions) when taken up, must be taken up gradually. They (the Liberal Party) must, first of all, put the national finances in spick and span order, and then see that every man too old to pursue his ordinary avocation should be saved from the humiliation of the workhouse or parish relief.[28]

This line of argument was taken up by Campbell-Bannerman and Asquith when they met a deputation of the T.U.C. Parliamentary Committee on 15 February 1906. The Liberal leaders admitted the validity of the case

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28. 18 January 1906, Caernarvon; Reported in 26 January 1906, North Wales Observer, MSS LG B/4/1/25.

for old age pensions, but pleaded lack of finance and made it abundantly clear that the government considered a sound financial position the prerequisite to any social legislation.[29]

The conclusions on the old age pension example are valid for the rest of social policy in the Edwardian period. The availability of finance for social legislation depended on two main factors - the avoidance of war and excessive defence expenditure; and the breaking of financial orthodoxy, especially if the former failed.

Defence expenditure did increase gradually over the period 1905-13, but not without a struggle. The tale of the struggle has been told in many places and needs only summary here.

The Navy Estimates were the main bone of contention, and they were a legacy of the Balfour Government's attitude to Britain's security. The early twentieth century saw opinion, especially in the Conservative Camp, become increasingly fearful about the maintenance of the "Two Power Standard", owing to the increase of naval construction in Japan, U.S.A. and, especially, Germany. This resulted in the Cawdor-Fisher Programme of 1905, which introduced the super battleship, the 'Dreadnought' and allowed for the annual construction of four large armoured ships. This advice was followed and the 1905-06 Navy Estimates provided for the construction of one

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29. Sires, Journal of Economic History, XIV, p.245.

'Dreadnought' and three 'Invincible' class battle cruisers.

This legacy put the Liberals in an immediate quandry because a large section of the party was anti-militarist. Within the government and Cabinet too, an increasingly vocal opposition grew up, not only of traditional Gladstonian anti-militarists such as Loreburn, Morley, Harcourt and Burns, but also of radical social reformers, such as Lloyd George and Churchill, who thought more and more of the consequences of high defence expenditure on their social policies. Despite this opposition, the fear of naval inferiority and the threat of Germany won the day, culminating in the success of the McKenna-Fisher 'Dreadnought' Programme of 1909. The social reformers had lost all along the line since 1906 and the 1909-10 naval estimates totalled £35,142,700, an increase of £2,823,000 over those of 1908-09.[30] Defence expenditure had increased and was a great threat to the social policies of the Edwardian Liberals.

In fact, this is the clue to the distinction between the anti-militarism of Lloyd George and Churchill and the anti-militarism of men like Burns and Morley. The latter was based on pacifism, but the former on more complex factors. Both Lloyd George and Churchill were anti-militarist in the Edwardian period,

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30. Rowland, Last Liberal Governments, p.255.

yet both turned out to be great war leaders. Churchill certainly was generally not anti-militarist and certainly not pacifist. A better case for anti-militarism in peace time can be made out for Lloyd George. He was, for example, a 'Pro-Boer', explainable in his anti-imperialism and lack of experience in politics at government level. Yet he spoke out aggressively and provocatively when the nation was threatened - notably in his Mansion House Speech in 1911 during the Agadir Crisis. The conclusion, therefore, about their anti-militarism in the mid-Edwardian period is that it resulted not from pacifism but from a fear that the high level of defence expenditure which the military programmes entailed would destroy their main priority - social reform. The whole controversy, thus, breaks down to a question, not of principles but of priorities.

Given the fact that increasing defence expenditure was unavoidable, the Liberal social reformers had to look elsewhere for finance than to savings in the traditional channels of expenditure. By mid-1908, the trend to higher defence costs was established and 'militarists' in the government, who were also concerned with social reform, are found advocating a tax policy. Thus, Haldane wrote to Asquith on 9 August 1908:

> In this condition of things (that is, increasing national wealth) my suggestion is one over which you have probably already thought much - that we should boldly take our stand on the

> facts and proclaim a policy of taking, mainly by direct taxation, such toll from the increase and growth of this wealth as will enable us to provide for (1) the increasing cost of social reform (2) National Defence and also (3) to have a margin in aid of the Sinking Fund.[31]

However, as early as February 1907, there is evidence that government officials, at least, were considering financial policy seriously. A Treasury memorandum stated:

> The present government have recognised the pressing need for social reforms which must entail heavy additional expenditure. No one now expects that reductions of existing expenditure will provide the necessary means... The time has gone by when it was possible to look to indirect taxes, such as those on beer and spirits, to supply the want of funds. The country refuses any longer to drink itself out of its financial straits. Unless the whole system of taxation is to be recast, the solution must be found in the increase of direct taxation.[32]

The whole system of taxation may not have been about to be recast, but it was under serious review, and financial orthodoxy was re-considered in the light of political and social exigencies.

The financial orthodoxy of the nineteenth century stemmed from economic individualism and retrenchment. It was based on the assumptions that public expenditure would be sharply limited by the prevalent opinions of the state's role in society, and that the government's chief financial responsibility was to maintain stability in the market conditions so that a steady flow of funds would be readily available for investment. In short, money would be used most profitably for society

31. 9 August 1908, Haldane to Asquith, MSS HHA 11,f.163.
32. 26 February 1907, Treasury memorandum, CAB 37/87/22.

as a whole if it was left to 'fructify in the pockets of the people'.

However, the government needed money, if only to carry out the minimum functions allowed it by laissez faire philosophers. The sources of income for this reflect the financial canons of the Victorian era - in the nineteenth century, central government revenue came mainly from customs and excise duties on a few items of food and drink, with income tax and stamp duty providing only about one-third of the total tax revenue. The main change in this structure in the late Victorian and Edwardian periods was one of emphasis - revenue from 'progressive' direct taxes gradually superseded revenue from indirect taxes as the major element in central government income.

Table VIII : Gross Public Income of the United Kingdom at Current Prices, 1873-1913.[33] (£m)

	Total Gross Public Income	Customs & Excise	Stamp Duty	Income Tax	Death Duties
1873	74.7	46.8	4.1	7.5	5.1
1913	188.8	71.5	10.1	41.2	25.2

The above table shows some of the more lucrative elements of central government income in 1873 and 1913. Forty years saw not only an increase in revenue but a change in the relative importance of the sources.

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33. Mitchell and Deane, Abstract, p.393.

If we put aside concepts of social justice and redistribution of wealth for the moment, the extension of direct taxes still seemed more attractive to many people than extension of the indirect ones. To raise the level of existing indirect taxes, though administratively simple, was not likely to be very useful, since much of the total yield came from duties on alcoholic drinks, the consumption of which was limited both by higher taxes and by changing social habits. Imposition of new taxes or selective increases would threaten the free trade framework. Meanwhile, direct taxes on income and capital could be made more productive easily, by maintaining the existing machinery and increasing the fairly low rates. The extension of direct taxes seemed the easiest way to tap the increasing wealth of the country.

Thus, between 1873 and 1913, the standard rate of income tax increased from 4d. in the pound to 1/2d. in the pound. The increase was never consistent and varied up and down throughout the period - for example, in 1886 the rate stood at 8d. in the pound and in 1895 stood at the same rate, meanwhile fluctuating between 6d, and 7d - however, the long-term trend was one of increase.[34]

The change from indirect taxes to direct taxes as the main source of central government expenditure is but part of the story. There was a further important development within direct taxation itself, reflecting

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34. Mitchell and Deane, Abstract, pp. 428-9.

a growing realisation of the lucrativeness of income and capital as a source of public finance in an increasingly wealthy society. This was the application of the concept of 'progression' in taxation - the idea of financial sacrifice according to one's ability to pay.

"Progression" took a number of forms, increasingly realised around the turn of the century - income tax abatements, differentiation (different rates on different kinds of income), graduation (different rates on different amounts of income).

The immediate precedent for the progressive taxation introduced by Asquith and Lloyd George was Harcourt's Budget of 1894 in which, by reorganising older death duties, Harcourt introduced an Estate duty, graduated according to the size of the estate. In enforcing a measure of social responsibility on those who had done well in society, Harcourt set an important example to the Edwardian Liberals when they came to think of financial policies to support their social programme.

The income tax had been affected by 'progressive' elements since 1863 when the first abatements were made to poorer taxpayers. By 1906, there were various abatements and a sort of graduated income tax was established. However, in 1906 a select committee reported in favour of graduation of the income tax

by extension/of abatements; supertax; income

differentiation; and the compulsory declaration of individual net taxable income[35]. Despite Asquith's initial distrust of all this, subsequent Liberal budgets gave effect to these recommendations - in 1907, returns of taxable income were made compulsory and differentiation of income tax rates was introduced between earned and unearned income; in the famous 1909 Budget, income tax scales and rates were modified and a super-tax was imposed on all incomes of over £5,000 at a rate of 6d on every pound by which they exceeded £3,000.[36] The 1906-09 period, therefore, saw progressive taxation well-established and a financial foundation laid on which social measures could be based.

The 1909 Budget, itself, was the climax of moves to finance social legislation. In 1908, small provision had been made for the old age pensions scheme, but further revenue was needed not only for the pensions but also to make insurance schemes and labour exchanges possible.

Lloyd George made this explicit in his budget speech on April 29, 1909:

> It must be patent to every one cognisant of the facts that fresh liabilities must be incurred next year in connection with the Navy and with social reform.[37]

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35. For discussion of late Victorian and Edwardian financial thinking, see: H.V. Emy, 'The Impact of Financial Policy on English Party Politics before 1914', Historical Journal, XV (1972).
36. Ashworth, England 1870-1939, p.234.
37. 29 April 1909, House of Commons; Lloyd George, Better Times, p.60.

In the struggle over the Budget, this argument can be found time and time again. Thus Churchill said

> Upon the Budget and upon the policy of the Budget depends a far-reaching plan of social organisation designed to give a greater measure of security to all classes, but particularly to the labouring classes. In the centre of that plan stands the policy of national insurance.[38]

We are not concerned here with the purely political aspects of the Budget and its relationship to the House of Lords question, but merely with the narrower, perhaps fundamental, issue of finance for specific measures. Lloyd George's and Churchill's assertions should be looked at, therefore, not as mere justifications for a Budget which would cause a class cleavage and show-down with the House of Lords, but rather as statements of patent political facts. Military and social expenditure was imminent, revenue was needed, and so the 'People's Budget' evolved.

The Budget did seem to have a class bias - a 'Supertax' was introduced; income tax was graduated even more; taxes were increased on beer, spirits, tobacco, cars and petrol; 'land value duties' were introduced, creating a duty on the unearned increment of land every time land was sold or leased; and, finally, a survey and valuation of the whole country was to be made, to lay foundations for future land taxes.

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38. 5 September 1909, Leicester; Churchill, Liberalism, pp.368-9.

In fact, this was an explicit statement of changes of thought which had been gathering momentum for years in the Liberal ranks, hitherto merely showing themselves in an increasingly progressive income tax and the establishment of a graduated estate duty. The idea of sacrifice according to one's ability to pay was stated explicitly now by a Chancellor of the Exchequer, and as the Chancellor was Lloyd George it resulted in an allusion of Socialism and a class war.

Certainly, the Budget was to many men the very antithesis of Liberalism. Lord Rosebery was an extreme opponent but he typified opposition sentiments in 1909 and 1910:

> ... this Budget is introduced as a Liberal measure. If so, all I can say is that it is a new Liberalism and not the one that I have known and practised under more illustrious auspices than these. Who was the greatest financier that this country has ever known? I mean Mr. Gladstone. With Sir Robert Peel - he, I think, occupied a position even higher than Sir Robert Peel - for boldness of imagination and scope of financing, Mr. Gladstone ranks as the great financial authority of our time. Now, we have in the Cabinet at this moment several colleagues... who served in the Cabinet with Mr. Gladstone... and I ask them without a moment's fear or hesitation as to the answer that would follow if they gave it from their conscience, with what feelings would they approach Mr. Gladstone were he Prime Minister and still living, with such a budget as this? Mr. Gladstone would be 100 in December if he were alive; but centenarian as he would be, I venture to say that he would make short work of the deputation of the Cabiner that waited on him with this measure, and they would find themselves on the stairs if not in the street.

Gladstone would certainly have baulked at the increasing expenditure on military and social reform measures, but the evidence suggests that Rosebery and opponents of the Budget feared mainly the land clauses - the land valuation survey especially - and did not oppose the actual expenditure itself. For Rosebery continues:

> ...In his (Gladstone's) eyes... Liberalism and Liberty were cognate terms. They were twin sisters. How does the Budget stand the test of Liberalism so understood and of Liberty as we have always comprehended it? This Budget seems to establish an inquisition and a tyranny... The Inquisition is obvious enough; a horde of financial inquisitors of every kind will be let loose on the land to value it, to inquire into every transaction, to harass the owner and the occupant in every way... I cannot understand why the Government is so hostile to individual liberty and so partial to bureaucracy, which has always been considered the antithesis of Old Liberalism... This sort of tyranny is not Liberalism but Socialism.[39]

Opposition to the Budget became very bitter and mainly followed Rosebery's lead, singling out the land clauses as the main anomalies rather than blatantly attacking the ideas of social justice and social responsibility. However, the 1909 Budget was successful - although the land value duties had difficulty in establishing themselves and the land survey was an abysmal failure, the Budget achieved its major financial aims. It established precedents for the future and, of immediate importance, provided a financial basis for the Liberal social legislation of 1909 and 1911.

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39. 10 September 1909, Glasgow; Reported in 11 September 1909, The Times, a cutting, MSS HHA 135, f.7.

