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THE ATTITUDE OF THE TRADES UNION CONGRESS TOWARDS
UNEMPLOYMENT IN THE INTER-WAR PERIOD.

Stephen Shaw.

University of Kent Ph.D thesis.

November 1979.



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ABSTRACT

The aim of this thesis is to consider how trade unions reacted to large-scale unemployment. It focuses upon the Trades Union Congress and its General Council, but refers to individual unions and to the wider Labour movement on particular issues.

Wages emerge as the major area of trade union concern. Trade union perceptions of a trade-off between wages and unemployment, and the degree to which unions may have been willing to bargain one against the other, are investigated. It is concluded that despite the prevailing levels of unemployment in the inter-war period the unions were not unsuccessful in achieving real improvements in living standards for their members.

The development of T.U.C. thinking on economic issues, with particular regard to the problem of unemployment, is described and analysed. The methods employed in pursuit of these policies are also discussed. Criticism is made of the generally favourable comment alleging the T.U.C.'s relative economic sophistication in the face of depression.

In regard to tactics and organisation, unemployment appears to have had only a marginal influence upon the trade unions. In as much as the majority of trade union members remained in employment, and so long as unemployment did not threaten wage standards, this result was to be expected.

Notwithstanding a dramatic loss in membership and income, and in spite of the unfavourable economic climate, the trade unions emerged from the inter-war period with their prestige enhanced. Although they could claim little success in the political sphere, nor in their collaboration with the employers, the wages front had been held for the most part since 1922. Unemployment was genuinely regarded by trade unionists with abhorrence. However, this view was tempered by the experience that even in the industrial circumstances of the inter-war period, unemployment could not totally break the bargaining power of labour.

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ABBREVIATIONS

A.E.U.	Amalgamated Engineering Union.
A.S.L.E.F.	Amalgamated Society of Locomotive Engineers and Firemen.
B.C.L.C.	British Commonwealth Labour Conference.
C.P.	Communist Party of Great Britain.
E.A.C.	Economic Advisory Council.
E.E.F.	Engineering Employers' Federation.
E.T.U.	Electrical Trades Union.
F.B.I.	Federation of British Industry.
G.C.	General Council of the Trades Union Congress.
H.M.S.O.	Her Majesty's Stationery Office.
I.C.I.	Imperial Chemical Industries.
I.F.T.U.	International Federation of Trade Unions.
I.L.P.	Independent Labour Party.
I.S.T.C.	Iron and Steel Trades Confederation.
L.E.C.	Local Employment Committee.
M.F.G.B.	Miners' Federation of Great Britain.
M.M.	National Minority Movement.
N.A.C.	National Administrative Council of the National Unemployed Workers' Movement.
N.A.U.T.T.	National Association of Unions in the Textile Trade.
N.C.E.O.	National Confederation of Employers' Organisations.
N.C.S.S.	National Council of Social Service.
N.E.D.C.	National Economic Development Council.
N.G.S.W.	Not Genuinely Seeking Work.
N.I.C.	National Industrial Council.
N.I.R.A.	National Industrial Recovery Act.
N.J.C.	National Joint Council.
N.U.G.M.W.	National Union of General and Municipal Workers.
N.U.R.	National Union of Railwaymen.

- N.U.W.M. National Unemployed Workers' Movement. (This body was known as the National Unemployed Workers' Committee Movement until 1929, but the abbreviation N.U.W.C.M. is only used in two quoted passages, not in the text).
- P.A.C. Public Assistance Committee.
- P.L.P. Parliamentary Labour Party.
- P.J.C. Provisional Joint Committee of the National Industrial Conference.
- P.R.O. Public Record Office.
- S.L.A.D.E. Society of Lithographic Artists, Designers, Engravers, and Process Workers.
- S.W.M.F. South Wales Miners' Federation.
- T.C.J.C.C. Trades Councils Joint Consultative Committee.
- T.G.W.U. Transport and General Workers' Union.
- T.U.C. Trades Union Congress.
- U.A. Unemployed Association.
- U.A.B. Unemployment Assistance Board.
- U.I. Unemployment Insurance.
- U.I.S.C. Unemployment Insurance Statutory Committee.
- U.J.A.C. Joint Advisory Committee on Unemployment.
- U.P.W. Union of Post Office Workers.

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Appendix Diagram 2. Scatter Diagram Comparing the Annual Rates of Change in Unionisation and Levels of Unemployment.

PREFACE

This thesis considers trade union attitudes towards an unemployment level consistently above 10 per cent of the insured workforce. It is argued that the primary union reaction was the protection of wages, a protection achieved in large measure, although not exclusively as a result of trade union activity. Emphasis is placed upon the system of unemployment benefits which grew up after World War One as the major institutional barrier to wage reductions.

This central theme of wages protection is discussed most extensively in Chapter 3, but it should be stated at the outset that the thesis is concerned essentially with attitudes and policy rather than with quantitative analysis. Thus no attempt is made, for example, to disaggregate wages data in the light of the overall hypothesis of trade union 'success' in imposing wage rigidity. Moreover, in discussing attitudes, it is not intended to confine the argument exclusively to the T.U.C. and its General Council. In order to understand T.U.C. policy, it is necessary to range within the wider Labour movement to comprehend fully the context and to appreciate the influences. Thus, in addition, are considered the views of specific unions, fringe groups, the Labour Party, and particular individuals. However, where possible (and this is not always possible given the inevitable overlapping of categories and the joint nature of many activities) official T.U.C. attitudes are always clearly specified.

With the exception of Chapters 2 and 8, the thesis is divided by subject matter and not by chronology. Chapter I introduces many of the themes present throughout the subsequent pages and also analyses the statistics of trade union membership and unemployment. Chapter 2 focuses upon the unemployment policies of the T.U.C. in the first years of the 1920's while, as noted above, Chapter 3

considers union responses in the light of the threat to wages and earnings posed by unemployment. Chapters 4 and 5 consider respectively the Mond-Turner Unemployment Report, and the T.U.C. attitude towards rationalisation as an employment policy. Attitudes of the broad Labour movement towards the Gold Standard are the subject of Chapter 6, while Chapter 7 discusses union views of tariffs and migration. Chapter 8 considers the T.U.C. position on a variety of employment-related issues in the 1930's, particular attention being paid to the relationship between the trade unions and the second Labour Government. However, in this regard it should be noted that the approach is that of a historical narrative rather than of theoretical analysis. Chapter 9 considers T.U.C. relations with the National Unemployed Workers' Movement, and the system of T.U.C. Unemployed Associations established in the 1930's. Chapter 10 focuses upon attitudes towards unemployment benefits; in particular, their role in the defence of wages. Concluding remarks, together with a summary of the main conclusions, are found in Chapter II. Each chapter is sub-divided into sections and is preceded by a summary of its contents.

The records of the T.U.C. General Council retained at Congress House were the major source of primary material used in this study. I have also made extensive use of the State papers in the Public Record Office, and have had access to the records of the Labour Party and to the Bevin Papers. Additional manuscript sources are cited in the bibliography. Given the prime concern with the Trades Union Congress, the unpublished papers of individual unions were not consulted. Moreover, as the thesis is concerned with the trade union centre, no attempt was made to investigate trade union branch or Trades Council records.

The majority of union reports and pamphlets were consulted in either the British Library of Political and Economic Science or

in the T.U.C. Library. Most newspapers and journals were consulted in the British Newspaper Library at Colindale. Access to a number of M.F.G.B. reports not available elsewhere was granted at the headquarters of the present National Union of Mineworkers, and for particular items reference was made to the Marx Memorial Library, and to the Libraries of the Transport and General Workers' Union and of the Labour Party. Among the many librarians and archivists who have aided my research I should like to make special mention of the late Mr. T. Murphy of the T.U.C. Filing Department, without whose help the thesis would have been much the poorer.

Finally, I should like to thank Dr. John Lovell who provided me with most helpful comments at several stages of my research, Dr. Howard Gospel, and my supervisor Mr. Sean Glynn. Mr. Glynn has suffered my frequent errors of fact and interpretation and my habitual abuse of the English language with unfailing good humour. I am well aware that in the following pages I owe an enormous debt to his advice and encouragement.

Chapter I.

THE INTER-WAR TRADE UNION MOVEMENT: SOME GENERAL THEMES.

In this chapter, it is intended to describe the broad development of the T.U.C. and its affiliated unions during the inter-war period, linking this development to the prevailing industrial conditions.

The first section establishes the context of the themes discussed throughout the thesis. It is followed by a section describing the size of T.U.C. membership, the members of the General Council, and the prestige enjoyed by the T.U.C. This leads into section III, a discussion of the impact of unemployment upon the statistics of union membership. Industrial disputes are discussed in section IV, together with some further analysis of the sources of trade union authority in the period. Wages history is discussed briefly in section V.

Section VI describes Government-T.U.C. and T.U.C.-Labour Party relations. The role of the block vote and of the trade union group of M.P.'s is analysed. The impact of T.U.C. policy upon Government was marginal, except in 1926 and 1931. While the industrial circumstances explain much of this impotence, in regard to the Labour Party and Government it is suggested that the T.U.C.'s own strategy was partly to blame.

Some concluding remarks may be found in section VII.

I

In the years up to 1914, unemployment had become recognised as a major social and economic problem to be tackled nationally. By the outbreak of war, the Liberal Government was committed to Unemployment Insurance, to the better organisation of the labour market, and, in principle, to counter-cyclical relief measures.¹ The historian of this process has written:

"..by 1914 fatalistic acceptance of the inevitability of the trade cycle and doctrinaire prejudice against the relief of unemployment seemed to have largely passed away".²

But while in the early years of the Twentieth Century the State had begun to play a far more active part in economic life, the trade union movement had only barely appreciated the need to modernise and strengthen its organisation.³ The craft tradition of trade unionism remained strong, as did political Lib-Labism. However, the ideas of syndicalism and of industrial unionism had gained ground - along with an increase in industrial militancy - in the years immediately before 1914. The foundation of the Triple Alliance was felt to mark a real improvement in trade union organisation,⁴ for the movement had possessed little central direction. The Trades Union Congress, founded in 1868, had developed virtually no control over its affiliated unions. The influence of its Parliamentary Committee was very restricted.⁵

However, the position of the unions as a whole was to be dramatically improved by the four years of war. Union membership almost doubled, and this growth continued during the post-war boom.⁶ In the immediate post-war years, industrial militancy reached an unprecedented level.⁷

1 José Harris, Unemployment and Politics: A Study in English Social Policy 1886-1914, Clarendon Press, Oxford, 1972, p.5.