Without the favourable financial situation outlined above, it is highly unlikely that the pension and insurance policies could have been implemented. The Boer War had shown the obstacles lack of finance could place before social legislation, but the Edwardian Liberals, by innovation and modification of the taxation system, assured that social policy could be financed and a flexible system was established for further developments. Finance was fundamental to social reform and the establishing of a sound financial basis was vital to the genesis of Liberal social reform, if only as a prerequisite.

V. The Threat of Tariff Reform

The discussion on the Liberal financial situation assumed the existence of Free Trade economics. However, Tariff Reform, with its commodity duties, was very much in the air after 1903 and its victory over Free Trade would have meant a fundamental change in public finance, an alternative method of financing social reform.

Tariff Reform has been discussed earlier as an element in social-imperialist thought in the Edwardian period.[40] With promises of pensions, higher wages, industrial prosperity and greater employment, Chamberlain was laying the foundations for mass support of an imperial union on an economic basis. Incidentally, he challenged fundamental elements in Edwardian

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40. See Chapter III, Section III.

Liberalism - he not only threatened to capture Liberal supporters and consolidate the Unionists' political position, but also threatened the basis of Liberal economics, Free Trade.

Lloyd George often showed a complete disregard for old Liberal principles, but he typified Liberal adhesion to the Free Trade principle when he said in April 1908:

> Free Trade may be the Alpha, but it is not the Omega of Liberal policy. Build on it as a foundation. Do not take away the foundations of the fabric.[41]

Free trade was, therefore, the keystone to Liberal social and economic development. It was the basis of sound, successful Liberal policies and a prosperous country. Looked at in this light, Free Trade was indispensable to the Liberals and the threat of Tariff Reform challenged not only Liberal economics but Liberalism itself.

In the Edwardian period, the Tariff Reform threat came particularly to Liberal ideas of finance for social policy and, indeed, Liberal social policy itself. The social question transcended party in this period and rival remedies evolved for improving the condition of the people. To Chamberlain, despite his Radical experience in municipal socialism and his probable sincere concern for the future of the working classes, social reform was incidental to his financial policy.

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41. 21 April 1908, Manchester; Lloyd George, Better Times, p.44.

But to the Liberals, however, social reform was a main aim, a 'raison d'etre'. After 1906, the issues were clouded to an extent and immersed in the social question so that both sides seemed to be advocating a social policy based on different economic systems.

Chamberlain's campaign began in May 1903 and the tale is well-known of his problems within the Conservative party and with the Liberal opposition.[42] The less well-known aspect of the Tariff Reform Campaign is that after the 1906 General Election, especially between 1906 and 1909, when the Tariff Reformers, despite Chamberlain's crippling paralysis, redoubled their efforts.

Before the new House of Commons met in 1906, Beatrice Webb wrote on Chamberlain and social reform:

> We do not deceive ourselves by the notion that this wave of Liberalism is wholly progressive in character - much of its bulk is made up of sheer conservatism aroused by the revolutionary tariff policy of Chamberlain. But it looms as progressive in its direction and all the active factors are collectivist. Moreover, it is clear that Joe is going to try to outbid the Liberals by constructive social reform. It is an interesting little fact that a fortnight ago he wrote in his own hand to W.P. Reeves to beg him to send all Acts, and literature about the Acts, relating to old-age pensions and compulsory arbitration (in New Zealand) - as if he desired to convince himself of their feasibility as an adjunct to his tariff policy. Whether or not this socialistic additional will make for the popularity of protection, it will come at any rate as pressure on the Liberals to do something for raising the standard of life of the very poor - it will bar the way to a policy of the status quo.[43]

42. Amery, Joseph Chamberlain, V & VI.
43. Webb, Partnership, p.330; quoted in Amery, Joseph Chamberlain, VI, p.856.

Obviously, Chamberlain had taken the 1906 electoral defeat as a mere temporary setback and was waving the banner of the interdependence of Tariff Reform and Social Reform again, a policy continued after Chamberlain's active departure from the political scene in 1907. As Beatrice Webb explicitly stated, this caused pressure on the Liberals and created an urgency for a definite social policy.

Asquith wrote in May 1908:

> I have realised from the first that if it could not be proved that social reform (not Socialism) could be financed on Free Trade lines, a return to Protection is a moral certainty. This has been one of the mainsprings of my policy at the Exchequer.[44]

This revealing letter shows that Asquith realised the importance of finding some policy and financing it on 'Free Trade lines'. Should he fail, Tariff Reform was ready to sweep in and in doing so, disrupt Liberalism. One must look at his old age pension scheme and taxation modifications in the light of these considerations.

1908 was, in fact, a crucial year in the history of Edwardian Liberal social policy. It was a year when major decisions were taken on the future of Liberal social reform, but it was also a year of economic depression. As Churchill wrote in November 1908:

> The depression has affected, in successive degrees of intensity, the United States, the

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44. 9 May 1908, Asquith to St. Loe Strachey; quoted in A.M. Gollin, Proconsul in Politics (London, 1964), p.152.

> United Kingdom, Germany and France; and in the first three cases it has been attended by much industrial dislocation and sharp and unusual increases in unemployment... there are no grounds for expecting any improvement in the immediate future.[45]

This was ideal ground on which Tariff Reform could thrive as a cure for the nation's economic and social ills. Protection was a powerful force in such times of economic adversity, for the working classes were amenable to arguments of increasing employment and higher wages. Probably such arguments were also preferable to Liberal ones of social reform.[46]

Undoubtedly, Tariff Reform did gain ground during the 1907-08 depression. In January 1908, the mid-Devon constituency went to a Tariff Reform candidate. This was the first of many Liberal losses to Conservatives in 1908, the rest being South Hereford, Peckham, Manchester North-West, Pudsey, Haggeston, Newcastle-upon-Tyne. Liberal leaders generally put these losses down to the economic depression and the consequent exploitation by the Tariff Reformers. Thus, Lloyd George was reported to have replied, when asked if he thought Free Trade was losing ground:

> I cannot deny that Protection is drawing a number to its side. The recent by-elections show it. The next elections will undoubtedly be fought on Protection v. Free Trade issues.[47]

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45. 2 November 1908, Churchill memorandum to Cabinet on state of employment, CAB 37/96/142.
46. H. Pelling, 'The Working Class and the Origins of the Welfare State', in Popular Politics and Society in Late Victorian Britain (London, 1968), pp,2-18. This chapter describes the hostility of the working classes to social reform.
47. 13 April 1908, Report in Daily Mail of interview in 'Le Temps', MSS LG H/111.

The Liberals were, therefore, thrown onto the defensive. Partly, the threat was met by a firm denial of the objectivity of the Tariff Reformers and the justification for protection. Churchill, always an ardent Free Trader in the Edwardian period leapt into the fray. At Nottingham, in 1909, he said:

> If you face the policy with which we are now threatened by the Conservative Party (i.e. Tariff Reform) fairly and searchingly, you will see that it is nothing less than a deliberate attempt on the part of important sections of the propertied classes to transfer their existing burdens to the shoulders of the people, and to gain greater profits for the investment of their capital by charging higher prices. [48]

Lloyd George, too, is reported to have said at Manchester in 1908:

> I have been asked a question about unemployment. It is a very serious problem and a blot on our civilisation. But it is not confined to Free Trade countries. It seems to be an almost inevitable outcome of the present economic machinery....But there is unemployment in Germany and the United States. The difference between Protected countries and ours is this - the fluctuations in those countries are much more violent than here.[49]

Liberalism, therefore, was on the defence against the Tariff Reformers. This probably helped catalyse the social programme. Ideas on insurance and labour exchanges were clarified in 1908, at the very time of the Tariff Reform threat. This coincidence cannot be ignored in considering the genesis of Edwardian Liberal

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48. 30 January 1909, Nottingham; Churchill, Liberalism, pp.230-1.
49. 22 April 1908, Cheetham Public Hall; Reported on 22 April 1908, Mahchester Guardian, MSS LG C/33/1/33.

social reform. Certainly, the Tariff Reform threat, at least, must have helped to assuage some of the distrust many Liberals felt for Lloyd George, Churchill and their ideas. Therefore, the historian must certainly not underestimate the role of the Tariff Reform Campaign in a consideration of the influences on the Edwardian Liberals.

VI. Conclusion

Economic factors, in their various guises, were without doubt of fundamental importance in the origins of Edwardian Liberal social thought and the welfare legislation of 1906-11. However, we must be wary of how we speak of these elements. There were the preconditions of pension and national insurance policies - industrialism, urbanisation and a sound financial situation. Then, there were the economic problems of the late nineteenth and early twentieth centuries which made social reform more imperative - unemployment, declining real wages, and the economic failure of other remedies. Finally, there were the politico-economic conditions surrounding the Tariff Reform challenge which, firstly, catalysed opinion on pensions and then rendered necessary the formation of another social policy to keep the political initiative and maintain Free Trade.

The whole, when added to the empirical revelations of the period and increasing ideological inclination for a change in social policy, created an environment of pressures which it would have been difficult to withstand.

CHAPTER V. POLITICAL ASPECTS : I. THE POLITICAL ENVIRONMENT

The political conditions of late Victorian and Edwardian Britain added to the environment of the period and the pressures on Liberal politicians. These conditions took many shapes and forms - fear of social upheaval, the existence of a new 'democracy', the threat of politically organised labour, and the internal problems of the Edwardian Liberal Party leadership.

These considerations implied 'political expediency' as a motive for Liberal political programmes. However, such expediency may have been conscious or unconscious in the minds of the Liberal leaders. This is based on the very nature of British politics. Politicians made the relevant policy decisions and, in doing so, weighed up arguments and pressures, including political considerations based on the probable consequences of action or inaction. To be successful, political parties have to pursue policies which, if not blatantly vote catching or concessionary, are evidence of responsibility and responsiveness - 'responsible' in the sense of pursuing sound, viable, progressive policies in the interest of the nation, and 'responsive' in the sense of reacting to changes not only in political opinion but also in the social and economic spheres. The very nature of the competitive world of British politics ensured political expediency a high

place in policy making in the Edwardian period.

These two chapters on political aspects of the genesis of social reform in Edwardian Liberalism have a two-fold aim - to outline the political conditions which the Liberal leadership had to consider in policy-making, and then to evaluate the importance of these conditions in policy-making. The first chapter will consider the general political environment of the early twentieth century, while the second will mainly consider Edwardian Liberalism, specifically, and the internal problems of the Liberal leadership.

I. The Threat of Social Upheaval

The threat of the urban 'mob' has existed throughout the modern world. As long as there were towns and cities, there existed poor sections of society, living in, or on, the brink of destitution and starvation. Their ranks swelled in times of economic dislocation, caused by depression in trade or food shortage, and then these poorer sections, ranging from the genuinely unemployed and badly-paid members of society to habitual vagabonds, became potent political forces threatening to overthrow the existing regime, if not society itself.

In Britain, with its rapid industrialisation and urbanisation, theproblem was magnified in the eighteenth and nineteenth centuries. In this period, when the natural, inviolable economic order was so often spoken of, social stability seemed to depend on the whim of the trade cycle. Troughs of industrial dislocation and

depression coincided with social turmoil and violence. A famous example of this in the first half of the nineteenth century is the coincidence between the 'Hungry Forties' and the great periods of Chartist activity, between 1837 and 1842, and in 1847-8. Economic distress caused working class protest against the evils of industrialism and gave bite to the Chartist movement. However, inherent in this conclusion is a reason why Chartism failed as a political movement and the 'mob' remained a latent social threat rather than a real, persistent one - riots and violence depended on economic conditions and the existence of 'distress', both of which fluctuated with the trade cycle. Thus, in periods of relative prosperity, unrest died down and extra-parliamentary political movements faltered.

Yet the threat was there, waiting to be resuscitated by economic depression. The late nineteenth century and early twentieth century saw a number of especially frightening episodes which made the middling and upper classes fearful for society. In 1885-6, there was a dire economic depression, bringing hard times and unemployment to a peak. The direct result of this was the Trafalgar Square Riot of 1886. The violence this causes frightened the 'respectable' better-off sections of society so much that one recent writer has commented:

> In the Trafalgar Square riot of February 8 1886, the old humanitarianism died in a spasm of terror. The poor were no longer to be pitied and to be helped from Christian generosity. They now were a menace to be bought off.[1]

This attitude was consolidated in the early years of the twentieth century. Between 1902 and 1905, there was economic depression and high rates of unemployment, which gave rise to unemployment agitation throughout the country, culminating in a violent riot on 31 July 1905 at Manchester, after which Keir Hardie maintained that the spirit of Peterloo was abroad. Recently this agitation has been studied and a direct link shown between it and the Unemployed Workmen Act of 1905, giving the impression that this act was a concessionary measure.[2]

This example incidentally shows the composition of the 'mob'. The main component increasingly became synonymous with the 'unemployed' as the nineteenth century progressed and was largely, if not unthinking, uncoordinated in its aims and hopes. The unemployed and poverty-stricken had vague notions about what was wrong with society and even vaguer ones about remedies, but this did not really matter, for coherent leadership and guidance was usually the work of a minority of discontented middle class elements.

But the traditional middle class leadership of riot and unrest was gradually becoming anachronistic because of the political reforms of 1832, 1867, 1872

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1. Gilbert, National Insurance, p.32.
2. Brown, Journal of Modern History, XLIII.

and 1884-5. The middling sections of society and the better off elements of the working classes had become incorporated in the constitutional structure and so there was less reason for them to indulge in extra-parliamentary agitation. Apart from the trade unions, this virtually became the preserve of the discontented intellectual middle class in the guise of socialist societies, notably the Social Democratic Federation, which was behind the 1902-05 agitation.

The problem is deciding whether the Edwardian Liberals bowed to such pressure between 1906 and 1911 and whether the pension and insurance legislation was the result of social upheaval. Given the history of 1902-05 and the fact that similar depression was rife in 1907 and 1908; it seems logical to conclude that there was a link. W.S. Adams wrote in 1953:

> Lloyd George simply stood for a policy of reform and of concession by the employing classes to meet the demands of labour to the extent necessary to avoid social upheaval and to preserve national power.[3]

It would not be wise to think of Lloyd George as simply standing for a policy of concession. But the concession idea must not be dismissed when considering the genesis of social reform. There is little evidence of Liberal politicians being frightened by extra-parliamentary threats of social upheaval, although Lloyd George

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3. W.S. Adams, 'Lloyd George and the Labour Movement', Past and Present, III, (1952-3), p.61.

provides veiled hints in a section from his War Memoirs:

> The shadow of unemployment was rising ominously above the horizon. Our international rivals were forging ahead at a great rate and jeopardising our hold on the markets of the world. There was an arrest in the expansion of our foreign trade which had contributed to the phenomenal prosperity of the previous half-century... Our working population, crushed into dingy and mean streets with no assurance that they would not be deprived of their daily bread by ill health or trade fluctuations, were becoming sullen with discontent...[4]

This excerpt is from Lloyd George's justification for his National Government Memorandum of August 1910 and, as such, is of little direct relevance to the making of social policy, for decisions on pension and insurance programmes were taken between 1907 and 1909. However, by 1907 and 1908, it is without doubt true that men were already becoming 'sullen with discontent' as shown by the adverse election results for the Liberals and considerable violence by the unemployed. That old catalyst of unrest, economic depression, was reaping its harvest again.

The great question is how this discontent was manifested or rather how politicians thought it would be manifested. There was plenty of talk of social upheaval, at this time, surrounding the election of a relatively strong independent labour party in 1906 and the equating of organised labour with revolutionary Socialism. But as to extensive extra-parliamentary

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4. D.Lloyd George, War Memoirs (London, 1933), I, p.35.

'mob' violence, there is less evidence. After 1910, Ireland was on the brink of civil war. Also, there were a spate of strikes throughout the United Kingdom and these had peripheral political connotations because of the foreign examples of the application of the Syndicalist doctrine. Throughout the Liberal period too, there were the suffragette outrages. But in the formative period of Liberal social policy, there was only limited mob violence and discontent expressed itself mainly in the political context of election results.

However, the Liberal leaders had lived through the troubles of the 'eighties and had recently seen the agitation against the Tory government. No one can analyse the lingering effect of this on men's minds without specific evidence which is generally unavailable.[5] Conclusions, therefore, must necessarily be tentative, but we can say with some certainty that the economic problems and revelations of a social gulf made fear of social upheaval commonplace in Edwardian Britain, stimulated between 1905 and 1910 by the rise of labour in the parliamentary sphere and the presence of Lloyd George, especially after 1908, as the guiding light of Liberal social policy.

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5. Balfour was very sceptical about the future, having seen unrest in other countries. See Balfour to Lady Salisbury, 17 January 1906; P. Rowland, Last Liberal Governments, p.28. But there is little explicit evidence elsewhere.

II. 'Democracy' and Policy

Reform acts in the second half of the nineteenth century inaugurated changes not only in the political machinery but in the nature of politics itself. The Reform Act of 1867 extended the franchise to cover most householders in borough constituencies, but discriminated against householders in county constituencies, adding 934,427 people to the electorate. Further extension came in the 1884 Reform Act which eliminated the distinction between householders in town and country, adding another 1,762,087 people to the electorate.[6] Despite the comprehensive categories of electors established by 1884, 'universal adult male suffrage' did not exist, for it has been estimated that only fifty-nine per cent of all adult males had the vote in 1911.[7] This was because of various franchise disqualifications, such as being in prison, recently released or in receipt of poor relief, and the difficulties of the registration machinery.

However, many more people and new social elements had the vote now, creating a vast mass of new electors and a wave of uncertainty sweeping through British politics in the last twenty years of the nineteenth century. Winston Churchill quoted his father after the passing of the 1884 Act:

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6. The 1867 Reform Act increased the electorate by 88 per cent, while the 1884 Reform Act increased it by 67 per cent. Lynd, England in the Eighteen Eighties, p.95.
7. N. Blewett, 'The Franchise in the United Kingdom, 1885-1918', Past and Present, XXXII (1965), p.31.

> You have changed the old foundation (of the British constitution)... Your new foundation is a seething and swaying mass of some five million electors, who have it in their power... to alter profoundly, and perhaps ruin the interests of the three hundred million beings who are committed to their change.[8]

Such trepidation was further consolidated by two acts which broke down potential political ties - the 1872 Ballot Act and the 1885 Redistribution Act. The Ballot Act, despite charges of 'unenglishness' made voting secret and so heralded the death of deferential politics during elections. Meanwhile the 1885 Redistribution Act signified the increasing change in the balance of economic power and wealth in England by removing 140 seats, mostly agricultural ones in the South of England, and making major additions to urban centres like London, Lancashire, Yorkshire and the North-East.[9] The Victorian governments seemed increasingly aware of economic and social change and the need to reflect this in political change.

Historians often maintain that these changes in the political framework caused the increased concern with the social question after 1884.[10] This seems quite logical when one considers the coincidence between the passing of the political reforms and the talk on social issues. Thus, Lord Salisbury, never an

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8. W.S. Churchill, Life of Lord Randolph Churchill (London, 1906), I, p.294; quoted in Lynd, England in the Eighteen-Eighties, p.207.
9. Kinnear, British Voter, p.13.
10. e.g. Briggs, Seebohm Rowntree, p.54; Lynd, England in the Eighteen-Eighties, p.95; Dicey, Law and Public Opinion, pp. lxiv-lxv.

ardent advocate of social reform, was described by the Annual Register in 1884 as:

> While not favouring any great scheme of state interference, he was in favour of Parliament avoiding cowardice in that matter, because there were no absolute rules or principles in politics and because material and moral laws ought to prevent the State from being indifferent to the social condition of thepeople.[11]

But one should be careful not to make the mistake of taking 1867 or 1884 as a climacteric in social thought. There were social policies of various kinds throughout the nineteenth century, resulting from various ideas such as humanitariansim or national safety. There was undoubtedly greater emphasis on social issues after 1884 and the political reforms acted as a stimulus. But the whole attitude of social concern stretched beyond mere political considerations into the arousal of the social conscience and national self-reassessment caused by the coincidence of the 'Great Depression' and social revelations like the 'Bitter Cry'. Political reforms were, therefore, created on an existing social and intellectual framework and their political implications gave weight to, and accelerated social reform ideas but they did not create the environment for reform.

The political implications of the reform acts on social policy have recently been qualified by Henry Pelling.[12] He has pointed out the distrust the working classes felt for social reforms and said that, although

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11. Quoted in Lynd, England in the Eighteen-Eighties, p.164.
12. Pelling, Popular Politics, Ch.I.

middle class leaders like Chamberlain may have emphasised social issues at times, these issues were, in fact, negligible factors in elections between 1885-1910. This hypothesis is debatable - but, in a way, it is irrelevant to the main issue. Other factors may have been more important than social reform considerations in swaying elections, but politicians of the late Victorian and Edwardian eras increasingly seemed to believe in the political importance of social reform and labour legislation - for example, Chamberlain is found advocating his 'Three Acres and a Cow' policy in 1886 and linking pensions with tariff reform; also, within the Liberal party, younger Liberals around Asquith, Haldane and Buxton were forming a ginger group seeking a new policy to reflect the imperial role and social conditions of Britain.

The parties themselves, indeed, reflected the political reforms in the modification of their attitudes and their machinery. The development of the dissatisfied 'Young Liberals' has been noted - later, alliances were to be made with the L.R.C., as the Liberals realised that it was their best chance of achieving solid 'progressive' support in Tory areas. Both parties made greater efforts to register their supporters, while the Tories made a conscious effort to switch their centres of strength to reflect social and economic charge. Thus, from being a predominantly

country party in 1867, with its strength in county constituencies and small agricultural boroughs, it had reached a position by 1885 whereby it had half its House of Commons strength in urban communities, especially in Lancashire.[13]

These political considerations form the essential background to discussion of the immediate political circumstances of 1906-11. Accompanying general awareness of political fact and the increased importance of 'the people' were immediate electoral considerations in the Edwardian era.

There was certainly an element of vote-catching in the policies of the Liberal leaders in 1906. They were desperate to retain the office Balfour had relinquished to them after ten years in the wilderness of political opposition and twenty years since their last relatively strong government. When an election became imminent in December 1905, Campbell-Bannermann showed a definite reaction to the political circumstances:

> I had excellent meetings in Glasgow. I found that much mischief was being done by the notion that we had little or nothing to say about the unemployed. So I risked one foot on the ice, but was very guarded and spoke only of enquiry and experiment.[14]

This was indicative of the importance of the post-1885 political situation, especially in times of economic trouble. Parties had to speak of remedies for the

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13. J. Cornford, 'The Transformation of Conservatism in the Late Nineteenth Century', Victorian Studies, VII (1963-4), pp.41-2.
14. 1 December 1905, Campbell-Bannerman to Asquith, MSS HHA 10, f.173.

parlous state of the poorer sections of society to retain their support or win fresh supporters. Certainly, there were areas of the country which traditionally voted for one party - for example, Lancashire was traditionally Conservative and Wales Liberal. However, persistent ignoring of the wishes of specific areas could eventually result in loss of control, as the Conservatives found out to their cost in 1906.

Having assumed power, the Liberal leaders were eager to consolidate their position. This attitude is reflected in correspondence between Campbell-Bannerman and Asquith, and between the former and Herbert Gladstone in late January 1906 when the programme for the following session was considered. Asquith wrote a letter to his leader on 20 January 1906 urging an Education Bill, a Trades Disputes bill and an amendment of the Workmen's Compensation legislation.[15] The Prime Minister replied on 21 January, agreeing on a Workmen's Compensation bill as well as a Trades Disputes bill as sops to Labour, but he also advocated another general interest bill besides Education to allay charges of the Liberals being at the mercy of Labour.[16] The whole issue was summed up in Campbell-Bannerman's report to Herbert Gladstone:

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15. 20 January 1906, Asquith to Campbell-Bannerman, MSS CB 41210, f.259.
16. 21 January 1906, Campbell-Bannerman to Asquith, MSS HHA 10, f.200.

> Asquith suggests that we should in addition to Education and Trades Disputes Bills have a Workmen's Compensation Bill... But two workmen's Bills wd. have to be balanced by at least one other first class general Bill in addition to Education, don't you think? We must not be too-too![17]

Obviously, at the start of the Liberal governments, questions of political expediency were entering discussion, but the Liberal leaders were very concerned not to be too blatant about it all. Lloyd George said in April 1903:

> There is too much disposition to tune our lyre to the sounds that come from the street, instead of standing to the sound principles of Liberalism...[18]

The modification of Liberal principles into 'New Liberalism' could easily be construed as just this. To respectable political thought, such vote-catching, necessary as it might be, is the antithesis of good government, and so the Edwardian Liberals attempted to produce a balanced political programme.

The pension and insurance schemes of this programme both reflect the underlying attitude of political expediency. In a way, the Liberals were impelled into this attitude by their election victory in 1906 and the desire to hold onto the huge gains.

In 1906, the Conservatives won 134 seats, Liberals 375, Liberal Unionists 24, Lib-Labs and Labour 54 and Nationalist 83.[19] The Liberal Party, therefore, had a

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17. 23 January 1906, Campbell-Bannerman to H. Gladstone, MSS VG 45988, f.213.
18. 4 April 1903, Newcastle; Lloyd George, Better Times, pp.1-2.
19. Kinnear, British Voter, p.28.

vast absolute majority of 295, which in reality became a parliamentary majority of over 350, owing to the adhesion to the Liberal cause of the labour and nationalist elements. But this is not the whole story - far more important than the bland figures was the change of allegiance from Conservative to Liberal and Labour. Compared with 1900, the Conservatives lost 250 seats and ten to fifteen per cent of their 1900 votes.[20] When by-elections are allowed for, the figure is slightly less disastrous, as the Conservative Party lost 26 seats and gained two in the period 1900 to 1905.[21] The majority of these losses went to the Liberal Party with the net Liberal gain in 1906 standing at 214.[22]

These Conservative losses were throughout the length and breadth of the country. Only three places remained strongly Unionist - West Lancashire, Sheffield and Birmingham - and elsewhere traditional Conservative seats such as Brentford and Enfield fell.[23] The rout seemed complete.

But, the Liberal victory really should be looked at as atypical of the political situation. The 1906 general election was little more than a massive protest

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20. 'the Unionist drop from 1900 to 1906 would have been higher than that indicated by comparison of either percentages of the total vote or percentages obtained per opposed candidate. The Unionist percentage loss was not 7 or 8.4%, but 10%, and possibly 15%'. Kinnear, British Voter, p.28.
21. D. Butler and J. Freeman, British Political Facts 1900-1967 (London, 1968), p.151.
22. P.F. Clarke, Lancashire and the New Liberalism (Cambridge, 1971), p.8.
23. Kinnear, British Voter, p.30.

vote against Conservative government and the demoralisation of the Conservative party between 1902 and 1906. As such, it could not really be looked on as a significant permanent political development. It would need an extraordinarily successful Liberal government to keep traditionally Tory seats from slipping back. Reversion of many seats to old allegiances was virtually inevitable - though, perhaps, the Conservative resurgence would have been slower had the Liberals not been rendered weak by the attitude of the House of Lords to their legislation and had economic depression not descended on Britain again.