2 Ibid.

3 Henry Pelling, A History of British Trade Unionism, Penguin Books, Harmondsworth, 1963, pp.143, 146.

4 John Lovell and B.C. Roberts, A Short History of the T.U.C., Macmillan, London, 1968, p.48.

5 Pelling, op. cit., p.144.

6 Lovell and Roberts, op. cit., p.52.

7 Pelling, op. cit., p.161.

But in 1921, in a situation which had been anticipated neither by Government nor by trade unions, Britain suddenly faced unemployment on a scale which overthrew many of the developments to that point. The trade union movement was thrown back onto the defensive. The levels of unemployment which underlay both the concept of 'Work or Maintenance' and the actuarial basis of the Unemployment Insurance scheme were invalidated. It is the reaction, particularly of the trade unions, to this new situation which forms the background to this thesis.

II

In 1918, the Trades Union Congress amounted to little more than the annual forum of trade union discussion. It could hardly be counted as a trade union centre at all. Minimally staffed, the T.U.C. had no power to act as a co-ordinating agency.¹ The major organisational changes of the inter-war period were to result in a substantial enhancement of the T.U.C.'s influence and standing, but it remained without the power and authority of overall direction of the trade union movement.²

The number of trade unionists affiliated to the T.U.C. fell in all but one of the years between 1919 and 1933. By the latter year, it had declined to a level only fractionally above one-half of its 1919 peak. Yet, when the totals of trade union membership and of the numbers affiliated to the T.U.C. are compared, the figures appear to illustrate the success of the T.U.C. as an organisation in retaining virtually the same proportion of affiliates over the inter-war period.³ Over the years 1920-1939, there is a range in this proportion from 79.7 per cent to 73.8 per cent of all trade unionists. Not only was this proportion very stable, it also compared well with the period before the First World War. For example, the decadal average proportion of trade unionists affiliated to the T.U.C. between 1900 and 1909 stood at 52.9 per cent.⁴

¹ Lovell and Roberts, *op. cit.*, pp.57-8.

² *Ibid.*, pp.141-3.

³ All statistics refer to Appendix Table A.

⁴ Although this proportion was tending to improve year-by-year.

Ostensibly then, the proportion of trade unionists affiliated to the T.U.C. remained stable throughout the years covered by this thesis, and this demonstrates its resilience through the depression. However, the numbers of trade unionists which the T.U.C. laid claim to represent each year in its Annual Report, and which were in turn re-printed by Pelling,¹ cannot be considered entirely accurate. Firstly, the data reported by individual unions - which the T.U.C. simply combined to form its totals - is most frequently to be found as a round figure in the 1920's. In the 1930's, the tendency was to provide more detailed statistics. There is thus some bias in the totals for the period as a whole which is due to this better recording of individual union membership figures.

Perhaps of more importance, given their numerical significance in T.U.C. totals, were the membership figures reported by the Miners' Federation. These figures, which again were simply incorporated into the T.U.C. totals, may be summarised for twelve years as below:-

1925, 1926, 1927,	800,000	1929, 1930, 1931, 1932,	600,000
1928,	725,000	1933, 1934, 1935, 1936,	500,000

This style of reporting had two major effects upon the T.U.C. totals. Firstly, the figures themselves may be exaggerated. For example, the 1928 total of 725,000 members compares with a figure for the same union reported by the Ministry of Labour Gazette of 544,000.² Secondly, any change in the numbers claimed by the M.F.G.B. had a substantial impact upon the annual change in T.U.C. affiliation. For instance, comparing 1929 with 1928, no less than five-eighths of the apparent decline in T.U.C. membership is explained by the decline reported by the Miners. After 1937, the M.F.G.B. no longer reported its membership as a round figure, and T.U.C. totals may perhaps be treated with more confidence from that date. However, in the preceding years, it is clear that the statistics of T.U.C. affiliation must be regarded with considerable caution.³

¹ Pelling, op. cit., pp.261-3.

² Ministry of Labour Gazette, October 1929. M.F.G.B. membership at end 1928.

A different way of looking at T.U.C. membership is to compare the number of its affiliated unions with their total number. Appendix Table B demonstrates that the T.U.C. only included between 1 in 6.5 and 1 in 4.5 of all unions between the wars, a much smaller proportion than its share of trade union members. Between 1920 and 1939, the number of unions affiliated to the T.U.C. ranges between 194 and 223. After 1927, the percentage of unions affiliated to the T.U.C. does rise slowly in every year, as the number of T.U.C. affiliates increases and the total number of unions declines.

Statistics of these two measures of T.U.C. affiliation do not simply reflect the success of that body as an organisation. Even if we could be more certain of the accuracy of trade union membership figures, it must be recalled that T.U.C. affiliation is to some degree a derived statistic. It was dependent upon the number of unions, the size of their membership, the number of amalgamations, legislative changes, and expulsions. Amalgamation had been made easier by the Trade Union (Amalgamation) Act of 1917, but in spite of its provisions the number of unions declined only slowly over the inter-war period. Nevertheless, amalgamation did play a large part in that decline which did take place. Of a net decrease of 254 unions between 1920 and 1930, amalgamation had resulted in a reduction of 204 and dissolution in a decrease of 314. At the same time, 264 new unions had been founded other than by amalgamation.¹

The resilience of the T.U.C. through depression is only barely shown by the available statistics. The inter-war years witness a rise in the influence of the T.U.C., although it remained weak when compared with other trade union centres at the head of a federal structure. Despite the fact that unions were unwilling to

I Ministry of Labour Gazette, October 1930, p.362.

¹ It may be noted that while individual unions increased their voting strength and numbers of delegates at Congress by hiding the true decline in their membership, at the same time an affiliation fee to the T.U.C. was levied on each nominal member. Over-estimation of a union's size was therefore not without its costs.

surrender their autonomy - an unwillingness confirmed by the experiences of 1926 - there were factors in operation leading to an increase in the authority of the T.U.C. Firstly, there were constitutional changes beginning with the formation of the General Council to replace, and with a wider brief than, the T.U.C. Parliamentary Committee.¹ The powers of the General Council were extended in 1924 and 1927, although despite its nomenclature it was not to operate as a 'General Staff of Labour' as some of its early supporters had hoped.

The prestige of the T.U.C. was also extended by the obvious professionalism and ability of its staff. This was put to good use, especially in the period after 1926 when there was a clear unity of purpose between Citrine as T.U.C. General Secretary and the individual trade union leaders, notably Ernest Bevin.

Finally, there were economic factors tending to strengthen the position of trade union leaders vis-a-vis their members. The first of these factors was national wage bargaining, but just as the leadership was being strengthened, so grass-roots militants were weakened by both unemployment and victimisation.² The continuing unemployment problem and the consequential threat to wages had brought about some co-ordination of tactics. But the very failure of the Triple Alliance, the collapse of plans for an Industrial Alliance, and the fiasco of the General Strike ensured that no organisation evolved to threaten the position of the T.U.C.

While there were changes in their relative strength, the inter-war T.U.C. was dominated numerically by just five unions. These were the Miners, the Engineers, the Railwaymen, and the two general union conglomerates - the Transport and General Workers, and the General and Municipal Workers. The opposition of the general unions together with that of the A.E.U. - which was still overwhelmingly a craft union in the inter-war period despite some

1 For a full account, V.L. Allen, 'The Reorganisation of the Trade Union Congress, 1918-27', British Journal of Sociology, XI, 1960.

2 James Hinton and Richard Hyman, Trade Unions and Revolution: The Industrial Politics of the Early British Communist Party, Pluto Press, London, 1975, pp.18-19.

attempts to organise the unskilled - ensured that the general principle of industrial unionism made no headway, despite the qualified assent given to proposals for 'Organisation by Industry' at the 1924 Congress. This model of union development finally went into abeyance after 1927, when Congress supported a General Council conclusion that no general scheme of industrial unionism was practicable, albeit by the narrow margin of 2.06 million votes to 1.81 million.¹ With the rise to pre-eminence of the general unions in the 1930's, industrial unionism - threatening as it did the total fragmentation of those unions - was simply not feasible.²

Union organisation remained concentrated in the traditional areas and industries. The new industries proved difficult to organise, partly for their location, and partly for the type of labour they recruited. However, within the T.U.C. the balance did shift away from the unions of skilled craftsmen and towards the unions of general labourers. Nevertheless, despite their relative decline, the craft unions remained a major influence upon T.U.C. policy. Indeed, the A.E.U. experienced a very substantial membership increase in the 1930's, although this resulted in its diminished craft character.³

There were important variations in the propensity to unemployment between the various unions affiliated to the T.U.C. Unskilled manual workers were twice as likely to find themselves unemployed as the skilled and semi-skilled. Among white-collar workers - where, outside the railways, union organisation was minimal - the likelihood of unemployment was much smaller still. The inter-war unemployment problem was (with the exception of the two cyclical peaks at the beginning of both the 1920's and 1930's) concentrated upon a number of distinct regions, industries, and groups of workers. The most intractable problem, that of long-term adult unemployment, was one which was more or less confined to the old staple trades

1 T.U.C. Annual Report, 1927, p.304.

2 Lovell and Roberts, op. cit., pp.99-100.

3 Pelling, op. cit., p.204.

situated in the traditional industrial areas.

Before discussing further the general development of British trade unionism under the presence of large-scale unemployment between the wars, some remarks are necessary regarding the composition of the T.U.C. General Council. Throughout the period the G.C. consisted of 32 members; membership of the Council was divided into eighteen groups, the first seventeen being based upon occupation, the last a separate Women's Section. In 1925 an attempt to increase the G.C. to 34 and at the same time abolishing the Women's Section, and a separate attempt to add six genuine industrial workers to the Council's membership, were both without success.^I Voting for the various groups was by the full Congress membership on a card vote, that is, giving a seemingly dominant voice to the small number of largest unions. But, as Appendix Table C illustrates, frequently seats were not contested, and close contests were rare. The defeat of an incumbent was also unusual; only six were so defeated in the years 1921-38. The figures do, however, suggest that election to the G.C. was somewhat more competitive during the 1920's than during the following decade. Comparing 1921-9 with 1930-8, the total number of seats and groups contested and the total number of candidates were all higher in the first period. The average number of candidates per seat fell from 1.57 to 1.36. The proportion of seats contested fell from 52 per cent to 47 per cent.

For candidates to the General Council the essential determinant of electoral success was seniority, with personal and ideological considerations playing a subsidiary part. For example, despite some manoeuvres against him, A.J. Cook, who had upset just about everybody, was duly re-elected to the General Council in 1928. On the other hand, Margaret Bondfield's failure to gain re-election in each of the years 1932, 1933, and 1934, does presumably signify lasting distrust for her, and for her part in MacDonald's second I T.U.C. Annual Report, 1925, pp.507-512.

Ministry.