Therefore, between 1906 and 1909, byelections flowed steadily against the Liberals. Of 101 by-elections between August 1906 and November 1909, the Liberals showed a net loss of eighteen seats, compared with a Conservative net gain of twelve and a Labour net gain of five.[24] These were followed by the general election of January 1910 which was marked by a Conservative counter-attack in areas where they had lost seats in 1906. In the counties of Berkshire, Devonshire, Essex, Hampshire, Herefordshire, Kent, Nottinghamshire, Oxfordshire, Somerset, Staffordshire, Suffolk, Surrey, Warwickshire and Wiltshire, the Liberal net gain in 1906 was 68 seats and in January 1910, their net loss was 64 seats. Of course, the counter attack was not complete and some areas were alienated for a long time - for example, in the counties of Cheshire, Lancashire and

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24. Butler and Freeman, British Political Facts, p.152.

Yorkshire the Liberals made a net gain of 56 seats in 1906, only ten of which did the Conservatives manage to reclaim in January 1910. But the trend is clear - of 214 Liberal gains in 1906, they had already lost half by January 1910 and in December they lost a further eighteen, though winning the same number back of the January losses.[25]

These electoral reverses should have been, and probably were anticipated by the Liberal leaders. No realistic politician could have misunderstood the nature of the 1906 election. But this did not stop Lloyd George and Churchill attempting to stop the electoral rot. We must not forget all the other factors behind the social policies but the aspect of electoral expediency must be given a high place amongst them.

A pension scheme was imminent in the early years of the twentieth century. The 1906 Liberal victory increased the pressures on politicians to remove this 'political scandal'. The consequences were all too apparent. F.M. Stead wrote to Asquith in December 1907 urging a pension scheme:

> The Nation has declared its will in the most emphatic manner at the ballot and in the House of Commons. It has heard with pleasure its most responsible ministers affirm their complete accord with its expressed purpose. It looks to you to launch a Pensions scheme which shall be commensurate with its own demands and with the urgency of the needs of the aged. If it finds itself thwarted or mocked with some paltry apology for a national

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25. Clarke, New Liberalism, p.8.

> scheme, the disappointment of the nation will be terrible... a Government which has declared Pensions to be the most urgent of all Social Reforms, and yet makes only a meagre beginning or pretence at a beginning will have pronounced itself incompetent to govern a progressive community...[26]

The arguments in Stead's letter are extreme, melodramatic and debatable in places, but they serve to show that pensions were a pressing problem and the party which introduced them would cause many people to be grateful. Lloyd George himself set great store by their introduction as his note to his brother, following the financial provision made in the 1908 Budget, shows:

> Budget over. Asquith spoke for over two hours - a very fine performance. Old Age Pensions at 70. Five shillings a week and half the sugar tax off. Very great satisfaction to our side and it leaves the coast clear for me to initiate my own schemes. It is time that we did something that appealed straight to the people - it will, I think, help to stop the electoral rot, and that is most necessary.[27]

The 'electoral rot' was the by-election situation, for, by this time, the Liberals had lost ten seats. This was the period in which the social policies embodied in the 1909 Budget and 1911 National Insurance Act were conceived. The coincidence, in the light of Lloyd George's reaction to pensions, cannot be over-estimated.

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26. 14 December 1907, F.H. Stead to Asquith, MSS HHA 75, f.127.
27. 6 May 1908, D. Lloyd George to W. George; W. George, My Brother and I (London, 1958), p.221.

Churchill presaged the future legislation by writing to J.A. Spender in the winter of 1907:

> Politics are in the trough of steady humdrum. The people are not satisfied; but neither are they offended with the Government. No legislation at present in view interests the democracy. All their minds are turning more and more to the social and democratic issue. This revolution is irresistible. They will not tolerate the existing system by which wealth is acquired, shared and employed. They may not be able, they may be willing to recognise themselves unable, to devise a new system. I think them ready to be guided, and patient beyond conception. But they will set their faces like flint against the money power - heir of all other powers and tyrannies overthrown - and its obvious iniquities. And this theoretical repulsion will ultimately extend to any party associated in maintaining the status quo. But further - however willing the working classes may be to remain in passive opposition merely to the existing social system, they will not continue to bear... the awful uncertainties of their lives. Minimum standards of wages and comfort, insurance in somce effective form or other against sickness, unemployment, old age - these are the questions, and the only questions, by which parties are going to live in the future. Woe to Liberalism if they slip through its fingers.[28]

To Churchill, therefore, the extension of democracy had caused a change in the basic nature of politics and Liberal success depended directly on the recognition of this change by the party leaders and the adoption of a new policy. As Churchill said at Birmingham in 1909, the Liberal Party

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28. Winter 1907, Churchill to J.A. Spender; H.W. Harris, J.A. Spender (London, 1946), pp.80-1.

> ... shall be all the stronger in the day of battle if we can show that we have neglected no practicable measure by which these evils (uncertainties of life) can be diminished.[29]

Besides revealing motives of Churchill and Lloyd George, such arguments must not be forgotten in considering why Lloyd George and Churchill had such an influence on Liberal policy. The fact that their social programmes reflected a likely successful method of securing the party's future must have weighed heavily with their less radically-minded colleagues.

'Democracy', therefore, had an important role in the genesis of social reform in Edwardian Liberalism. The extension of the franchise in the nineteenth century created a political environment which put more emphasis on the 'People', their needs and their wishes. On this basic political framework, specific political developments catalysed the whole environment in favour of reform into a specific social programme.

III. The Threat of the Labour Party

The institutionalised reality of the threat of parliamentary democracy is to be found in the late Edwardian Labour Party, which blossomed from the Labour Representation Committee of 1900. Without the extension of the suffrage to a majority of the adult male population, including a large section of the working classes, it is hardly conceivable that such a

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29. 13 January 1909, Birmingham; Churchill, Liberalism, p.224.

party could have existed - though, we must not say that the extension of the franchise 'created' the Labour Party.

The story of the development of an independent labour political party has been comprehensively discussed[30] and needs little reassessment. The important points about the growth are, firstly, that it was basically a reflection of the general disenchantment the British electorate felt for the Balfour Government and its incidents - such as the Taff Vale decision, the procrastination over unemployment remedies and Poor Law reform, and the threat of the 'small loaf'. Secondly, inherent in the growth of the Labour Party was the creation of a new party of the Left, an alternative to Liberal radicalism. This section is especially concerned with the latter and the complex relationship between the Labour Party, Edwardian Liberalism and social reform. The specific question to be answered is to what extent the existence of a political alternative to Liberalism inspired a new social policy in the Edwardian period.

B.B. Gilbert, in his exhaustive study of social reform in Edwardian Liberalism points to a definite link between the rise of the Labour Party and the Liberal social legislation. This is based on the hypothesis that the Liberal leadership came to fear

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30. See: F. Bealey and H. Pelling, Labour and Politics 1900-1906 (London, 1958); P. Poirier, The Advent of the Labour Party (London, 1958).

the latent political power of a class-based independent labour party, first evidenced in the L.R.C. by-election victories of 1902 and 1903 at Clitheroe, Woolwich and Barnard Castle. The 1906 General Election saw twenty nine LRC members returned - albeit with the help of the Liberal-Labour electoral agreement of 1903 - which made Liberal leaders think of 'sops for Labour'. However, in 1907 it was all too obvious that 'Labour' was unsatisfied, for the Liberal Party lost Jarrow and Colne Valley to labour elements. Gilbert deduces that this had a direct effect on pension legislation and implies that it crystallised Lloyd George's and Churchill's plans, incidentally making them more acceptable to the less radical elements in the government.[31]

This is essentially true but needs qualification. One cannot help thinking that this hypothesis, based on the existence of an alternative party of the Left, leans too much on hindsight and not enough on the actual political situation of the Edwardian period. To determine the true reaction of the Liberal leadership to the growth of an independent labour party, it is helpful to discuss the problem in two sections - from 1900 to January 1906, and from January 1906 to, say, 1909. In these periods, covering the Liberal Party in opposition and in power, the whole gamut of the leadership's attitudes to the incipient Labour Party are shown and should be studied within their

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31. Gilbert, National Insurance, pp.202-3, 210.

immediate political context, without the benefit of knowledge of the later monolithic Labour Party.

Before 1906, the L.R.C. was looked at in two lights by the Liberal leaders - as an electoral weapon and as an alternative to Liberalism. Both aspects are entangled to an extent, but it is important to differentiate in order to reach valid conclusions.

There is no doubt that the L.R.C. was potentially electorally very powerful. It was formed in 1900, hardly soon enough to affect the results of the 'Khaki Election'. But it did run fifteen candidates polling 62,698 votes out of 177,000[32] and winning two seats, at Merthyr and Derby. However, 1902 and 1903 saw the L.R.C. emerge as a definitely powerful electoral force - on August 1, 1902 Shackleton was returned unopposed at Clitheroe in Lancashire; in March 1903, Will Crooks won Woolwich by defeating a Tory; and in July 1903, Arthur Henderson caused a sensation by defeating both major parties at Barnard Castle. Henderson's victory is especially important to many historians because the defeat of the official Liberal candidate is taken not only as evidence of the threat the L.R.C. posed to Liberal existence, but also as the event that made the Liberal-Labour electoral agreement, negotiated in 1903, acceptable to local constituency associations. For Herbert Gladstone is quoted as saying as early as 1901:

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32. Poirier, Labour Party, p.133.

> If I had the power and the authority I have no doubt that I could come to terms with the leaders of the Labour party in the course of half a morning... the difficulty lies with the constituencies themselves and in the unfortunate necessity of providing funds ... During the last two or three years I have urged upon the constituencies the claims of labour; but I am sorry to say that, as a rule, a marked want of success has attended my efforts.[33]

Local constituency associations were thus reluctant to accept working men candidates, despite the urgings of the leadership. A specific electoral agreement with and independent labour party was even more out of the question until the fright of Barnard Castle.

The Ramsay MacDonald-Herbert Gladstone compact of 1903 was negotiated between March and September and finally realised in September at Leicester owing to fears of a general election. The agreement was modified slightly between 1903 and 1906, but not materially, which meant that the General Election of 1906 saw the Labour Party fielding 50 candidates, 31 of which had no Liberal opposition. This arrangement was, in fact, a recognition of the electoral strength of the L.R.C. - but the nature of this has led to much misrepresentation of Liberal-L.R.C. relations in the early Edwardian period. Jeremy Thorpe has recently written:

> The Liberals were to blame for giving room to the Socialist cuckoo in the radical nest. The Herbert Gladstone/Ramsay MacDonald arrangement, which relieved thirty-one Labour candidates of Liberal competition in 1906 without extracting any advantage for the Liberals, was an act of uncalled-for electoral

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33. 1901, H. Gladstone to West Leeds constituents; from 9 October 1901, The Times, quoted in F. Bealey, 'Negotiations between the Liberal Party and the Labour Representation Committee before the General Election of 1906', Bulletin of the Institute of Historical Research, XXIX (1956), p.261.

> generosity unforgivable in a Chief Whip. At the moment when the Liberals needed no support from outside to win a smashing victory, they gratuitously admitted to Westminster ... a group of M.P's whose only opportunity for expansion lay in replacing the Liberal Party.[34]

This shows adequate historical knowledge, but also a faulty understanding of Edwardian politics. To hold that Herbert Gladstone made a grave mistake is to ignore the practical politics of the issue. Gladstone's immediate aim was to mould the electoral strength of the L.R.C. into a 'Progressive' political movement, which the Liberal Party would dominate.

The electoral situation which occasioned the necessity to use the L.R.C. was summed up in the Manchester Guardian Leader of 26 July 1895:

> It (the electoral position of the Liberals in Lancashire) is nearly or quite as bad as London, where the Liberals are eight out of 53, and in this election even more clearly than in 1886 London and Lancashire have once more revealed themselves as the two great centres on which Liberal effort must be spent unsparingly if the country at large is to be won from Toryism. So long as the Tories can return a strong phalanx of over one hundred members from London and Lancashire alone no Liberal victory is possible. These are the central fortresses which must be breached at all hazards; and while every Lancashire Liberal will find in the bleak figures a new incentive to increasing effort, it may also be suggested that the Liberal leaders should recognise more fully than they appear to have done hitherto that Lancashire is almost the key to the situation.[35]

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34. Foreword to Douglas, History of the Liberal Party, p.xii.
35. 26 July 1895, Manchester Guardian; Clarke, New Liberalism, p.7.

Some revolution in electoral behaviour seemed essential for Liberal victory and the crucial area of this should be Lancashire. Internecine feuding within the 'progressive' ranks would make such change impossible, despite the swing of opinion against the Tories. Traditional party loyalties had to be overcome and the anti-Tory sentiment converted into a 'Progressive' victory. These considerations make it easier to understand the Liberal motives behind the 1903 arrangement. Although local constituency associations may disagree, Gladstone and the leadership concluded that the L.R.C. had a better chance of conquering Lancastrian Tory strongholds in a straight fight with the Tories than in a three-cornered contest with Liberals as well. The working class bias of the L.R.C., coupled with the swing in opinion, stood a better chance of victory than a Liberal assault, hamstrung by competition with L.R.C.

The necessity for some agreement and the optimism of the Gladstone camp for the future was summed up by Jesse Herbert in March 1903 in a letter to Herbert Gladstone:

> ...The L.R.C. can directly influence the votes of nearly a million men. They will have a fighting fund of £100,000... Their members are mainly men who have hitherto voted with the Liberal Party. Should they be advised to vote against Liberal candidates and... should they act as advised, the Liberal Party would suffer defeat not only in those constituencies where L.R.C. candidates fought, but also in almost every borough, and in many Divisions of Lancashire and Yorkshire. This would be the inevitable result of unfriendly action towards the L.R.C. candidates. They would be defeated, but so also should we be defeated.

> If there be good-fellowship between us and the L.R.C. the aspect of the future for both will be very bright and encouraging. They will probably fight 35 constituencies, which should save the Liberal Party funds to the extent of £15,000 and win 10 seats from the Government. They will bring a not inconsiderable addition to the strength of the Liberal vote in many constituencies where that addition will mean the success of the Liberal candidate.[36]

This is, at the same time, pessimistic and optimistic. Explicit is Herbert's recognition of the electoral potential of the L.R.C., but this tends to be over-shadowed by the short-term benefits of 'good-fellowship'. This illustrates the attitude of many Liberals - the L.R.C. was an electoral threat, but could be harnessed onto the Liberal wagon and used to bolster Liberal success.

The achievement of success then depended on mutual friendship, This consideration formed an important assumption on which the Gladstone/MacDonald Electoral Pact was made. In allowing the L.R.C. to fight thirty-one seats without Liberal opposition in the 1906 General Election[37], the Liberal leaders were hoping to breach traditional Tory strongholds. This hope was reflected in the distribution of the L.R.C. concessions - for, sixteen were in Lancashire, a Tory stronghold, and almost none in Yorkshire, a Liberal preserve.[38]

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36. 6 March 1903, J. Herbert to H. Gladstone, MSS VG 46205, ff.126-131.
37. 21 of these seats were straight fights with Unionists, while 10 were two-member constituencies in which an L.R.C. candidate ran alongside a Liberal.
38. Poirier, Labour Party, pp.273-4.

The ploy proved successful. P.F. Clarke, in his recent study on Lancashire and the new Liberalism, notes the violent change in the allegiance of the north-west (Lancashire, Cheshire and High Peak area of Derbyshire) in 1906. In 1885, the Tories held 46 seats, Liberals 24 and Irish Nationalists one. Until 1906, apart from 1892, there was a steady increase in the Tory position, with the 1900 figures standing at Tories 56, Liberals 14 and Irish Nationalists one. However, in 1906, the picture was totally changed - the Tories now had 16 seats, 'Progressive' 54 and Irish Nationalists their usual one.[39] Of course, the 1906 statistics exaggerated the real picture because of the nature of the election. But a significant fundamental change had been made in the voting behaviour of the area[40] - a reflection not only of the relative attraction of Liberalism and disillusionment with Toryism but also of the success of the Liberal-L.R.C. compact. Of the sixteen seats without Liberal opposition, fourteen were L.R.C. victories.

The reason for the L.R.C. victory was immediately obvious to Gladstone:

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39. Clarke, New Liberalism, pp.9-13.
40. In 1910, the distribution of seats in the north-west was:

	Tories	'Progressives'
January 1910	23	47
December 1910	32	38

Clarke, New Liberalism, p.10.

> ...The Liberal party has brought these men in. I think it is a complete justification of our policy for it has produced a solidarity in voting espY in the big towns wh. I scarcely dared hope for...[41]

This was nothing short of a complete justification of his policy with regard to the L.R.C. But to many writers, the victory of 1906 is the point where Gladstone's policy condemns the Liberal Party to extinction. Thus Dangerfield wrote:

> But the Liberal Party which came back to Westminster with an overwhelming majority was already doomed. It was like an army protected at all points except for one vital position on its flank. With the election of fifty-three Labour representatives, the death of Liberalism was pronounced; it was no longer the Left.[42]

Herbert Gladstone certainly did not look at the L.R.C. success in this light. He said:

> The L.R.C. people know quite well how much support was given them by Liberals, and this should have a steadying influence on them.[43] I am sure they will be a good element.

In the first flush of victory and perhaps with the politician's omnipresent optimism for his own policy, he thus denied what seems all too obvious to later political historians.

However, we must not make the mistake of taking Gladstone's optimistic utterances as typical of the Edwardian Liberal leadership. The threat of an independent class-based labour party posing as an

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41. 21 January 1906, H. Gladstone to Campbell-Bannerman, MSS CB 41217, f.295.
42. G. Dangerfield, The Strange Death of Liberal England (London, 2nd. Edn. 1966), p.24.
43. See 41 above.

alternative Left to the Liberal party was recognised as early as 1894 by Rosebery, following the establishment of the Independent Labour Party;

> An independent labour organisation will not catch a single Tory vote. Such votes as it does carry away will be Liberal votes, and in that way in some districts ...it may hamstring even cut the throat of the Liberal Party in these localities.[44]

The 1906 election showed this to be inaccurate in that Labour snatched away Tory votes, but it was prophetic in maintaining that growth would be at the expense of the Liberals.

In the early twentieth century, this fear was echoed alongside the official overtures made to the L.R.C. Churchill expressed the opinion in 1903 that the problem of labour and labour representation would prove difficult in the future for the Liberal party.[45] Lloyd George especially joined in the discussion of the problem of an independent labour party and, in microcosm, his attitudes represent the Liberal party's dilemma. Faced with a new 'social reformist', if not 'socialist', party, he was far-sighted enough to see its electoral potential in the new conditions of 1884 and also its political implications for Liberalism. Yet, its existence was a patent fact and if accommodated within Liberalism could strengthen it electorally and possibly supply such dynamism and radicalism with which he was increasingly in favour. With these

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44. 2 May 1894, Manchester; quoted in Douglas, History of the Liberal Party, p.66.
45. 5 December 1903, Churchill to H. Carr-Gomm; Churchill, Companion, I, pp.258-9.

considerations in mind, the seemingly contradictory elements of his attitude to the L.R.C. are given cohesion and meaning.

His policy towards independent labour had three aspects. First of all, he maintained that the distinction between Liberals and Labour members was purely nominal. The Newcastle Daily Leader reported in 1903:

> He hoped to see Liberal and Labour returned at the next election. For his own part, he had never been able to see the distinction. Once in the House of Commons, there was none; Liberal and Labour always worked together. He had never seen a Labour resolution moved for which he had not voted, and there had not been a Liberal resolution which Labour had not supported. The distinction was purely nominal.[46]

The second aspect stressed the need for a Liberal Party and the consequences of its demise. At a National Reform Union meeting at Bacup in 1904, he said:

> We have a great Labour Party sprung up. Unless we can prove, as I think we can, that there is no necessity for a separate party to press forward the legitimate claims of labour, you will find that the same thing will happen in England, as has happened in Belgium and Germany - that the Liberal Party will be practically wiped out, and that, in its place, you will get a more extreme and revolutionary party, which will sail under the colours of Socialism or Independent Labour.
> I think that it would be a disaster to progress. I think that it is better that you should have a party which combines every section and shade of progressive opinion, taken from all classes of the community, rather than a Party which represents one

46. 4 April 1903, Newcastle: Reported on 6 April 1903, Newcastle Daily Leader, MSS LG A/11/1/26.

> shade of opinion alone. Progress will suffer, I am sure, by a policy of that kind, and it rests with the Liberal administration ...to prevent such a state of things from coming about.[47]

Here Lloyd George certainly is on the defensive, at the same time, justifying the existence of the Liberal party and recognising the Labour alternative.

Yet, the third aspect of his attitude is that of supporting Labour candidates to ensure a 'Progressive' victory. There are numerous examples of this in the run-in to the 1906 General Election. In June 1903, at the inauguration of the North Stafford Liberal Federation in Hanley, Lloyd George expressed his approval of the Liberal-Labour electoral agreement:

> I am glad that this arrangement has been arrived at between Liberal and Labour. The work in front of us is work for both.[48]

In accordance with this, not only 'Lib-Labs'[49] received Lloyd George's support but also L.R.C. candidates.[50]

Lloyd George, therefore, showed the same attitude to the L.R.C. as Herbert Gladstone, in order to make the best out of a political reality. However, Lloyd George did seem more aware of the long-term political consequences of the rise of an independent

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47. 5 November 1904, Bacup; Reported on 7 November 1904, Manchester Guardian, MSS LG A/12/1/26.
48. 18 June 1903, Hanley; Reported on 20 June 1903, Staffordshire Sentinel, MSS A/11/1/50.
49. e.g. Mr. Brace in S. Glamorgan, October 1904, MSS LG A/13/1/13; Havelock Wilson in Middlesbrough, 9 January 1906, MSS LG B/4/1/13.
50. e.g. Isaac Mitchell in Darlington, 8 January 1906, MSS LG B/4/1/11.

labour party than the Chief Whip. To an extent, this can be explained not by lack of political foresight, although Gladstone was not the most politically sagacious of men, but by the threat of an imminent general election and the Whip's preoccupation with securing victory.[51] The short-term victory at the polls seemed more important than anything else and, if this meant fostering a 'Socialist cuckoo', then the long-term consequences would be conveniently forgotten.

The 1906 Election, then, was a climacteric in Liberal-Labour relations, for it created a political situation around fifty-three labour representatives (twenty-nine L.R.C. and twenty-four 'Lib-Labs') which was totally new in British politics. The old apprehensions about independent labour still existed, now forming a basis for a new attitude by the Liberal leadership to accommodate political reality.

Arthur Balfour wrote to Austen Chamberlain in January 1906 that Labour successes heralded the break-up of the Liberal Party.[52] This was far from inevitable in the eyes of the Liberal leadership.

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51. There was, however ample evidence of the L.R.C. threat to the Liberal Party available to the Whip's office in the realm of party funds. For George Cadbury, consistently a generous contributor to the Liberal Party, became attracted to the L.R.C. and subsequently divided his contributions between it and the Liberals. H.W. McCready, 'Chief Whip and Party Funds : The Work of Herbert Gladstone in the Edwardian Liberal Party, 1899-1906', Canadian Journal of History, VI (1971), p.295.
52. 17 January 1906, Balfour to A. Chamberlain; Rowland, Last Liberal Governments, p.28.

The immediate counterweight to the Labour party were the 'sops for Labour' spoken of in the Gladstone-Campbell-Bannerman correspondence of January 1906 - that is, a workmen's compensation bill and a trades disputes bill, the raison d'etre of much L.R.C. support since the Taff Vale decision of 1902. 'Labour' in this case meant not merely the parliamentary Labour Party because of the size of the Liberal majority but rather the 'labour', working class element of the electorate. It was nothing less than blatant vote-catching. Philip Snowden, a socialist Labour Party M.P., may maintain

> ...there was no possibility of a real or permanent improvement of the social conditions except under Socialism...[53]

but it is an undeniable fact, recognised at the time,[54] that the Socialist working man was rare. There seemed no good reason why the Liberals should not win some of the 'Progressive' vote which went to the L.R.C. The question arises as to whether this attitude applies to the pension and insurance legislation.

Gilbert seems to think it does. On 4 July 1907, the Liberals lost Jarrow to Labour, followed two weeks later by the loss of Colne Valley to a Socialist. Gilbert suggests that these by-election defeats were responsible for prodding the Liberal Government into its subsequent policy of social reform, certainly concerning pensions and probably concerning unemployment and health insurance.

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53. 13 January 1907, Warrington; Reported on 14 January 1907, Liverpool Echo, MSS LG H/109.
54. e.g. 10 Oct. 1910, Cabinet memorandum on the working class and Socialism, CAB 37/103/45.

This is possible, but we must be careful not to overexaggerate their influence. Jarrow and Colne Valley may have helped to precipitate a new policy, but it is doubtful whether they were more than this. Pensions, to which Gilbert draws a direct line from the defeats at Colne Valley and Jarrow, were virtually a political certainty by 1906 and plans were in the air in early 1907. With regard to the insurance legislation of 1911 and Labour exchange legislation of 1909, other factors were at least equal in importance to the 'Labour' defeats of 1907. If we just stay in the realm of politics, more specifically with election results, we must conclude that the by-election defeats of 1908 were the main crystallising force - and these results were Conservative (Tariff Reform) victories rather than Labour Party successes!! Certainly the actual by-election results do not reveal new evidence of a Labour Party threat to Edwardian Liberalism.

But the realisation of a new political 'Left' existed in the minds of 'social reformist' Liberals, notably Lloyd George. As early as 1892, he was maintaining that as long as the Liberal Party fulfilled its role as a progressive party, there was no need for an independent labour party.[55] In a famous speech at the Welsh National Liberal Convention at Cardiff in October 1906, he was more explicit in face of the

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55. 22 October 1892, Bethesda; Reported on 28 October 1892, North Wales Observer, MSS LG A/7/1/46.

existence of an alternative progressive party:

> How does this new Labour agitation affect us in our capacity as British Liberals? Frankly, I don't believe that there is the slightest cause for alarm. Liberalism will never be ousted from its supremacy in the realm of political progress until it thoroughly deserves to be deposed for its neglect or betrayal of the principles it professes... But I have one word for Liberals. I can tell them what will make this I.L.P. movement a great and sweeping force in this country - a force that will sweep away Liberalism, amongst other things. If at the end of an average term of office it were found that the present 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; if they shrink from attacking boldly the main causes of this wretchedness, notably the drink and the vicious land system; if they do not arrest the waste of our national resources in armaments; if they do not save up, so as to be able, before many years are past, to provide an honourable sustenance for deserving old age; if they tamely allow the House of Lords to extract all the virtue out of their Bills, so that when the Liberal statute book is produced it is simply a bundle of sapless legislative faggots fit only for the fire, then a real cry will arise in this land for a new Party, and many of us here in this room will join in that cry.56

The logical deduction from this is that political efficiency and social policies derived from political considerations of the future of Liberalism in a twentieth century environment of advanced democracy and an alternative left. There is no evidence of such considerations being uppermost in his mind, but such a profession of concern for Liberalism cannot

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56. 11 October 1906, Cardiff; Reported on 12 October 1906, South Wales Daily News, MSS B/4/2/27.

possibly be ignored when considering the genesis of Lloyd George's social reform ideas.