III

Reference has already been made to the collapse in trade union membership which began with the onset of depression in late 1920. Even at peak level, trade unions covered less than 60 per cent of all wage-earners. By 1922 this was already down to around 40 per cent, and by the early 1930's to less than 30 per cent.¹ In comparison with the total workforce, unionisation appears even less extensive. For much of the inter-war period the unions had succeeded in organising only between 1 in 5 and 1 in 4 of the workforce.² However, it must be emphasised that in regard to all these estimates there is a considerable margin of error from the point of view of both union membership and the size of the workforce. Moreover, the figures make no allowance for turnover, nor to the fact that trade union membership and influence were concentrated almost exclusively among male wage-earners. From that standpoint, the level of union membership may have been more significant than at first appears.

The collapse of the post-war boom affected not only the levels of trade union membership. Expenditures by registered trade unions on unemployment benefit totalled in excess of £15 million in 1921, and a further £8.4 million in 1922.³ The proportionate impact upon trade union funds was as great as that which they were to suffer as a result of the General Strike. Again, in the three years 1931-33, a total of over £20 million was expended on trade union unemployment benefit - proportionately more per head of membership given the shrinkage in trade union size.

¹ Ashok Mitra, 'The British Trade Union Movement: A Statistical Analysis', The Indian Economic Journal, Vol.III, No.I, July 1955, Table III, p.9.

² A.G. Hines, 'Trade Unions and Wage Inflation in the U.K., 1893-1961', Review of Economic Studies, 1964, pp.250-1.

³ B.R. Mitchell and Phyllis Deane, Abstract of British Historical Statistics, Cambridge University Press, Cambridge, 1962, p.70.

Before discussing the evidence in more detail, it may be worth outlining the channels through which a connection between inter-war unemployment and declining union membership could have operated.

- a) A failure to retain union members who joined new companies. Frequent job changes meant that workers lost the 'habit' of trade unionism, while the turnover of labour also made it difficult for union officials to retain links with former members.
- b) A failure to expand union membership into new sectors of the economy.
- c) A decline in the numbers employed in traditional union strongholds like Mining and Shipbuilding.
- d) A failure to retain the same percentage of union members within a given company.

It may be noted that unions could afford to be less concerned about declining total membership so long as they retained the same proportion of the workforce in areas where they made collective agreements. Furthermore, the relative success of the T.G.W.U. and N.U.G.M.W. in the 1930's demonstrates that a high turnover of membership was not necessarily correlated with declining total membership. The view has been taken that the growth of the general unions kept trade unionism alive in a variety of industries, whereas industrial unions would have collapsed under the weight of unemployment.^I

The manner in which unemployment affected union size clearly differed between sectors of the economy. Long-term unemployment was a particular problem for but a small number of unions, notably in the mining and shipbuilding trades. It was short-term unemployment, the movement in and out of ^{the} labour force, which presented problems for the majority of unions. The loss of membership consequent upon

I H.A. Clegg, Some Consequences of the General Strike, Manchester Statistical Society, Manchester, 1954, p.7

short-term unemployment could perhaps have been combatted through more vigorous leadership. The personal predilections of individual leaders were important in this regard. The historian of one union has noted the change in the 'spirit' of that union following a change in leadership.¹ More generally, the various 'Back to the Unions' campaigns mounted during the inter-war period must be considered as failures, as must the Unemployed Associations, established in the 1930's, from the point of view of union recruitment.² It must be added that this 'failure' to recruit may also be explained simply by the expense which would have been incurred. Alternatively, it may have been due to the knowledge that trade union authority had not, in fact, been unduly impaired by this loss of membership.³

Appendix Diagram I compares the average level of unemployment in each of the years 1920-39 with the total trade union membership in those years.⁴ Although there does appear to be some inversivity between unemployment and trade union membership, the points on the diagram are broadly dispersed. A regression line fitted to the data supported the conclusion that a linear regression of trade union membership upon unemployment provides only a very poor predictor of values of union membership.

Very similar results were obtained using figures for percentage unionisation in place of the crude union membership figures. It must be admitted that there is a margin of error on either statistic. Moreover, both measures contain a proportion of unemployed trade unionists; thus, neither is a perfect proxy for trade union strength in industry. However, neither figure is affected by the

1 Alan Fox, A History of the National Union of Boot and Shoe Operatives, 1874-1957, Basil Blackwell, Oxford, 1958, p.507.

2 The Unemployed Associations are discussed in detail below, pp.323-337.

3 Sidney Pollard, 'Trade Union Reactions to the Economic Crisis', Journal of Contemporary History, Vol.4, No.4, 1969, pp.II3-4. See also below, pp.20-22.

4 The union membership figures may be found in Appendix Table A. The unemployment statistics are of average percentage insured unemployment, British Labour Statistics Historical Abstract, 1886-1968, H.M.S.O., London, 1971, Table 160, p.306.

legislative changes engendered by the Trade Disputes and Trade Union Act of 1927, since both are concerned with total trade union membership, not just that affiliated to the T.U.C. Nonetheless, the lasting impact of the General Strike upon trade union membership is suggested on the diagram by the position of the points for the years 1927-1929 inclusive.

In support of his contention that changes in the level of unionisation are correlated with the level of wage inflation, A.G. Hines has attempted to show that these changes in unionisation are un-correlated with demand. Employing data for the whole 1921-38 period, Hines generated the following equation:

$$\Delta T_t = a - 0.1216U_t + 0.0494\Delta U_t \quad (R^2 = 0.1349)^I$$

On the basis of this equation, Hines concludes that for the inter-war period the correlation between unionisation and unemployment is very weak. However, as is shown in Appendix Diagram 2, a case can be made out to suggest that the ^{period} divides into two quite separate phases. Moreover, that for each of these sub-periods, dividing at or around 1930, the correlation between unionisation ^{and unemployment} is by no means as weak as Hines believed.

To derive Appendix Diagram 2, the unemployment figures are again of average insured unemployment. The annual rate of change in unionisation has been estimated from Hines' own figures,² re-aligning the data at mid-year.³ It should be noted at this juncture that Hines' calculations are on the basis of the absolute change in unionisation, while those outlined below refer to proportionate change. Although the latter method seems more justifiable, further calculations demonstrated that the broad conclusions were not affected whichever measure was used.

Three more minor points must be made regarding the statistics

I Hines, op. cit., Table 2, p.234. My notation, ΔT represents the annual change in unionisation, U the level of insured unemployment, ΔU the annual rate of change of insured unemployment.

2 Ibid., pp.250-1, Col.2.

3 Using the method described in ibid., Appendix i, p.243.

Hines derives to estimate the level of unionisation. Firstly, as noted above, the totals of union size include some unemployed union members. Secondly, Hines estimates the level of unionisation by dividing total union membership into the total occupied workforce. This latter measure he estimates by linear interpolation from the census data collated by Mitchell and Deane.¹ This process has an unfortunate effect at the beginning of the inter-war period in that it takes no account of the changes in the size of the workforce resulting from demobilisation. Furthermore, the derived figure suggests that the occupied workforce was higher in 1921 than in either of the previous two years, something which seems intuitively implausible. As a result, the estimate for the change in unionisation in 1921 must be treated with considerable caution. More importantly, re-estimates of the proportion unionised on the basis of the total in civil employment generate significantly different annual levels of unionisation, annual rates of change, and in the case of the years 1929 and 1930 a reversal of the direction of change.² These statistical ambiguities will be referred to again below when the significance of the results is discussed.

Finally, Hines estimates unionisation on the basis of the total workforce, that is, both men and women, and this tends to neglect the fact that trade unionism was predominantly a male preserve. However, since the ratio of men to women in the workforce changed only marginally, a re-working of the statistics on the basis of the male workforce is unlikely to alter the derived relationships.

Inspection of Appendix Diagram 2 suggests that in the short-run there may have been some link between the level of unemployment and the rate of change in unionisation. Furthermore, that there occurred a shift in this relationship at about 1930. Regressions upon the admittedly small number of observations lend some support

¹ Mitchell and Deane, op. cit., p.61.

² Total in civil employment, C.H. Feinstein, National Income, Expenditure and Output of the United Kingdom, 1885-1965, Cambridge University Press, Cambridge, 1972, Table 57, p. 226.

these assertions. For the 1931-38 sub-period an equation of the following form may be derived:

$$\% \Delta U_t = 22.1314 - 1.2197U_t \quad (r^2 = 0.9788)$$

The equation for the 1920's is, however, less striking. A correlation coefficient of 0.5579 reflects the dispersion of points displayed in Appendix Diagram 2. Nevertheless, on the assumption of a lag of six-months between unemployment and the level of unionisation, both the 1920's and the 1930's appear to assume a high degree of linearity. Assuming such a lag, an equation for the years 1921-29 inclusive can be derived generating an r^2 equal to 0.83.

With or without a lag, the decade of the 1930's seems to show a strong linear relationship between the change in unionisation and the level of unemployment. For the 1920's, the position is that with lagged data a strong case can be made out for linking unionisation with demand, but that this case is weakened if the impact of demand is assumed to be immediate. Both sets of data (lagged and un-lagged) suggest that the relationship between demand and unionisation was not stable over the long period, but could perhaps exhibit some degree of stability over the shorter run. A shift in the relationship can perhaps be discerned around 1930. Comparing the 1930's with the 1920's, the rate of change in unionisation appears higher (more positive) given the levels of unemployment. Furthermore, the rate of change in unionisation appears less responsive to unemployment. In as much as the observances described by Appendix Diagram 2 form two curves, that representing the 1930's has shifted outwards and become more inelastic than that representing the 1920's.

The calculations outlined above may cause one to doubt the sufficiency of Hines' estimates to discount the effect of demand upon unionisation, at least so far as the inter-war period is concerned. And if there are real influences at work explanation

of the inter-decadal shift may perhaps be sought along four lines.

a) That the explanation of the shift lies in the differing nature of the unemployment problem in the 1930's compared with the 1920's. That is, that in the 1930's there was an increasing element of long-term unemployment.

b) That the explanation may be found in the type of union which gained the greatest success in the 1930's. The view that general unionism was best suited to survive industrial depression has already been noted.¹ Despite the fact that Appendix Diagram 2 appears to show one discrete turning-point, the rise of the general unions and an apparent shift in the unemployment/unionisation trade-off may be connected.

c) That the shift is evidence of greater trade union success in retaining membership in spite of unemployment.

d) That the shift derived from the success of the unions in holding wages. The case for trade unionism was all the greater if it could be shown that trade unions did win material benefits for their members. An alternative hypothesis would emphasise not that workers perceive that unionisation actually 'pays', but rather that because wages rise workers are able or willing to pay union dues.² Hines did test equations lagging changes in unionisation at six-month and twelve-month intervals on changes in wage rates, noting that the results lent no support to the contention that improvements in wages led to increases in unionisation.³ However, once again his data was for the full 1921-38 period. Secondly, it is not apparent that money wages are strictly relevant, since it is increases in real wages which might be thought to provide the premium from which union dues might be paid. And it was real gains which the unions made in the 1930's, although for much of the decade their

¹ See above, p.11.