Churchill, too, evinced similar thoughts. His speech 'Liberalism and Socialism'[57] shows an awareness of the threat of politically-organised labour to Liberalism and 'progress'. To Churchill, Liberalism was on the defensive, although, again, there is nothing provable about the relationship of this consideration to his social policy.[58]

Leaving aside these electoral considerations, we must see how much 'labour' threatened within the House of Commons after 1906. The parliamentary Labour Party was a body of twenty-nine M.P.'s, possibly increasing to fifty-three, if the twenty-four 'Lib-Labs', mainly miners, affiliated to the Labour Party. There was, therefore, a sizeable independent Labour pressure group in the House in 1906.

But the Labour Party was in a dilemma, possibly more of a dilemma than the Liberals - it was an inexperienced political party of the Left, obliged to support the older party of the Left, the Parliamentary Liberal Party. This obligation arose mainly from the nature of Liberal social policy - the Labour Party could not really oppose pension or insurance policies,

57.11 October 1906, Glasgow; Churchill, Liberalism, pp.67-84.
58.Undoubtedly, many Liberals were scared by the Labour Party, if only because they equated 'Labour' with 'Socialist' I. Most notable was the Master of Elibank, who urged a 'crusade against socialism' in August 1906, followed in October by a demand for opposition at elections to all candidates who would not dissociate themselves with Socialism. The Liberal leadership was upset by this outspokenness. e.g. 12 October 1906, Ripon to Campbell-Bannerman, MSS CB 41225. II. Also J. Walton wrote to the Liberal leader advocating Liberal propaganda to counteract Labour party propaganda, 9 Oct. 1907, Walton to Campbell-Bannerman, MSS CB 41240, ff.97/8.

although they might be dissatisfied with them, lest it give the impression of their being reactionary. On the other hand, should the Labour Party not act independently of the Liberals, the impression is created of the Labour Party being nothing more than institutionalised 'Lib-Labism'.

The inability to resolve this dilemma resulted in the Labour Party appearing to be nothing more than a radical tail of the Liberal Party. Granted, it was not completely subservient to the Liberals - for example, there was much Liberal and Labour disagreement over the 'Right to Work' Bill of 1908 and general remedies for unemployment.[59] In the early stages of the Parliament, especially, the Labour Party seemed to be reaping its rewards:

> Though numerically not of great strength, the Labour members very soon made their influence felt and, if they had nothing more to point to than their signal triumph in the matter of the Trade Disputes Bill, when they caused the Prime Minister to front the Attorney-General and withdraw a Government Bill in favour of Mr. Hudson's private measure, they would be able to boast that they had more than redeemed the promise of efficiency which they gave to their supporters at the General Election. It must even be noted that the Opposition have treated this new Party with respect and that the House of Lords recognised the advisability of dealing tenderly with their first fruits.[60]

After this initial success, it generally seems that little attention was paid to the Labour Party in the House. The crux of the problem for the Labour Party

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59. See K.D. Brown, 'The Labour Party and the Unemployment Question, 1906-10', Historical Journal, XIV (1971).
60. 23 December 1906, Sunday Times, MSS LG H/109.

lay partly in the size of its parliamentary party and partly in its ideological closeness to the Liberal Party.

The parliamentary Labour party was just not big enough in the political conditions of 1906 or 1910 to materially affect Liberal policy consistently. The Liberal absolute majority was huge in 1906, and in 1910, despite the Liberal losses, the allegiance of the Irish members made the Liberals impregnable still, even if the improbable happened of Labour voting with the Tories. Labour pressure, therefore, only affected the Liberals when the Liberal leadership desired it.

Apart from this, the Liberal social policy after 1908 took much of thewind out of the Labour Party's sails. There was, in fact, a close affinity between the moderate Labour M.P. and the social reformist wing of the Liberal Party. Between 1910 and 1920, this is evidenced by the apparent ease with which the Labour Party was able to assimilate an influx of ex-Liberals,[61] However, the important point here is that the Labour Party in the late Edwardian period had its identity and independence of existence threatened by the Liberal social policies, which it was compelled to support. The Labour Party itself seemed to be taking on a guise of nothing more than old Lib-Labism in a twentieth century setting.

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61. R.E. Dowse, 'The Entry of the Liberals into the Labour Party 1910-20', Yorkshire Bulletin of Economic and Social Research, XIII (1961).

The future did prove to be Labour's, but it depended on the disintegration of the Liberal Party. The Labour Party existed in the wings waiting to pick up forfeited 'progressive' votes, rather than positively being able to attack the Liberal Party and snatch them itself. This is the essence of the threat of politically-organised Labour. In 1900, the L.R.C. was formed, creating an alternative to Liberalism as the party of the 'Left'. Liberals recognised the latent threat of this, but realised that there was no inevitability about this and the Liberal Party would have to prove itself barren of ideas before old political allegiances were broken in favour of the Labour Party.

However, before they could prove they could govern, the Liberals had to get back into power. Gladstone and the leadership decided that fostering the L.R.C. would prove helpful - its class bias might woo Tory votes of the working class and add to the strength of the 'Progressive' forces, which the Liberals would lead. Long-term political consequences were sacrificed for short-term electoral expediency.

Once in Parliament, the Liberals could and did treat the parliamentary Labour Party with impunity and Labour M.P.'s found it difficult to fight back because of their lack of political experience and relative small numbers. The Liberals meanwhile recognised that the threat of labour was only latent in the Labour Party. The vital factor was the 'new

democracy' of 1884. The Labour Party was a political reality ready to absorb disillusioned Liberals among the electorate. The Liberal leadership, therefore, embarked on a policy which would prove that the Liberal party could give the nation good, progressive government. Social policies became a major part of the programme, especially when it became all too obvious that social reforms were almost the only reforms which would go into the statute books.

IV. Conclusion

The general political circumstances influencing the Edwardian Liberals were, therefore, the threat of social upheaval, the existence of a mass democracy and the reality of politically independent Labour. They were made vitally important because there was a certain ferment about the period. The social revelations of Booth and Rowntree, economic problems and the general state of national introspection sharpened opinion in favour of better government. Under our parliamentary system, this showed itself in the massive swing to the Liberals and the L.R.C. in 1906. The election victory provided an opportunity for the Liberals to cement their position to the detriment of the Conservatives. But this was also a necessity. The massive protest vote showed that the country wanted something better than Tory government. The onus was now on the Liberals to give it this and prove their credibility as a progressive, radical party in the twentieth century world. A social policy

became an integral part of the Liberal programme, especially as their government was increasingly dogged by economic and political troubles. The Liberal leaders determined to maintain their grasp on the situation. This involved, firstly, a pension policy and then the adoption of the social reformist policy of insurance. Credibility was the crucial factor in a political environment which, if not hostile, was uncertain and in flux.

CHAPTER VI. POLITICAL ASPECTS: II. THE EDWARDIAN LIBERAL PARTY

In discussing Edwardian Liberal social reform, historians have generally neglected the question of the relationship between social reform and the internal problems of the Liberal Party around the turn of the century. In concerning themselves mainly with the influence of empirical research, ideology, democratic advance, the threat of the L.R.C., and the economic situation, writers have usually missed an important factor in giving insufficient attention to the condition of Edwardian Liberalism itself. For the Liberal Party was in the throes of a crisis, not only of leadership, but of policy too, and after ten years in opposition was thrust into power. It was the task of the Liberal government to cast off its intra-party problems, at least publicly, and prove it could govern. This was essential to the idea of Liberal credibility not only as a progressive political party but also as a party of government.

I. The Problem of Leadership, 1894-1906.

Any political party is composed of multivarious shades of opinion and ideology. The Liberal Party in the closing years of Victoria's reign was no exception to this and, indeed, seemed to be an extreme example of such differences among the leadership causing intra-party dissension. Such a state of affairs resulted partly from the almost diametrically opposed policies

of the party leadership mainly on imperial questions, but more fundamentally, at first, from personal reasons of ambition and distrust.

The Victorian Liberal Party as constituted by the 1859 alliance of Whigs, Radicals and Peelites was naturally an unstable commodity. However, from the late 'sixties, a certain cohesiveness developed, built around Gladstone's charisma. Disagreement and dissent still occurred, but there was no doubt whom Liberals deferred to as leader.

However, the last twenty years of the nineteenth century saw the Liberal Party torn asunder. There was, first of all, in 1886, a straightforward breakaway of the Whig element under Hartington over the Irish question and Chamberlain in a fit of pique. These dissentients retained the title 'Liberal Unionists' well into the twentieth century, but they were Conservatives in all but name and written off as such by the Liberals. The major event, for our purposes, however, is the resignation of the leadership by Gladstone in March 1894, ostensibly over navy estimates. This heralded a dozen years of chaos within the Liberal Party, caused partly by the peculiar political circumstances of the period and partly by the surfeit of leaders, at the expense of leadership and direction.

The crisis of leadership in the 'nineties has recently been comprehensively covered[1] and only the

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1. P. Stansky, Ambitions and Strategies (Oxford, 1964).

important points need mentioning here. The root cause of the problem was that there was no obvious successor to Gladstone. There was, however, a real need for a successor because, as the Liberal Party was in power, Gladstone's resignation had taken the form of resignation of the premiership. There had to be some immediate positive attempt to find a leader, unlike when the Liberal Party was in opposition later and some Liberals could still believe Lord Spencer was their leader and not Campbell-Bannerman.

Although Gladstone recommended Lord Spencer to the Queen, the real choice seemed to lie between W.V. Harcourt and Archibald Primrose, fifth Earl of Rosebery. Harcourt was the more experienced and popular with the House of Commons, but he had a fatal flaw in that his rudeness and tactlessness made him unpopular with his official colleagues. Rosebery, however, was personably likeable to his Cabinet colleagues and he was developing a rapport with an important young section of the Party. The Queen had a natural liking for Rosebery too, while disliking Harcourt. Therefore she commissioned Rosebery, implying also a recognition of his tenure of the Liberal leadership.

With Rosebery as Prime Minister, Harcourt remained Chancellor of the Exchequer and became Liberal leader in the House of Commons. But he and his supporters were dissatisfied and felt cheated.

Apart from having a junior as his leader, he also disagreed with Rosebery's political attitudes, especially on imperial issues. Rosebery too did not like Harcourt, his manner or his policies, and the situation was going to worsen.

Their official relationship was never harmonious, most notable was Rosebery's violent dislike of the 1894 Budget, in particular the graduated Death Duties. In fact, by early 1895, Rosebery is found writing to E.T. Cook:

> Shut up with 400 Tories in the Lords, a Prime Minister deserves extra consideration, but never a colleague ever defended me, though one and all, except Harcourt, begged me to form a govt. I was sent for by the Queen, and urged on by them, but never chosen by the party. If they like, I will clear out and let the party be united under Harcourt and Morley, with Dilke and Labby and Phil Stanhope who are their only followers.[2]

Rosebery's despair over his colleagues' attitude and the opposition of the House of Lords probably made him glad to relinquish office following the government defeat in June 1895. However, the loss of office did not ease the party tension - the general election, in fact, showed the complete disintegration of the Liberal leadership. The three main leaders - Rosebery, Harcourt and the ever vacillating Morley - followed no common policy. Morley spoke of Home Rule being the most important issue, Harcourt Local Veto, and Rosebery the House of Lords. Their quarrels were

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2. Undated 1895, Rosebery to E.T. Cook; Stansky, Ambitions and Strategies, p.152.

not only disruptive to the leadership but to the whole party which had no strong definite lead to follow.

The rift seemed complete. Rosebery in fact would have nothing to do with Harcourt:

> My political connection with Harcourt was entirely official and terminated with the late government. In no shape and form can it be renewed. One plain lesson at any rate we have learned from experience which is that that connection was essentially unreal and injurious to our party and irksome (to say the least of it) to each other...[3]

The split was irreconcilable and absolutely paralysed the party. The inevitable happened in October 1896 when Rosebery resigned the leadership, ostensibly as a result of Gladstone's attack on the Armenian massacres. This was the start of his political wanderings in a limbo of supra-party dimensions, on the fringes of the existing party structure, attracting various 'imperialist' and 'efficiency' elements and threatening, but never quite descending into political reality again.

This left Harcourt as 'de facto' leader of the party, but this was never official. The stumbling block was the intense dislike many leading Liberals felt for him. Ripon, for example, said bitterly after Rosebery's resignation:

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3. 12 August 1895, Rosebery to Spencer; Douglas, History of the Liberal Party, p.18.

> ... What a position it leaves us in who supported him as Prime Minister! It hands us over body and soul to Harcourt unless we prefer, as I in all probability shall, to retire from public life altogether. I do not want to be hard on him, for he has destroyed himself even more than he has destroyed us. But I can see no justification for the course which he has adopted.[4]

Harcourt himself tired of his semi-possession of the leadership and was increasingly at odds with his party over imperialism. Therefore, he too resigned in December 1898, along with Morley, from the official councils of the Party. Both Rosebery and Harcourt had thus failed to take command of the party by building up sufficient support to make himself undisputable leader. The internecine quarrels, which made up the factional struggle of necessity paralysed Liberalism as a political force.

Harcourt's successor as official leader of the Liberal Party in the House of Commons was Sir Henry Campbell-Bannerman. He was not made leader because of intellectual brilliance or political genius. Rather he was an old party stalwart whose main attribute was that he had offended few people and held a central position in the current controversy over imperial matters. He seemed at his accession little more than a stop-gap. Certainly, one would hardly have believed that he would have survived the vicissitudes of the Boer War, the threat of Rosebery and the revolt of the Relugas Compact virtually unscathed and die in office, a relatively successful, much loved and respected, charismatic figure in 1908.