² Hines, op. cit., pp.234, 235.

³ Ibid., p.235. The results are collated in ibid., Appendix iii, Table 3, p.244.

stance remained essentially defensive.

In as much as union membership size and percentage unionisation are proxies for union strength, both Appendix Diagram I and Appendix Diagram 2 demonstrate that unemployment did have a deleterious impact. Nevertheless, if the latter diagram does show a real shift in the relationship between unemployment and the change in unionisation this was of considerable advantage to the unions in the 1930's. The impact of unemployment upon unionisation would have been greater, and the industrial history of that decade might have been very different. If it was a real shift, this cannot be interpreted necessarily as resulting from the unions' own efforts, the changing pattern of unemployment must play some part, but union success cannot be entirely ruled out. This would go some way to refute the contention that as regards membership the trade unions had a distinctly unsuccessful record in the 1930's.^I

It must be emphasised that the data outlined above is in many ways not sufficiently reliable for definite conclusions to be made. If we exclude the years of heavy cyclical unemployment, say 1921 and the early 1930's, then within a relatively small range of unemployment almost any change, either positive or negative, in unionisation is consistent. Neither the unemployment nor the unionisation statistics are strong enough to discount the possibility that apparent changes in their values are explained by statistical error. The data merely asserts the possibility that in unfavourable industrial circumstances in the 1930's the trade unions succeeded in preserving their membership in a manner which had not proved possible in the 1920's.

The possibility of statistical error may also help explain why the expected inversivity between changes in unemployment and changes in unionisation is missing in no less than eight of the years 1921-38. Admittedly, the number of rogue years is reduced to fi

^I The case argued by John Saville, 'May Day 1937', in Asa Briggs and John Saville (eds.), Essays in Labour History, 1918-1939, Macmillan, London, 1977, p.245.

if a six-month lag is introduced. As was noted above, the introduction of a six-month lag can also be substantiated in regard to the effect of the level of unemployment. In four of these five years, (1922, 1923, 1927, 1933), unionisation decreases as unemployment decreases, in the remaining year (1938) unionisation increases as does the level of unemployment. On this basis, 1938 represents a peculiarly successful year for the unions, while the other four represent their years of greatest failure. On the other hand, the calculations are very susceptible to small statistical changes. For example, re-estimating unionisation on the basis of total civil employment succeeds in adding 1929 (failure) and 1930 (success) to the list of rogue years.^I Given that any apparent changes in unemployment may also be due to statistical error, there is little value in suggesting possible explanations of the behaviour of unionisation in those rogue years which have seemingly been identified.

Even given an allowance for error, it is notable that despite dramatic year-by-year changes in the rate of unemployment, this degree of change was not mirrored in the figures for unionisation. After 1921 and 1922, the rate of change in unionisation remained within the limits of plus or minus ten per cent. This was of course much less than the proportionate rate of change in unemployment. It is, however, not claimed, nor would it be expected, that individual unions were affected by unemployment in the way suggested by the aggregate statistics described above. Some unions, (for example, the Workers' Union and the agricultural unions), were virtually put out of existence by the slump in the early 1920's. As already established, others, notably the Transport Workers and the General and Municipal Workers, succeeded in building large memberships in the still adverse industrial conditions of the 1930's.

^I See above p.14. Additionally, the accuracy of union membership totals must be called into doubt.

Statistics of the number and size of strikes, and of disputes in which wages were the proximate cause, are shown in Appendix Table D. The figures severely under-represent the number of disputes, since those involving less than ten men or a loss of work of less than a day were excluded from the Ministry of Labour's calculations, except where the aggregate loss exceeded 100 days.

The figures illustrate that the immediate post-war militancy of the trade union movement was among the first victims of the slump. In the period after 1926, while the number of recorded disputes shows no lasting tendency to decline, the number of working days lost does fall dramatically. The proportion of strikes lasting less than one week increases from around 50 per cent in the mid-1920's to approaching three-quarters at the end of the 1930's.¹ In addition, the importance of wages questions as a cause of strikes tends to diminish, although not disappearing entirely.

Clegg has concluded that the General Strike was not responsible for this change in the pattern of strikes. The major cause of the decline in days lost after 1926 is to be found in the fall in the number of national disputes.² It was disputes of this nature, most of which the unions had lost, which marked the period of industrial strife in the seven or eight years after war's end. An important element in the number of national disputes was the rapid fluctuation in the cost of living. But the trend towards national bargaining had also had as its corollary an increase in national disputes.

The decline in the number of days lost through strikes after 1926 does not imply that the trade unions were forced to take a less firm, defensive stand on wages. Rather, this fact reflects a situation in which downward pressure on wages was much reduced, and that those reductions which were effected could be done so

¹ K.G.J.C. Knowles, Strikes: A Study in Industrial Conflict; With special reference to British experience between 1911 and 1947, Blackwell, Oxford, 1952, p.259.

² Clegg, op. cit., p.4.

under existing sliding-scale agreements. Nor can the demonstration effect of the General Strike be entirely ignored. There was no more desire for a repetition on the part of Government and employers than among trade unionists. In this sense, the General Strike successfully illustrated the downward rigidity of wages - except, of course, for the miners themselves. The reduction in days lost through strikes, and trade union advocacy of Industrial Peace assumed the perjorative title 'Mondism'. But while there was some improvement in relations between the T.U.C. and the employers at national level, and some co-operation at the industry level, T.U.C. overtures went largely unreciprocated by the employers.¹

The history of strikes in the inter-war period is dominated by the experiences of two industries; mining in the years to 1926, the mining and textile industries between 1927 and 1938.² The four national textile disputes in the years 1929-1932 inclusive represent the exception to the fall in national disputes after 1926. If a turning-point is sought in the history of strikes it is perhaps to be found with the close of the four-week strike of weaving workers in 1932.³ Concerning the impact of unemployment upon disputes, Knowles found little correspondence between the proportion of employer victories or of employee defeats with the percentage unemployed between the wars.⁴ There may be some correspondence between the number of strikes and the level of employment,⁵ but this could be explained by statistical error.

In explaining the T.U.C.'s reaction to unemployment in this thesis, the view will be taken that in the circumstances of the inter-war years trade union power was not destroyed by the depression. Pollard has taken this view on the basis of three

¹ See below, Chapter 4 especially.

² Eugene L. Gomberg, 'Strikes and Lock-Outs in Great Britain', Quarterly Journal of Economics, Vol.LIX, No.I, 1944, Table.II, p.101.

³ H.A. Turner, Trade Union Growth, Structure and Policy: A Comparative Study of the Cotton Unions, George Allen and Unwin, London, 1962, p.327. John Lovell, British Trade Unions 1875-1933, Macmillan, London, 1962, p.327.

⁴ Knowles, op. cit., p.246.

⁵ Ibid., Graph 6, p.148, Graph 7, p.149.

separate issues. Firstly, he argues that the trade unions' membership loss was not accompanied by a consequential reduction in trade union authority. The nominal losses - amounting as was shown above to a virtual halving of total membership between 1919 and 1933 - did not result in an equivalent reduction in union influence at the workshop level. Hence, mass blacklegging was impossible.¹ Secondly, Pollard argues that after the General Strike employers were unwilling to accept the consequences of a further expensive conflict with the forces of labour, even if an employer victory was the likely outcome. As already suggested, from this point of view the General Strike can be regarded as a victory for the labour movement in the long run, despite the collapse of the Strike and the subsequent rout of the miners. Pollard evidences the Mond-Turner discussions as part of a developing industrial consensus in opposition to the City of London, a consensus which included the acceptance of the rigidity of wages.²

Finally, attention is drawn to the role of the National Unemployed Workers' Movement in protecting trade union standards. The N.U.W.M. proudly trumpeted its claim to be 'Blackleg-Free', and Pollard notes the movement's refusal to permit work or re-training at less than the negotiated trade union rate for the job. More importantly, he refers to the pressure which the N.U.W.M. consistently mounted on the questions of unemployment insurance and relief.³

It will be seen from the above that only a proportion of the trade unions' continued power and authority derived from factors internal to their organisation. It is apparent that trade union power cannot be abstracted from the overall political and social framework. The same is true of the N.U.W.M. Pollard's description of that body's influence is difficult to square with what is known about the size of its membership, particularly with regard to preventing blacklegging and the undercutting of union agreements.

1 Pollard, op.cit., p.113.

2 Ibid., p.114.

3 Ibid., p.114.

In sustaining agitation on Unemployment Insurance and relief matters, however, its impact upon local and central government may have been greater.¹ But it must be recalled that just as the trade unions covered only a fraction of those in wage-earning employment, so the N.U.W.M. succeeded in organising only a small proportion of the unemployed. And just as the wages front appears to have been successfully held across virtually all industrial groups - unionised and non-unionised - so the levels of unemployment benefit and of local relief were not determined solely, or even predominantly, by the actions of the N.U.W.M. Indeed, it will be shown that the T.U.C. took a particular interest in unemployment benefits, an interest sustained by the belief that benefits helped to negate any downward pressure on wages.²

V

The broad pattern of money wage rates over the inter-war period is shown below in Table I.

TABLE I. INDEX OF BASIC WEEKLY WAGE RATES, ALL MANUAL WORKERS,
ALL INDUSTRIES AND SERVICES (January 1956 = 100)

December 1920	56.8	December 1927	36.6	December 1934	34.6
December 1921	44.1	December 1928	36.3	December 1935	35.2
December 1922	36.4	December 1929	36.1	December 1936	36.2
December 1923	35.9	December 1930	35.9	December 1937	37.6
December 1924	37.0	December 1931	35.1	December 1938	38.1
December 1925	37.1	December 1932	34.6	December 1939	39.8
December 1926	37.3	December 1933	34.5		

Source: British Labour Statistics..... op. cit., Table 13, p.53.

It will be seen that, after the dramatic reductions enforced in the early 1920's, wage rates remained remarkably stable. After a slight recovery in the middle 1920's, wage rates fell away gently until a stronger recovery was made in the late 1930's. Real wage earnings followed a rather different path. After a real reduction

1 The relationship between the N.U.W.M. and the T.U.C. is discussed below, pp.307-323.

2 See below, pp.262-6, 350-5, especially.

in 1922 and 1923, and stabilising over the mid-1920's, living standards improved in every year in the 1930's, except 1937, in spite of the greatly increased numbers of unemployed.¹

The figures do hide the fact that wage reductions were enforced upon large groups of workers in the late 1920's and early 1930's.² But after 1923, while wage cuts were not infrequent the sums involved were comparatively small. Furthermore, the reductions were consistent with a continuing improvement in real standards. Some groups did particularly well. Engineering rates withstood cyclical depression to the extent that they remained unaltered during the early 1930's, retaining the increase granted in 1927.³ Of the net decrease in weekly wage payments in the four years 1930-33, almost half was accounted for by just two industries - textiles and building.⁴

Trade unions could be pleased with their part in maintaining wages. Each and every complaint about the 'rigidity' of wages was testimony to labour's defensive power. However, it is apparent that the downward stickiness of wage rates was not simply a measure of the success of trade unionism. In the early 1920's - when the unions had been numerically stronger - real wage reductions had been enforced, although the unions had been more successful in protecting the other major gain they had made in the aftermath of war, the reduction in hours. The reductions of the early 1920's had been accompanied by equally dramatic falls in the cost of living and rises in unemployment. This conjunction of events was not to be repeated during the crisis years of the early 1930's, nor at any other time during the period. The view has been taken, however, that the somewhat greater decline in the wages of manual workers

1 Derek H. Aldcroft, The Inter-War Economy: Britain, 1919-1939, Batsford, London, 1970, Table 4I, p.364.

2 E.C. Ramsbottom, 'The course of wage rates in the United Kingdom, 1921-1934', Journal of the Royal Statistical Society, Vol.XCVIII, 1935, pt.4, Table I, p.642, Col.2.

3 Guy Routh, Occupation and Pay in Britain, 1906-1960, Cambridge University Press, Cambridge, 1965, p.120.

4 Ibid., p.120.

compared with white-collar workers in the period between 1928 and 1931 reflects, in some part, the higher incidence of unemployment among manual workers as a group.¹

Throughout the inter-war years, sliding-scale agreements (related either to the cost of living or to product prices) provided the means by which wage rates were reduced. Of the reductions effected between 1924 and 1933, almost 60 per cent resulted from sliding-scale agreements.² These agreements took some of the heat out of the wages issue. Nonetheless, as Appendix Table D makes clear, unions remained willing to use the strike weapon in the defence of wages.³

Broadly, as noted above, the non-unionised majority of the workforce also avoided downward pressure on wages, although there is some evidence that reductions were more prevalent in non-unionised sectors and industries.⁴ One reason for the surprising stability of non-unionised wages may have been 'wage leadership' by the trade unions; another may be that those most likely to break the wages front were those nearest the unemployment benefit threshold.⁵ Comparisons are difficult because non-unionists were disproportionately represented in the expanding sectors of the economy, and this may have improved the apparent performance of the wages of non-unionists as a whole.

The emphasis in this thesis will be upon money wages. Yet the fact was that substantial real improvements in standards could be made simply by holding money wages steady. In this respect, the trade unions were the beneficiaries of the rise in domestic productivity, and, in the 1930's, of the improvement in Britain's terms of trade. The rise in real earnings was particularly marked

1 Routh, *op. cit.*, p.123.

2 *Ibid.*, p.120.

3 Although, as noted earlier, the proportion of disputes which centred on the issue of wages declined substantially over the period.

4 H.W. Richardson, Economic Recovery in Britain, 1932-9, Weidenfeld and Nicolson, London, 1967, pp.109-110.

5 See below, p.353.

between the middle years of the 1920's and the middle years of the 1930's.¹

The improvement in real wages in the inter-war period was substantially greater than that enjoyed in the twenty years or so before the outbreak of war in 1914.² Moreover, gains were also made in regard to hours of work - notably in the years immediately after the Armistice³ - and in regard to paid leave, although improvements in these holiday arrangements were not prevalent until the end of the 1930's. The overall performance of the British economy between the wars has been re-assessed more favourably in recent years. So it is that the improvements in labour standards were also quite satisfactory from a historical viewpoint, although poverty - much of it related to unemployment - remained widespread.

VI

At the governmental level, the desire to gain consultative status on a wide variety of State activities is a theme upon which the T.U.C. laid special emphasis. The right to be consulted was the political parallel to recognition in the industrial sphere. As such, it had an important symbolic content. Bevin's famous boast that the T.U.C. had "...now virtually become an integral part of the State...its views and voice upon every subject, both international and domestic, heard and heeded", reflected an aspiration, and was not an accurate description of the position gained by 1937.⁴ Nevertheless, this desire for consultation helps explain the acute disappointment felt by the unions for both Labour Governments.

From the trade unions' viewpoint, these Governments had failed in other areas too. It was known that the 1924 Ministry had considered the use of troops against strikers,⁵ and Tillett had

1 Aldcroft, *op. cit.*, Table.4I, p.364.

2 *Ibid.*, p.364.

3 See below, p.106.

4 T.U.C. Annual Report, 1937, p.70.

5 Ralph H. Desmarais, 'Strikebreaking and the Labour Government of 1924', Journal of Contemporary History, Vol.8, No.4, 1973.

voiced the opinion that the Ministry was, "...the best Conservative Government for the last 77 years".¹ The apparent failure to deal with the unemployment issue was also keenly felt. But MacDonald had failed not least in the symbolically important sphere of consultation. Both the Home Office and the Ministry of Labour refused to furnish the T.U.C. with advance copies of bills, and a protest deputation was met with the stock answer that the Government's minority position prevented its acceding to the T.U.C.'s request.² However, while both Hicks and Bramley could say truthfully that advance copies of bills had been forwarded in the past, the precedent was not entirely a happy one, as will be shown below.

The second Labour Government was no better in this regard - it again refused to permit T.U.C. access to draft bills. The T.U.C. was to be treated like all other pressure groups.³ Both Snowden and MacDonald had little sympathy or respect for the unions, but it must be remembered that the T.U.C.'s own strategy had allowed relations to deteriorate. A Parliamentary strategy and a rigid division between the industrial and political arenas implied full independence for the Party leadership despite the number of trade union M.P.'s, and despite the potential power vested in the block vote at Conference. Until 1931, the T.U.C.'s political strategy was no more than passive. Ironically, in spite of institutional intra-Party links, in Government the greatest determinant of T.U.C. influence was MacDonald's very fear of trade union domination.

In view of the Labour Party Constitution, it may seem remarkable that it may be honestly concluded of the 1929-31 Government that it appeared, "...simply unconcerned about whether it annoyed the General Council or not".⁴ But until 1931 the unions had been content to leave political direction to the Party's leaders in the

¹ Daily Herald, August 4th 1924.

² Public Record Office (hereafter P.R.O.), PREM I/4I, T.U.C. deputation to MacDonald, April 8th 1924.

³ P.R.O., CAB 23/63 C.C. 3(30)4a, January 16th 1930.

⁴ V.L. Allen, Trade Unions and the Government, Longmans, Green, London, 1960, p.257.

House of Commons. It was only the threat to wages, apparently presaged by the Government's economy proposals, which finally resulted in the T.U.C. re-entering the political arena. Until wages were threatened, the very real disappointment felt at the Party's failure to introduce desired policies never reached the stage at which Party unity was seriously in jeopardy.

The independence which the Party leadership enjoyed from the trade unions was enhanced by two further factors. Firstly, trade unionists were loath to engage in open criticism of the politicians, an exaggerated loyalty which/^{was} perhaps the political equivalent of solidarity in the industrial arena. Distrust of what was considered as the tendency to split the movement distanced the trade unions from like-minded critics of Party policy, particularly those in the I.L.P. The union block vote was consistently used by the Party leadership in the 1920's to defeat I.L.P. proposals. Considerations of Party unity helped to defuse potential conflicts during the lifetime of both Labour Governments.

The second factor which worked to the advantage of the Party leadership was that trade union sponsored M.P.'s lacked both the organisation and the personal stature to exert effective pressure. A Trade Union group of M.P.'s was organised after 1924, but it failed to act as a cohesive pressure group within the Party.^I In fact, trade union M.P.'s showed the greatest deference to the Party leaders, a loyalty transcending even that shown by the unions outside Parliament. Nor did the unions send their most capable officials into the House. On the contrary, MacDonald's decision in both 1924 and 1929 to appoint far fewer trade unionists to Government office than their numbers in the Party would command was not so much a snub, but rather an accurate reflection of their suitability for office. By the late 1930's, it was commonplace that the unions, (in particular, the M.F.G.B.), were using Parliament

^I William D. Muller, The 'Kept Men'? The First Century of Trade Union Representation in the British House of Commons, 1874-1975, Harvester Press, Hassocks, Sussex, 1977, p.36.

as a 'retirement home' for ex-officials.¹

As Table 2 shows, the potential existed throughout the inter-war period for the trade unions to determine the policies of the P.L.P. But this opportunity was simply ignored by the unions in the 1920's, just as it was at the Labour Party Conference. Even in the 1930's, when the unions had begun to exercise control over the Party machine, trade union M.P.'s did not figure in this control. Their role remained to symbolise the unions' demand for consultative status,² but they played little or no active part in this demand.

TABLE 2. THE NUMBER AND PROPORTION OF UNION-SPONSORED LABOUR MEMBERS OF PARLIAMENT AFTER EACH GENERAL ELECTION.

<u>Election.</u>	<u>Total number of union-sponsored M.P.'s.</u>	<u>Number of M.P.'s sponsored by M.F.G.B.</u>	<u>Proportion of M.P.'s sponsored by trade unions.</u>
1918	49	25	85.9%
1922	86	41	60.6%
1923	102	43	53.4%
1924	88	40	58.2%
1929	115	41	40.1%
1931	32	23	69.5%
1935	79	34	51.3%

Source: Muller, op. cit., Table II-I, p.30 for Columns 1 and 3, Table III-I, p.62 for Column 2.

There is no question, however, that after 1931 the unions did act to impose their will over the Party. Pelling has gone so far as to describe the position of the political wing as, "a form of tutelage",³ although this is perhaps a little too strong.