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4. 8 October 1896, Ripon to Kimberley; Wolf, Ripon p.246.

The Boer War was the first main obstacle facing Campbell-Bannerman's leadership. It tore the Liberal ranks asunder publicly and it seemed as if Campbell-Bannerman and the Liberal Party must collapse. Within the Liberal Party, there were three main sections. Firstly, the 'Liberal Imperialist' element comprising Asquith, Haldane, Grey and Fowler who looked to Rosebery for leadership and were generally on the side of the government. Then there were the 'Pro-Boers' such as Morley, Harcourt, Lloyd George, Labouchere and Reid, who were anti-imperialists. Then there were the centre Liberals like Campbell-Bannerman and Herbert Gladstone who tried to keep the party together by taking neither side.

The split spread vertically down the party and is reflected in a motion of censure on Chamberlain on 25 July 1900 moved by Sir Wilfrid Lawson.[5] Campbell-Bannerman urged the Liberals to abstain, but the split was complete with the parliamentary party voting almost evenly three ways. The sections seemed to be at each other's throats and Morley even advocated the complete smashing of the Liberal Party in favour of a new party, free from the imperialist section:

> The Liberal party is where it deserves to be and I hope the smash will be complete. Then the friends of peace and prudence may try to build another party.[6]

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5. Discussed in Douglas, History of the Liberal Party p.25.
6. 10 September 1900, Morley to Harcourt; Hamer, John Morley, p.330.

Campbell-Bannerman even came down from his relatively stoical position onto the side of the 'Pro-Boers' in June 1901, when he delivered his infamous 'methods of barbarism' speech[7] against the concentration camps and the general conduct of the war. It seemed no as if there was a split between the 'Lib.Imps' and the main section of the party, which would be disastrous for the already crumbling edifice of Liberalism because the brightest element among the next generation of Liberal leaders was mainly to be found in the 'Lib. Imp.' camp.

The threat was made all the worse because Rosebery was hovering in the wings as an alternative leader for the Liberal Imperialists, who felt an affinity with him on efficiency and imperial issues. Although the leading Liberal Imperialists were not as outspoken as Grey[8] in prefering Rosebery's leadership to Campbell-Bannerman's, the threat still existed and was consolidated with the establishment of the Liberal League in February 1902. Rosebery was President and Asquith, Fowler and Grey Vice-Presidents, but this did not signal a wholesale desertion of the Liberal party, rather it was an attempt to organise to foster Liberalism along the lines of the Chesterfield policy.

The answer to this problem was cooperation between Rosebery and Campbell-Bannerman, but it seemed as if this could never be achieved. In his infamous Chesterfield Speech in December 1901,[9] Rosebery seemed

7. 14 June 1901, National Reform Union.
8. e.g. 24 December 1901, Grey to H. Gladstone, MSS VG 45992 f.82-3. 2 January 1902, Grey to Campbell-Bannerman, MSS HHA 10, f.43. 7 October 1903, Grey to Asquith, MSS HHA 10, f.93.
9. The important part of the text can be found in Morgan, The Age of Lloyd George, p.118.

to be calling for unity based on a progressive policy, putting away 'the fly-blown phylacteries of obsolete policies'. Herbert Gladstone certainly thought so:

> Rosebery's speech strikes me as, on the whole, the best bit of political work he has ever done. It appears to me that it gives a basis for united action... we ought ungrudgingly to make the best of the speech and press Rosebery forward on the lines laid down as the best to be got under present circumstances.[10]

But Campbell-Bannerman was not moved. In fact, he seemed angry at Rosebery's talk of a 'clean slate' on domestic policy:

> I have your meditations upon Chesterfield. I agree that the views on peace and war go very far and are not unreasonable: though it is unfortunate that they run counter to the very two things our people in the country care most about - Milner and Camps...
> All that he said about the clean slate and efficiency was an affront to Liberalism and was pure clap trap. Efficiency as a watchword! Who is against it? This is all a mere rechauffé of Mr. Sydney Webb who is evidently the chief instructor of the whole faction.
> It is not unfavourable to the chance of unity on the war and peace issue: but ominous of every horror in general politics, if it is meant seriously.[11]

However, there was a subsequent meeting between the two protagonists,[12] but they seem to have broken down because Rosebery hesitated at cooperation, favouring

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10. 17 December 1901, H. Gladstone to Campbell-Bannerman, MSS VG 45987 f.209.
11. 18 December 1901, Campbell-Bannerman to H. Gladstone, MSS VG 45987 ff.211-12.
12. Reported in 2 January 1902, R.W. Perks to Asquith, MSS HHA 10, f.45-6; 7 January 1902, Campbell-Bannerman to Asquith, MSS HHA 10, f.52.

independent action. Whether this was because Rosebery hoped for a supra-party efficiency group to form around him or whether he wanted nothing less than the leadership of the Liberal Party on the basis of the Chesterfield speech is debatable. The important point is that cooperation seemed impossible and further prostrated the Liberal Party. Men concerned with party unity and the future of Liberalism despaired. Thus Gladstone wrote to Asquith on 31 December 1901, concerning the impasse:

> What is one to do when so fine a chance of effective reunion for a great national object seems likely to be recklessly thrown away? I am often tempted to throw up Parmt St. & be free to take me own line.[13]

The future seemed bleak. Political circumstances, however, turned in favour of the Liberal Party after 1902, mainly because of Chamberlain's Tariff Reform Campaign, which imposed some semblance of unity on the warring factions in defence of Free Trade. However, this was purely artificial, for Liberal Imperialists still felt at odds with Campbell-Bannerman over the main policy issues.

Edmund Gosse's diary describes the situation in early 1905:

> I dined on Friday, and again last night with Haldane. The confusion of the Liberal Party beggars description, and if A.J.B. only knew, the most damaging thing he could do would be to dissolve tomorrow. The dissensions are quite ludicrous. Asquith, Rosebery and Haldane have not been consulted about anything. Lord

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13. 31 December 1901, H. Gladstone to Asquith, MSS HHA 10, f.42. Asquith too was dismayed. See 5 January 1902, Asquith to H. Gladstone, MSS VG 45989 ff.57-9.

> Spencer takes the position of leader and Prime Minister elect, but it is at his own invitation and he has no mandate from any section of the party, except the extreme Rump. It is the old quarrelsome leaders who constitute the great difficulty, and Haldane proposed an amusing remedy. Lord Rosebery has 4 empty villas at Naples. Haldane says if they could be fitted up, and Lord Spencer, C-B, John Morley and Lord R. himself could be deported thither, with orders to the Syndic of Naples to allow them every luxury but to keep them there, the Liberal Party would be in a perfectly healthy condition.[14]

Allowing for the natural Liberal Imperialist bias of this, based as it is on Haldane's opinions, this entry well illustrates the leadership problems still existing in 1905.

By the end of 1905, a General Election was imminent and the leadership problem crucial. But Rosebery and Spencer had virtually ruled themselves out - Spencer by illness and Rosebery by his earlier prevarication over taking the lead of a central party. The question seemed to hinge on whether Grey, Haldane and Asquith would join Campbell-Bannerman in forming a government.

This was the occasion of the Relugas Compact of September 1905, outlined by Haldane to Knollys:

> But we (Haldane, Asquith and Grey) are all ready to do our best cheerfully under Sir HCB provided we have sufficient safeguards. What we would try to bring about is that, if the situation arises and Sir HCB is sent for, he should propose to the King the leadership of the House of Commons with the Exchequer for Asquith, either the Foreign or Colonial Office for Grey, and the Woolsack for myself...
> It is not from any desire for personal success

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14. 13 February 1905, Edmund Gosse Diary; Sommer, Haldane of Cloan, p.143.

> that any of us wish to propose to Sir HCB the tenure of these offices as a condition of our joining hands with him. But we have a strong feeling that without them we should have no sufficient basis to exercise real influence in the work of the reform of the Liberal Party.[15]

This compact, however, was doomed from the start. The Liberal Imperialist trio may have wished to preserve Roseberyite principles by ensuring a balance within the upper echelons of the Liberal Cabinet, but, should Campbell-Bannerman stand firm, they were virtually obliged to join his government, lest they condemn the Liberal Party to further disruption and opposition politics. Campbell-Bannerman himself summed up the problem, when considering whether to accept office on Balfour's resignation:

> Any shrinking or reluctance (that is, following the government's resignation) wd. be read as inability through disunion and would greatly damp or discourage our people.[16]

Asquith, always fundamentally a party man, followed this line and broke thecompact by accepting the Exchequer.[17] This was a major victory, for Campbell-Bannerman now decided he could probably manage to form a viable government without Grey or Haldane. But these eventually joined - Grey, owing to persuasion by Arthur Acland[18] and Haldane by a thirst for power.[19]

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15. 12 September 1905, Haldane to Knollys; Sommer, Haldane, of Cloan, p.146.
16. 1cDecember 1905, Campbell-Bannerman to Asquith, MSS HHA 10, f.173.
17. 7 December 1905, Asquith to Haldane; Spender and Asquith, Asquith, I, p.174.
18. 10 December 1905, F.D. Acland to his wife; Douglas, History of the Liberal Party, p.33.
19. The story runs that Haldane was the driving force behind the Relugas Compact, because he saw that Asquith and Grey were virtually indispensable to a Liberal government, while he was not. Therefore, he organised the compact with them to safeguard his political interests. Rowland, Last Liberal

This reasonably detailed account of the leadership crisis forms the essential background to Liberal policy in the Edwardian period. Throughout its ten years of opposition, the Liberal Party had been torn apart publicly with internal disputes. The internal demoralisation was plain to see, despite the false appearance of solidarity caused by the Tariff Reform issue. Office necessitated the subjugation of differences, lest the party rank-and-file and the electorate be disheartened and alienated. Everything seemed to hinge on pursuing a positive policy to prove that the Liberal Government had conquered its troubles and was the progressive party of the early twentieth century. If it dissolved into dispute again, it might not only be out of power for the next ten years but for good.

II. The Problem of Domestic Policy 1886-1906.

The question of the Liberal Government pursuing a progressive domestic policy did not have an auspicious immediate history. For the period 1886 to 1906 had seen the party in confusion over policy, partly because of the leadership crisis, partly because of the pre-occupation with the Boer War, but also partly because of the uniqueness of the social and political situation.

Modern industrial society meant that demands arose for Liberalism to be reformulated in a manner appropriate to the new social conditions. Within the parliamentary party, younger Liberals such as

Asquith, Grey,Haldane, Ferguson and Buxton formed a ginger group to urge a new direction for domestic policy.[20] But Liberalism had to shake itself free from its old priorities and dogmas, and this was very difficult, as shown by the most positive and comprehensive expression of Liberalism in this period, the Newcastle Programme.

This materialised from a series of seven resolutions passed at a meeting of the extra-parliamentary National Liberal Federation at Newcastle-upon-Tyne in October 1891. They were devised by the executive committee of the Federation, based on earlier ones passed by affiliated local associations, and endorsed Irish Home Rule, Welsh disestablishment, extension of of the powers of the L.C.C., popular representative control of free education, registration and electoral reforms (including payment of members and elimination of the plural vote), improvements in the condition of the rural population, popularly elected district and parish councils, reform of the land laws, local veto, Scottish disestablishment, taxation of mining royalties, repeal of all food tariffs, extension of the factory acts, reform of the House of Lords, and taxation reform.

This was obviously a very wide range of proposals, reflecting the radicalism of local associations and intended to attract supporters who were drifting away from Liberalism under the strain of the Home Rule issue.

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20. See November 1889, Haldane to R. Ferguson; Sommer, Haldane of Cloan, p.76.

But the programme was a curious mixture of old Liberal ideas, such as home rule, diestablishment, constitutional reform, and 'progressivism', such as the extension of the powers of the L.C.C. and the taxation of ground values, while at the same time ignoring social reform. It presaged future reforms, but as a political programme in the 'nineties, and indeed up to 1906, it proved to be of negligible importance, except perhaps in the local government sphere.

The effectiveness of the Newcastle Programme depended directly on the willingness and ability of Liberal leaders to apply it, but this sponsorship was generally not forthcoming. Firstly, Gladstone seemed to accept the programme in his speech at the Newcastle conference, but his son, Herbert later made it clear that this acceptance was qualified. In a letter to Robert Hudson in 1898, he says that

> ... In promulgating that policy my Father gave pretty clear indications that it was for the future and others rather than for the present and himself...[21]

Gladstone was only really concerned with one part of the programme - Irish Home Rule. Ireland had increasingly been a preoccupation since 1880, an obsession after 1886 and his 'raison d'etre' in politics. To him, the rest of the Newcastle policy was superfluous and so, while he was at the helm, it was almost impossible for 'new Liberalism' of any shape

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21. 10 March 1898, H. Gladstone to R. Hudson, MSS VG 46020 ff.15-6. Also quoted D.M. Fahey, 'Rosebery, 'The Times' and the Newcastle Programme', Bulletin of the Institute of Historical Research, XLV, (1972), p.137.

or form to establish itself.

With Gladstone's resignation in 1894, Liberal policy ceased to revolve around the Home Rule issue, but this did not herald the ascendancy of a balanced programme of progressive measures. Rosebery ignored the Newcastle Programme because he disliked comprehensive political programmes. But the main reason for the incoherence of policy was the leadership chaos. Rosebery and Harcourt were daggers drawn, from the time when Rosebery attacked the 1894 Budget. For, besides personal dislike, these two leading figures in the Cabinet differed on policy - Rosebery was already leaning towards his later ideas on efficiency and Harcourt remained essentially an old Gladstonian desiring 'peace, retrenchment and reform'. There was little consultation over policy among the leadership, epitomised in the various manifestoes of Rosebery, Harcourt and Morley in the 1895 General Election.