Nevertheless, Bromley's remarks to the reconstituted National Joint

1 Muller, op. cit., p.33.

2 Ibid., p.xvii.

3 Pelling, op. cit., p.195.

Council, the forum which was to become one instrument of T.U.C. control, may be taken to represent the new balance of power:

"..while the General Council could reasonably claim to function without consultation on a purely industrial and Trade Union matter, the political side of the Movement could not be quite as free, as the interest of the workers was bound up with political action".¹

In the 1920's, the unions' commitment to political action had been severely restricted, for the reasons outlined above. By 1934, Kingsley Martin could describe Bevin, with little exaggeration, as, "...a political boss, the nearest approach to the American variety of that species that we have ever seen in this country".²

But while Bevin may have been a "political boss" in the affairs of the Labour Party, Conservative Governments were able to pay only cursory heed to trade union opinion for the majority of the inter-war years. The political and industrial weakness of the T.U.C. was reflected in the 'Cinderella' status of the Ministry of Labour and the low calibre of its Ministers until Bevin himself in 1940. While the T.U.C. and individual unions made regular deputations to Government departments this fell far short of the consultative status which the unions craved. In fact, the greatest opportunities for effective consultation had existed in the three years after the Great War - but just as the Government's willingness to consult derived from labour's new-found industrial strength, so the trade unions were suspicious of the Government's motives and more prepared to use their strength in industrial confrontation. It was a lost opportunity given the change in trade union stance once they had been put on the defensive after 1921. The Minister of Labour (Sir. Robert Horne) told the union side of the National Industrial Conference that he would never again place draft bills before

¹ T.U.C. Records, Congress House, (Hereafter T.U.C.), National Joint Council, Minutes, December 7th 1931. This was the first meeting of the N.J.C. for four years; thereafter it met regularly each month.

² New Statesman and Nation, October 6th 1934.

any interest group because of the trade union attitude to his Hours and Minimum Wages legislation.¹ The miners refused a Government offer to establish joint pit and district committees and area and national boards under Part II of the 1920 Mining Industry Act, proposals which they later unsuccessfully attempted to have revived.² But consultation did not prove abortive solely because of trade union suspicion. The Whitley Councils soon lost their original raison d'être since unions were not permitted access to the necessary statistical information.³ Throughout the inter-war period management remained jealous of its prerogatives. The engineering employers were to win a famous victory on this issue in 1922,⁴ and the Mond-Turner discussions were to prove unpalatable to both the F.B.I. and the N.C.E.O.⁵

Government was to make some recognition of the T.U.C.'s aspirations in the 1930's, although here it is difficult to distinguish between recognition of the T.U.C. as an organisation, and recognition of Bevin and Citrine as individuals.⁶ Nevertheless, the appointment of both men to the Economic Advisory Council in 1930, together with that of Citrine and Bromley as Industrial Advisors at Ottawa, and Citrine and Walkden in a similar capacity at the 1933 London World Economic Conference, do signify some recognition of the T.U.C.'s status.

However, union influence upon Government is primarily determined by their economic strength,⁷ and this factor explains the T.U.C.'s failure to win more than the barest level of consultation. For while it has been suggested that the unions' defensive power was not wholly eroded in the inter-war period, it is apparent that

1 P.R.O., LAB 2/556/WA 7809. Conference between the Minister of Labour and the trade union side of the Provisional Joint Committee, October 21st 1919.

2 R. Page Arnot, The Miners: Years of Struggle: A History of the Miners' Federation of Great Britain (from 1910 onwards), George Allen and Unwin, London, 1953, pp.337-8.

3 W. Milne-Bailey, Trade Unions and the State, George Allen and Unwin, London, 1934, p.140.

4 See below, pp.99-100.

5 See below, pp.132-4.

6 Thomas Jones, A Diary with Letters, 1931-1950, Oxford University Press, London, 1954, pp.123, 397, for evidence of the standing of Bevin and Citrine.

7 Allen, Trade Unions and the Government, *op. cit.*, p.311.

with the possible exception of the years at either end of the period, the trade unions were in no position to demand extensions to the field of consultation. Similarly, Governments felt no impulsion to make concessions.

VII

Although during the inter-war period the unions were severely handicapped by the depression, they emerged from it with a record of successful defence of their members' living standards since the early 1920's. To a considerable degree, this record ^bredounded to the credit of the unions, although the downward stickiness of wages was not a characteristic imposed exclusively by them. In regard to the unemployment problem, the T.U.C. reaction was concerned with the perceived threat to wages. However, the terms of the contract between the unions and the Labour Party in the 1920's implied a voluntary restriction of union power, so that even when Labour was in office, union pressure for a more active unemployment policy was relatively muted. That it could remain so is again evidence that the unions had discovered that their bargaining position had not been destroyed.

A similar conclusion may be asserted on the basis of the union movement's less than formidable provision for the unemployed.^I In their implicit list of priorities, provision for the unemployed was placed below anti-Communism, and below any possibility of encroachment by the T.U.C. upon the responsibilities of individual unions. The T.U.C.'s timid approach to this problem would have been much harder to substantiate had there been any real fear of blacklegging by the jobless. If it is argued that the provision of unemployment benefits, in which union interest ^{was} consistent, was as important in minimising blacklegging as the propagandising of the N.U.W.M., then the strict economic return upon unemployed provision by the trade union movement may have been very limited.

I See below, pp.323-337.

Undoubtedly, the years between the wars were a period of stress for the trade unions as membership shrank, and finances were placed under a continual strain. But, under the leadership of a T.U.C. growing in confidence in the 1930's, the movement had resisted this stress to some avail.^I The first priority, and one which unions in general had succeeded in achieving, was to protect the standards of their members at work. But as will be shown in the following chapters, the interests of those members and the immediate interests of the unemployed did not always coincide.

Over the period covered by this thesis, the T.U.C. enjoyed an expansion of its prestige and influence both within the trade union movement and in the public arena. However, it was not a powerful body. Individual unions remained jealous of their autonomy; Governments, insofar as they operated an industrial policy, operated it through the union covering the particular trade concerned. The T.U.C. possessed little executive power, but despite the obvious limitations to its role, there is no gainsaying the development which did occur between the wars. This development was partly organisational, and partly the recognition of the personal capabilities of its leaders. However, the standing of the trade union movement as a whole, for which in some sense the T.U.C. was a proxy, derived in particular from the general rigidity successfully imposed upon wages.

^I One further effect of the depression must be mentioned, and that is in completing the conversion of the trade union leaders to socialism. A comparison of attitudes between say 1918 and 1932 proves particularly instructive. But paradoxically, in the period after 1926 this commitment to socialism had been combined with a like commitment to class collaboration. The T.U.C. leadership succeeded in silencing both the voices of Lib-Labism and those of class-warfare in equal measure.

Chapter 2.

FIRST REACTIONS TO DEPRESSION: ASPECTS OF THE T.U.C. RESPONSE
TO UNEMPLOYMENT IN THE EARLY AND MIDDLE 1920's.

This chapter is concerned with the trade union interpretation of the unemployment problem which began in late 1920, together with some of the proposals which were made for its alleviation.

Section I considers the first Labour and trade union interpretations of unemployment, which concentrated upon the ill-effects of the Government's foreign policy. It is argued that unemployment policy was based upon the twin foundations of a Labour foreign policy and a programme of counter-cyclical public works. Ambiguities in these public works proposals are discussed in some detail. The optimism of the early pronouncements is contrasted with the marked scepticism with public works which resulted from the experiences of the first Labour Government.

Section II describes the 'left wing dominance' of the T.U.C. in 1924-25, during which period was held the Special Unemployment Conference. This Conference is subject to detailed examination. The differences both on policy and tactics between the Communists and the T.U.C. on the unemployment issue are emphasised.

Section III returns to the question of public works in the light of a joint T.U.C.-Labour Party publication, On the Dole - or Off! Section IV discusses the Mond Scheme and trade union attitudes towards it. The history of the Mond Scheme proposals is described and analysed in some detail as the Scheme openly demonstrated the central problem discussed in this thesis, namely, the threat to wages posed by unemployment.

Conclusions on the chapter are reached in Section V.

Labour fears for the level of employment at the close of war had been voiced as early as 1917 in a short pamphlet issued by the Joint Committee on Labour Problems after the War. As well as calling for schemes of public works,¹ Labour's programme included the raising of the school-leaving age to 16, and the introduction of a statutory 8-hour day.² An Executive resolution to the Party conference also claimed that the Government could manipulate its public works expenditures so as to ensure a more-or-less constant level of demand, and called for the preparation of schemes to be instituted when the war was over.³

The emphasis upon counter-cyclical public works may also be found the following year. Indeed, the resolution on unemployment to the June 1918 Party conference makes the claim that:

"..all that is required to prevent...unemployment is...nothing more difficult or more revolutionary than a sensible

distribution of the public orders for works and services..⁴

In this view, unemployment was not something endemic or functional to capitalism - it was a feature which could be remedied by recourse to counter-cyclical finance. Conference defeated an amendment stating that unemployment was inherent in capitalism, and hence incurable under anything less than a fully socialist economy.

Specifically trade union policy may be gauged from the memorandum published with the report of the Provisional Joint Committee of the National Industrial Conference in early 1919. In this memorandum the demand for counter-cyclical public works is combined with a call to remedy the basic under-consumption which is held to be the root cause of the unemployment problem. Low wages, and the unequal distribution of income before the war, are argued to have been a primary agent in creating unemployment by minimising the level of

1 Joint Committee on Labour Problems after the War, The Problem of Unemployment after the War, 1917, p.2.

2 Ibid., p.5.

3 Labour Party Annual Conference Report, 1917, pp.113-4.

4 Ibid., 1918, p.63.

working-class purchasing power.¹ A general increase in wages is recommended as a means of limiting unemployment.² In addition, a central body should be established to oversee Government contracts and to ensure that the provision of such contracts acted to stabilise the level of employment.³ The counter-cyclical ordering of public works was to be among the recommendations of both sides of industry represented on the P.J.C.⁴ The preoccupation of the labour movement with public works as a solution to unemployment has led one group of commentators to argue that the movement must take its place in the list of "proto-Keynesians".⁵ This is discussed in more detail below. For the moment it is sufficient merely to foreshadow the argument which will be proposed, namely that Labour's faith in public works appears to decline over the the 1920's.

Not surprisingly, during the brief period of labour offensive in the post-war boom the trade unions and the Labour Party were not concerned with the problems of unemployment. But by early 1921 unemployment had emerged as a major issue. Rejecting the chance to appoint representatives to a Government committee on unemployment,⁶ the T.U.C. and Labour Party appointed its own committee to prepare a list of emergency measures. A Special Conference on Unemployment was held to receive this report which emphasised the potential value of trade with Russia,⁷ and of foreign trade generally.

A further issue at this time was the putative effect on employment of the reparations imposed upon Germany in the Treaty of Versailles. In February 1921, the T.U.C. Parliamentary Committee released a manifesto in conjunction with the Labour Party entitled

I Industrial Conference; Report of Provisional Joint Committee presented to Meeting of Industrial Conference, Central Hall, Westminster, April 4 1919, Cmd.501, 1919. Appendix I, 'Memorandum on the causes of and remedies for Labour Unrest, presented by the trade union representatives on the joint committee appointed at the National Industrial Conference held at the Central Hall, London, on February 27th 1919, p.v.

2 Ibid., p.viii.

3 Ibid., p.ix.

4 For another major recommendation - systematic short-time, see below p.89.

5 D.I. Mackay, D.J.C. Forsyth, David M. Kelly, 'The Discussion of Public Works Programmes, 1917-1935: Some remarks on the Labour Movement's Contribution', International Review of Social History, Vol.XI, 1966, p.8.