Gladstone's Irish obsession and the Rosebery -Harcourt duel do not mean that there was no progress at all in the Liberal administration of 1892-5 - Asquith did important work at the Home Office;[22] 1894 saw the important Parish Councils Act and the Death Duties Budget; and various measures, Irish Home Rule, Welsh disestablishment and employers' liability, were rejected by the House of Lords. But the general impression is of lack of balance and coherence about

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22. See Home Office memorandum, Spender and Asquith, Asquith, I, p.85.

Liberal policy. Its achievements were important, but paltry for three years in office.

The problem of the attitude of the leaders seemed to paralyse Liberal policy-making. There seemed to be an over-eagerness to fall back on well-tried policies, as shown in Rosebery's speech on 5 February 1895, when he presented the plans for the session - Welsh Disestablishment, Control of the liquor trade, abolition of plural voting - rather than evolve an attractive, balanced, new Liberalism, based on the new political, social and economic reality.

The situation for the Liberal Party worsened over the next decade because of the diversion of the Boer War and the intensified factionalism, which surrounded it. Liberal domestic policy had little occasion to develop consistently or coherently. The only real attempt at reassessing the Liberal position was Rosebery's Chesterfield speech of December 1901, which provided the Liberal Party with a basis of a 'clear slate', from which many old Liberal policies would be wiped. This was welcomed, not only by Liberal Imperialists but also by Lloyd George.[23] However, as we have seen, Campbell-Bannerman was not enthusiastic and Rosebery obstinate and hesitant. The chance for action on the basis of Roseberyite 'new Liberalism' was lost and the Edwardian period opened with the Liberal party seeming to be ideologically bankrupt.

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23. 30 May 1902, report of a speech in Caernarvon Herald, MSS LG A/10/2/26.

Individuals may advocate a 'new Liberalism' from time to time. Thus Fowler said at Wolverhampton in 1896:

> ... the Liberal policy is not only one of destruction. Rest and be thankful, is not the motto of the Liberal Party. We have a great constructive work to do; we have to translate into action our belief that the primary need of the nation islegislation and administration for improving, in the broadest sense of the phrase, the condition of the people in all its ramifications; his house, and home, health and work and wages, of education, and recreation in childhood and old age.[24]

and Lloyd George maintained at Hanley in 1903:

> We want to overthrow the clerical domination over the schools; we want to resist taxation upon the food of the people; we have got to stop this sinful waste of the resources of the people upon bloodshed... We have got in front of us the task of improving the homes of the people; we have to protect those homes from the ravages of drink; we have got to see that the aged, who have done well and deserve something from the community by a life of thrift and industry, shall have something better at any rate than a pauper's tomb. We must see that everybody, high and low, rich and poor, in this land contributes his fair share towards the burdens of government and... we have to see that the people who bear the burden of bad government shall really govern and not nominally govern as now.[25]

Indeed, there were some members of the Liberal Party, who were groping towards a new Liberalism,

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24. Hamilton, H.H. Fowler, pp.407-8.
25. 18 June 1903, Hanley; Reported in 20 June 1903, Staffordshire Sentinel, MSS LG A/11/1/30.

but the official leadership seemed oblivious of the need for a policy. Thus, C.P. Trevelyan, Liberal M.P. for Elland, wrote to Churchill on 31 December 1903:

> The whole raison d'etre of present day Liberalism is constructive reform. It may not appear so for our spokesmen are not very rpresentative of real party feeling. But whether it becomes apparent in the new type of advanced Liberal who will appear next election in much larger numbers in the house or in the vigour of the Labour Party, the next parliament will be shouting for economic and social reform. I have been going around a good deal lately, and there is a general growl at our leaders for arguing agst protection without talking of our counter policy.[26]

Trevelyan had his own ideas on this 'counter policy'[27] which differed from late Edwardian Liberalism. But the letter suffices to show the frustration some Liberals were showing at the lack of official guidance.

From mid-1903 onwards, the imminence of a general election pressed the Liberal leadership into discussing policy. For example, Herbert Gladstone wrote to Campbell-Bannerman in June 1903:

> ... I am frequently asked by candidates what the party position is on a number of matters. Is it not time that you should take stock and on general lines indicate the course which should be taken?[28]

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26. 31 December 1903, C.P. Trevelyan to Churchill, Churchill, Companion, I, pp.279-81.
27. See 17 October 1904, C.P. Trevelyan to Churchill, Churchill, Companion, I, pp.365-6. Here Trevelyan emphasised Amendment of the Education Act, Rating of Land Values, Economy, Amendment of the Licensing Act and reduction of tariffs.
28. 24 June 1903, H. Gladstone to Campbell-Bannerman, MSS VG 45988 ff.45-6.

The discussion was stepped up in the autumn of 1904 when Herbert Gladstone suggested to his leader that there should be informal subcommittees on special subjects, notably Ireland, Education, Licensing, the Unemployed and Local Government Board questions.[29] The concern for the future of Liberalism and the coming general election were obviously helping to crystallise Liberal policy.

However, the period 1902 to 1906 was characterised by extensive Liberal attacks on aspects of Tory government - the 1902 Education Act, the Tariff Reform proposals and the 1904 Licensing Act. With little emphasis on a counter policy of social policy, the impression was created of the Liberal Party being essentially a party of negation. The Newcastle Journal certainly put this interpretation on the Liberal Party in November 1904. Commenting on a speech by Sir Edward Grey at Hastings,[30] it went on to discuss the possibility of 'A Radical Policy of Reaction':

> The truth is, Sir Edward Grey and his friends have become demoralised by an unwanted period of banishment to the cold shades of the Speaker's left. They have grown so accustomed to be in Opposition, that, when they look forward to office, it is still of Opposition and a policy of Opposition they are thinking.

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29. 23 November 1904, Campbell-Bannerman to H. Gladstone, MSS CB 41217 f.136; 27 November 1904, H. Gladstone to Campbell-Bannerman, MSS CB 41217 ff.139-40; 3 December 1904, Campbell-Bannerman to Asquith MSS HHA 10, f.133.
30. 25 November 1904.

> They contemplate their occupancy of the Ministerial benches as a halcyon time when they will be able to wreak their vengeance on their opponents by repealing their Acts ... No man who has had any experience in the affairs of this country can really believe that a Ministry could sustain itself in office by endeavouring to reverse the measures which the country had sanctioned a few years before... The real truth is, that the leaders of the Radical party are wholly unable to lay any kind of positive programme before the country, and they resort to negatives - that is to say, they repeat the shibboleths of Opposition, because it is all they are in a position to do.[31]

This is an extreme example,[32] but the truth seems to be that Liberals concentrated on attacking Toryism and its incidents rather than proposing an alternative policy. Lloyd George had, in January 1904, urged the necessity of changing the emphasis in speeches and above all, proving that these were no mere words when they attained power.. Speaking on the future of Liberalism he said:

> ... The Liberal Party must make it clear that in defending the country's fiscal system they were not defending its social system. In defending the status quo in regard to Free Trade they would be appealing to Conservative elements in the country, but they must not forget that they were the Liberal and Reform Party, and go in for reforming the evils of the social system. It was not merely a question of gaining a victory at the next elections; they must make a good use of it... It was absolutely necessary to show the country that the Liberal party had an alternative policy.[33]

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31. 28 November 1904, 'A Radical Policy of Reaction' Newcastle Journal, MSS LG H/109.
32. The Newcastle Journal found it convenient to ignore Grey's hints of social reform, but they were reported on 26 November 1904, Glasgow Herald, MSS LG H/109.
33. January 1904, unidentified newspaper cutting report of Lloyd George's speech at the New Reform Club on 7 January 1904, MSS LG H/109.

It is in the light of these considerations that Liberal pension and insurance policies should finally be seen. The Liberal Party had beenparalysed between 1886 and 1906 by leadership problems, political circumstances and ideological uncertainty, which made coherent and consistent policy-making difficult, if not impossible. Liberalism had to change with a new social and political situation, which also complicated the issue and would have been difficult even with a stable party structure. However, the result of the need to change Liberalism and the existence of internal party problems was confusion and uncertainty about policy, which was made doubly disastrous for the party because the confusion was public.

Therefore, when the Liberals were thrust into power, they had to live down their immediate past and prove that they were a viable, credible political force. The growth of the Labour Party and the threat of Tariff Reform added to the urgency of the problem. Campbell-Bannerman took the lead in the 1906 Election campaign in advocating Liberal policy:

> Should we be confirmed in office it will be our duty, whilst holding fast to the time-honoured principles of Liberalism - the principles of peace, economy, self-government and civil and religious liberty - and whilst resisting with all our strength the attack upon Free Trade, to repair so far as lies in our power the mischief wrought in recent years and, by a course of strenuous legislation and administration, to secure the social and economic reforms which have too long been delayed.[34]

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34. 8 January 1906, Rowland, Last Liberal Governments, p. 23.

But the party had to prove its vague promises were more than mere words. It is doubtful whether the Liberal leaders knew exactly the way they wanted their policy to go, but they knew they must promote 'progress'. They had to translate their words into reality. They had to prove they could govern.

III. Conclusion : Social Reform in Edwardian Liberalism

The political world is at the heart of any discussion of policy-making because it is here that the actual decisions are made. However, the political process does not operate in a vacuum. Many factors have to be considered in order to obtain a true picture of the decision-making pressures and their relative influence on the crystallisation of ideas and opinion into reality.

This study has shown that there are many influences on politicians, all interacting with each other and resulting in the whole which produced the Edwardian pension and insurance legislation. There are a mass of factors to consider in attempting to draw conclusions on the 'genesis' of these social reforms. Conclusions can be made about the individual aspects and their relation to the whole climate of reform, but each aspect should finally be seen in relation to the others, not in isolation. Certain distinctions, therefore, should be made to accommodate the many influences and facilitiate the illustration of their inter-relationship.

First of all, there existed a basis for such welfare legislation in the existence of an urbanised industrial community with its concomitant social evils. Without this, it is inconceivable that pension and insurance legislation would have been so necessary or, at least, so urgent.

Secondly, there existed forces which made a new social policy more urgent, more respectable - the failure of earlier social policies to reduce poverty, new philosophies from Socialism to Green's 'Idealism', national efficiency and social-imperialist arguments, the revelations of public and private enquiries, and the political reforms of the nineteenth century which turned politics gradually into the 'politics of the People'. These factors formed the cumulative pressure which Haldane called the 'True Spirit':

> We have not stumbled into the introduction of an Old Age Pension system nor into the increase of the proportion which direct bears to indirect taxation. These two changes are Reforms which the True Spirit has called for as definitely as it called for Electoral Reform in 1832. The Government of the day has got to face them and bring them about...[35]

The spirit of the age was a potent political force demanding response from the legislators. In Glasgow, in early 1905, Lloyd George said:

> It is a disaster to legislate in advance of moral sentiment; it is equally fatal to fall behind it.[36]

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35. 9 August 1908, Haldane to Asquith, MSS HHA 11, f.162.
36. 23 January 1905, Glasgow; Lloyd George, Slings and Arrows, p.33.

By 1906, this very 'moral sentiment' was certainly in favour of old age pensions and Poor Law Reform. The onus was on the Liberal legislators to realise this opinion.

The final set of forces were the actual catalytic pressures of the early twentieth century which interacted on the climate of opinion (and were, indeed, stimulated by it). These pressures included the threat to the Liberal Party as the party of 'progress' by the Tariff Reformers and the presence of an independent Labour Party, the existence of 'social radicals' like Lloyd George, Churchill and Masterman within the ranks of the Liberal leadership, which became increasingly willing to be led by them, and the onset of yet another economic depression. Although the Old Age Pension Act probably did not need the full application of these forces for its realisation, because it had been in the offing for many years, all these factors were vitally important in precipitating ideas of social progress into the reality of insurance legislation, by overcoming the traditional ideologies, fears and prejudices of members of the Liberal government.

This three-tier classification helps to illuminate the actual role of the various influences. But discussion of themotivation of the Edwardian Liberal leaders remains unsatisfactory because of the lack of

irrefutable evidence and the inevitable reliance on informed speculation, often generalising about a conglomerate of political and social attitudes as numerous as the number of individuals in the Edwardian Liberal Party. The most that the historian can do is illustrate the various influences on policy and attempt to classify them. A case may be made for the extra-ordinary influence of certain factors, such as the existence of an advanced democracy, or the oncoming of economic depression, or the personal influence of Churchill and Lloyd George. But this is really irrelevant to the main issue. The genesis of the Edwardian Liberal pension and insurance legislation is the composite of the whole gamut of influences on social policy in late Victorian and Edwardian society, applied to the minds and consciences of the Liberal leaders. Thehistorian can construct the framework, but further elaboration is impossible because of the nature of the problem of motivation.

Having noted the extent to which this investigation can profitably be taken, the question remains of whether this study has provided us with a model for administrative growth, along the lines of the MacDonagh model. Edwardian social reform was indeed the ultimate result of economic and social change and the deficiencies of remedies for the concomitant social evils, as revealed by private and public inquiries.

But the reform was also the result of ideological factors and, perhaps above all, the unique political factors of an advanced democracy, the threat of Tariff Reform and the existence of politically independent Labour. It would be unwise to use the Edwardian social reforms of old age pensions and national insurance as a model for administrative growth. We should content ourselves with analysing the multitudinous factors and influences surrounding a programme of social reform, without particularly looking for fundamental similarities in structure between programmes. All time periods have their own peculiarities, their own pressures and catalysts. They are all fundamentally different and the empirical approach rather than the conceptual seems the more relevant exercise.

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