6 For a further reference to this episode, see below p.91.

7 For the importance of Russian trade in Trade Union propaganda, see below pp.38-40.

that reparations would disrupt British industry through two separate channels. Firstly, there was the competition of German goods produced under what were "virtually prison-made" conditions. Secondly, there was the implication that Germany could only import essentials. Allied with the blockade which had been imposed on Russia, it was argued that the "present crisis of unemployment [was] the direct outcome of a suicidal foreign policy".

However, when the Reparations Bill came up for Second Reading in the Commons the P.L.P. failed to divide the House. Although Thomas argued that it would be the British workers who would in fact pay the indemnity in the form of unemployment,¹ the P.L.P. appears to have feared the accusation by the Coalition that they were pro-German. Failure to divide the House occasioned a protest from Bevin on the grounds that the Government's policy would lead to unemployment in the docks and was additionally, "a dishonest means of introducing protection".²

Later in the year a further conference on unemployment had combined the opposition of the labour movement to both the Government's reparations and Russian policies. It was workers in the recipient country who paid the price of reparations "in the shape of low wages and unemployment".³

It was amongst the miners that opposition to reparations grew most strong.⁴ Before the Samuel Commission the M.F.G.B. argued that reparations had been a major cause in the decline in British coal exports.⁵ Among left-wing successes at the 1925 Scarborough T.U.C. was a resolution condemning the Dawes Plan. In the same year, John Hill of the Boilermakers blamed reparations for unemployment

¹ I 139 H.C. Debs. 5.s. c.II54. March 14th 1921.

² Bevin Papers, B2/2/23. Bevin to Lindsay, March 17th 1921.

³ This Special Emergency Conference on Unemployment and the International Situation, the Russian Treaties and the Peace Treaty had been called by the N.J.C. at its inaugural meeting and was held on December 8th 1921. The quotation in the text is from the resolution put to the conference.

T.U.C. File: I35.2.

⁴ Page Arnot, op. cit., pp.353-6.

⁵ Royal Commission on the Coal Industry, Minutes of Evidence, Vol.IIB, 1926, p.677, para.189.

among shipbuilders.¹ As late as 1932, the T.U.C. resolution on unemployment referred to the cancellation of war debts and reparations among its proposals.²

Russia enjoyed a special position in trade union agitation on unemployment for much of the inter-war period - but especially in the early 1920's. The British interest in the fledgeling Soviet Union was much broader than the trading interest alone,³ but humanitarianism and sympathy for the Russian underdog was combined with the self-interested pursuit of trade as a medium for the recovery of British industry. Russia was regarded as a market ripe for British goods. If not a panacea for the unemployment problem, the Russian market was argued to have substantial potential for expansion.

Graubard has noted that the Labour Party associated the questions of unemployment and the full diplomatic recognition of Russia at every opportunity,⁴ claiming that this was a "politically useful myth"⁵ with which to attack the Government's foreign policy. Certainly the accusation that political animus was diminishing the prospects of employment for British workers was an appealing one for any Labour politician or trade unionist. Purcell argued:

"Messrs. Baldwin, Churchill, Chamberlain and Co. must not be allowed to indulge their dislike of the Soviet Government at the expense of unemployed British workers".⁶

However, there seems little reason to suppose that Labour did not genuinely hold that the prospects of Soviet trade could substantially benefit the domestic employment position. Moreover, after 1924, it

1 T.U.C. Annual Report, 1925, pp.542-6; Report of the Special Trade Union Conference on Unemployment, 1925, p.20.

2 T.U.C. Annual Report, 1932, p.280.

3 The following remark appears particularly perceptive: "In the aftermath of the October revolution, when the consolidation of Russian bolshevism roughly paralleled the development of British Labour into a governmental party, sympathy for Soviet aims was natural..." Ben Pimlott, reviewing Bill Jones, The Russia Complex: The British Labour Party and the Soviet Union, Manchester University Press, Manchester, 1977, in New Society, May 4th 1978, p.268.

4 Stephen R. Graubard, British Labour and the Russian Revolution, 1917-1924, Oxford University Press, London, 1956, p.234.

may be doubted that Russian recognition appeared any longer to be 'politically useful'.

What impressed was that Russia was potentially both Europe's largest granary and her greatest market for manufactured goods, but the argument was also in terms of the economic interdependence of European trade.¹ Labour policy envisaged the entrance of the Soviet Union into the world trading community as part of a multi-lateral expansion of commerce. The isolation of the Soviet Union was regarded as part of the continuing pattern of post-war dislocation. In this sense at least, it was the demand for a 'return to normalcy'.

Trade with Russia was regarded as a particular benefit to the skilled worker - especially in the fields of shipbuilding, engineering and textiles. On a deputation to Baldwin in June 1925, A.A. Purcell - perhaps the Russians' staunchest supporter among the members of the General Council - openly contrasted the benefits of Russian trade with public works:

"All your road and bridge-building schemes, and schemes of that description, cannot help the skilled fitter, the blacksmith, and the boilermaker as much as trade with Russia can..."²

The Boilermakers' Society was particularly prominent among those agitating for an expansion of British sales in the Soviet Union.³

In spite of the T.U.C.'s own anti-Communism at home, and an increasing distaste for Russian claims and methods, Russian trade remained an element in union unemployment policy long after the

1 T.U.C. General Council, Labour Party National Executive, Parliamentary Labour Party, Memorandum on Unemployment and the International Situation, Reparations and Russia, 1921, p.2.

2 Transcript of deputation, June 23rd 1925, P.R.O., LAB 2/1168/IR 952.

3 For example, it was this union which moved the resolution at the 1927 Congress deploring the breach in diplomatic relations after the ARCOS raid. T.U.C. Annual Report, 1927, p.371.

5 Ibid., pp.243-4.

6 A.A. Purcell, Anglo-Russian Trade: How it could be immediately increased by the Overseas Trade Acts and Trade Facilities Acts, Anglo-Russian Parliamentary Committee, London, 1925, p.20.

first sympathy with the Russian revolution had been eroded. However, the experiences of the Second Labour Government in attempting to foster Russian trade were a real blow to Labour hopes,¹ and by 1934 the agitation seems to have run its course.²

Thus, at the beginning of the inter-war unemployment problem, T.U.C. and Labour Party policy was based upon two elements. Firstly, the restoration of trade to something approaching the pre-war pattern. This implied a change in the Government's attitude towards both Germany and Russia. Measures for the restoration of overseas commerce are uppermost in the major policy statement issued by the Labour movement at this time.³ Nevertheless, the view that the "root problem lies in the revival of trade and commerce abroad",⁴ was one which was largely shared by the Government itself.⁵ The second major element was public works. The Unemployment Conference held in January 1921 had declared for the bunching of public works in years of depression.⁶ A similar call was made by Bevin to the Labour Party Conference in that year.⁷ The right policy in a situation of unemployment, counselled the T.U.C., was "a judicious extension rather than a hasty curtailment in the expenditure of public money".⁸

But there was no consistency on this question of public works. When a T.U.C. and Labour Party deputation met Lloyd George in December 1921, Clynes explicitly disavowed a public works solution at that time, and placed the emphasis once again upon foreign trade.⁹ More damagingly, the Joint Committee on the Cost of Living composed of representatives of the T.U.C., the Labour Party, and the Co-op, had proposed dramatic restrictions in Government expenditure, an end

1 See below, p.282.

2 In February 1934 a new Trade Agreement between Britain and Russia was signed, and relations while not cordial were nevertheless 'normalised'.

3 Joint Committee on Unemployment, Unemployment: A Labour Policy, 1921.

4 Ibid., p.27.

5 See K.J. Hancock, 'The Reduction of Unemployment as a Problem of Public Policy, 1920-1929', Economic History Review, 2nd. ser. Vol.XV, 1962, p.328.

6 Resolution reprinted in Unemployment: A Labour Policy, op. cit., p.46.

7 Alan Bullock, The Life and Times of Ernest Bevin, Vol.I, Trade Union Leader 1881-1940, Heinemann, London, 1960, p.164.

8 T.U.C. Annual Report, 1921, p.82.

9 Transcript of deputation, December 15th 1921, P.R.O., T 172/1202.

to Bank borrowings to finance such expenditures, a return to the Gold Standard, and stringent control of the money supply.¹ And while, as has been shown above, the labour movement had at other times proposed an extension of Government expenditure in times of unemployment, it had no intellectual answer to the Geddes proposals to cut back on that expenditure. This is illustrated by the resolution of the National Joint Council of February 21st 1922.² For while this resolution proclaimed its opposition to cuts in spending on the social services and argued that the interest on the National Debt be met by a wealth tax, it also made apparent that it had surrendered to the intellectual case for retrenchment.

"The National Joint Council recognises that it is essential to avoid wasteful expenditure at all times, and particularly during the present period of financial difficulty. Therefore, Labour will support the maximum retrenchment on the Navy, the Army, and the Air Force, the elimination of all waste in public expenditure, and measures designed to secure the fullest efficiency in the public services".³

In effect, Labour's only quarrel was with where exactly the cuts should fall.

However, what really brought the labour movement's faith in public works into question was the experience of the first Labour Government. The death-knell for public works, at least in the 1920's, may perhaps be dated from the infamous cri-de-coeur of Tom Shaw, the trade unionist who had become Minister of Labour, that he was incapable of producing public works schemes, "like rabbits out of our hat".⁴ Shaw also discovered that there was a limit to the number of Government contracts which he could accelerate.⁵ Harry Gosling, who had become Minister of Transport, also expressed his bewilderment at the number of delays which stood in the way of

1 Joint Committee on the Cost of Living, Interim Report on Money and Prices, reprinted in T.U.C. Annual Report, 1920, pp.416-432. This report is also discussed below, pp.181-2.

2 Reprinted in National Joint Council, Labour and National 'Economy', 1922, p.8.

3 Ibid., italics added.

4 170 H.C. Debs. 5. s. c.2003, March 10th 1924.

5 176 H.C. Debs. 5. s. c.2572, August 4th 1924.

Government expenditure.¹ MacDonald had voiced his own bafflement a few days earlier.² And, in spite of their impatience at the Government's failure to develop an unemployment policy, the T.U.C. had no public works proposals to put before the Cabinet Unemployment Committee when they met at the end of June. Indeed, Purcell claimed that public works schemes were of no use either to the skilled trades, nor to the long-term unemployed.³ In an acute phrase, Miliband has described the failure of the first MacDonald Ministry on the unemployment issue as resulting from a lack of "the quality of effective indignation".⁴ That quality was equally absent among the Government's trade union critics of its policy.

The result of the first Labour Government was greatly to increase pessimism within the movement about public works for the remainder of the decade.⁵ It is indicative that those writers who have laid most emphasis upon the labour movement's contribution to the public works debate conclude their examples in 1924.⁶ This is not, however, to quarrel with their major conclusion that the Liberal Party policies of the late 1920's and middle 1930's possess some similarities with Labour and trade union thinking after the Great War - although there were notable ambiguities in the policies propounded by the labour movement at that time, as has been shown above. When the Party came to put its programme before the electorate at the 1924 election, it emphasized its international policies in contrast to those of its opponents, rather than its commitment to public works.⁷ Although the subject did not entirely disappear from the Labour platform, it was not until the 1930's that public works

1 T.U.C. File: I35.4I. Verbatim record of T.U.C. Deputation to the Unemployment Policy Committee, June 26th 1924.

2 Remarks quoted by R.W. Lyman, The First Labour Government, 1924, Chapman and Hill, London, 1957, p.138.

3 T.U.C. File: I35.4I.

4 Ralph Miliband, Parliamentary Socialism: A Study in the Politics of Labour, George Allen and Unwin, London, 1961, p.109.

5 Hancock, *op. cit.*, pp.343-3. Robert Skidelsky, Politicians and the Slump: The Labour Government, 1929-31, Macmillan, London, 1967, pp.40-1.

6 Mackay *et. al.*, *op. cit.*

7 See the extract from a Party pamphlet, Work for the Workless, 1924, quoted by Skidelsky, *op. cit.*, p.39.

again assumed a major place in unemployment policy.¹

II

With the collapse of the post-war inflationary boom, the trade unions were thrown back onto the defensive. In 1921, in the bitter attempts to retain the gains made in wages and conditions, 86 million days were lost in disputes, an unprecedented number.² Real reductions were inflicted upon wages; the settlement of the mining dispute being especially disadvantageous. The attempt to co-ordinate a defensive strategy through the re-activation of the Triple Alliance collapsed on meeting its first hurdle. 'Black Friday' inflicted a heavy wound upon trade union direct action, the final blow being applied by the General Strike itself.

Trade union leftism was, however, to enjoy a brief swansong in the years 1924 and 1925. The orthodox view is to interpret this left wing dominance as resulting from a change in the composition of the T.U.C. General Council.³ Likewise, it is argued that the defeatism of the G.C. during the General Strike itself resulted from further changes in the membership of the General Council at the Scarborough Congress in 1925.⁴ These views are misleading; while changes in the composition of the G.C. did take place, their impact upon T.U.C. policy was less than has been previously assumed. In particular, it would appear that both the shift to the left in 1924-5 and the subsequent move to the right enjoyed the support of almost all elements on the General Council. In this regard, the definitions of 'left' and 'right' within the ambit of the trade union movement which historians have employed may appear somewhat arbitrary.

The type of leftism espoused by those members of the General Council most usually described as 'left-wing' - Swales, Purcell, Hicks, and Bromley - amounted as two recent commentators have said, "to

1 For a discussion of public works proposals in the 1930's, see below, pp.275-9.
2 Appendix Table D. Of this total, the mining industry accounted for 85 per cent of the days lost.

3 Pelling, *op. cit.*, p.172. P. Renshaw, The General Strike, Eyre Methuen, London, 1975, pp.99-100.

4 Christopher Farman, The General Strike: May 1926, Rupert Hart-Davis, London, 1972, p.34.

little more than support for international trade union unity".¹ Trotsky, whose views were at odds with those of the dominant faction in Soviet Russia, was even more uncompromising: "In everything that concerns the revolution the British Left Wingers are dominated by a 'love of distance!'"² Moreover, with regard to the crucial issue of 1925-26, namely the wages of mineworkers, one must beware of an implicit assumption that right-wing trade unionists were more prepared to countenance reductions than their left-wing colleagues. J.H. Thomas may have been able to sabotage every positive proposal which came before the General Council committee charged with the task of rendering support to the miners.³ But it is equally instructive that this committee, which failed utterly to prepare for the General Strike, included Hicks, Swales, and Bromley among its members. Similarly, a comparison of the behaviour of say Smith and Cook during the 1926 lock-out lends no support to the contention that 'right-wingers' were more prepared to compromise on the wages issue.

While the three changes in the membership of the General Council which resulted from the election of MacDonald's first Ministry may have had a marginal impact upon the policies the Council followed in the ensuing eighteen months,⁴ the major causes of the leftward momentum were grass-roots pressure and the disenchantment engendered by the experience of that Ministry.⁵ The period of 'left ascendancy' had been marked in a variety of ways. These included increased / powers

1 Hinton and Hyman, op. cit., p.32.

2 Leon Trotsky, 'Problems of the British Labour Movement', The Communist International, No.22, July(?) 1926.

3 John Lovell, 'The T.W.C. Special Industrial Committee, January-April 1926', in Briggs and Saville (eds.), op. cit., p.53.

4 Previous accounts of these changes have contained a number of factual inaccuracies. The three made to leave the General Council were Thomas, Gosling, and Bondfield. Of their respective replacements, only Mary Quaile may be said unambiguously to have bolstered left-wing representation. What made the changes appear more significant was that Bondfield had been Chairman of the G.C. and would therefore have presided over the 1924 Congress, and that her ally Thomas held a position of pre-eminence within the movement which was the closest equivalent in the 1920's to that which Bevin was to hold in the 1930's.

5 Lovell and Roberts, op. cit., p.84.

voted to the General Council at the 1924 Congress. In addition, there was the creation of the Anglo-Russian Committee which attempted to put some weight behind the sentimental ties with the Russian Revolution. At the same time, overtures were made towards international trade union unity, to the dismay of the social democratic trade unions of Western Europe.¹ 'Direct Action' tactics appeared to have been re-established with the success marked by Red Friday, and the 1925 T.U.C. felt able to pass a Communist-inspired resolution calling on the unions to prepare for the "struggle for the overthrow of capitalism".² The fondness for revolutionary slogans which this Congress exhibited led The Times to comment that the General Council's "distinctive policy...is the policy of overthrow".³

It was during this phase of T.U.C. development that a Special Trade Union Conference on Unemployment was held on July 24th 1925. The decision to hold this conference had arisen explicitly out of consideration of the G.C. resolutions to be placed before the Scarborough Congress.⁴ The decision that the conference be exclusively industrial, that is, without the involvement of the Labour politicians, is evidence of the renewed faith in industrial power, and a scepticism about political methods.⁵ However, the decision to exclude the Labour Party was by no means unanimous. The N.U.R. fired off a letter of protest,⁶ objections repeated at the conference itself,⁷ and to accommodate this viewpoint the G.C. did extend an invitation to the Party to attend the conference.⁸ An attempt by George Hicks and John Hill to permit members of the Party Executive to address the conference was defeated by just 10 votes to 7.⁹ The split

I The International Federation of Trade Unions (I.F.T.U.) was essentially misnamed. It was in fact a Western European club dominated by the Germans and the British. Approximately two-thirds of the professed I.F.T.U. membership in any year was accounted for by these two countries, the T.U.C. alone counting for about 30 per cent of the total. This numerical significance helps explain the T.U.C.'s ability to flout the I.F.T.U. over the Russian Unity question.

2 T.U.C. Annual Report, 1925, pp.437-441.

3 The Times, September 7th 1925.

4 T.U.C., General Council Minutes, 23rd June 1925.

5 Margaret Cole (ed.), Beatrice Webb's Diaries, 1924-1932, Longmans, Green, London, 1956, p.64, entry for June 22nd 1925.

between the two wings of the movement can also be exaggerated by forgetting that several members of the G.C. were at the same time Labour Members of Parliament.

The Special Conference must also be seen as resulting from the successful series of demonstrations which had been held on June 21st, the last of the 'Unemployed Sundays'.¹ This combination of demonstrations and conference represents perhaps the most vocal period of union concern with unemployment of the whole inter-war period.

To prepare for the Conference, the G.C. established a committee to prepare an agenda, and to draft the resolutions to be placed before the delegates.² In an attempt to influence these resolutions, the N.U.W.M. submitted a programme of specific measures,³ and the same day the N.U.W.M. representatives on the joint committee with the T.U.C. proposed that they collaborate in organising a hunger march.⁴ At no time between the wars was the T.U.C. prepared to lend support to hunger marches, and this remained the case even at the height of left-wing influence. Neither were they prepared to underwrite the programme of the N.U.W.M.

The General Council committee experienced its greatest difficulties in the drafting of the third resolution to be placed before the conference. A draft which had been considered at the committee's second meeting had called on unions to "exert the utmost possible

1 T.U.C. Annual Report, 1925, p.205. The 'Unemployed Sundays' are discussed below, pp. 308-314.

2 Minutes of this committee are in an un-numbered file in T.U.C. Box: T67.

3 Letter of July 7th 1925, T.U.C. File: I35.21. These proposals were outlined in Hamington's speech to the conference. See below, p. 48.

4 T.U.C. File: I35.11, Unemployment Joint Advisory Committee Minutes, July 7th 1925. This joint committee is discussed below, pp. 308-317.

6 Cramp to Citrine, June 26th 1925, T.U.C. File: I35.21.

7 Report of the Special Trade Union Conference on Unemployment (hereafter, 'S.U.C. Report'), pp.22-3.

8 T.U.C., General Council Minutes, 10th July 1925.

9 Ibid.

pressure of a constitutional character", such pressure to include the possibility of "direct industrial action to enforce these demands".¹ However, the efforts of the committee to modify this call to action resulted in a version so truncated that the G.C. referred it back for re-drafting.² In the end, the conference was asked to give its assent to the ambiguous threat that if the employment situation did not improve, then the labour movement would be "compelled to take such action as conditions and opportunity dictate".³ This formula drew attacks at the conference from both left and right, but as no amendments were permitted it was ultimately passed with just one recorded dissident.

The Special Unemployment Conference took the form of an opening address by the Chairman (Swales), a 15-minute address by Hannington on behalf of the N.U.W.M., the proposing of the three G.C. resolutions, followed by statements by representatives of the mining and textile unions on the negotiations under way in their industries. These latter statements meant that in the event the Conference afternoon session was primarily concerned with industrial disputes, notably the Coal Crisis, rather than with the subject it had been nominally summoned to consider.

In his address, Swales argued that the continuing levels of unemployment were sufficient to "afford a complete and final refutation of the employers' argument that by cutting wages trade would be improved".⁴ On the contrary, unemployment had resulted from this policy of wage reductions. The view that wage cutting had accentuated the unemployment problem had been used the previous month by Citrine. If wages were reduced in real terms, the damage inflicted upon consumption spending was bound to result in an increase of unemployment.⁵ And like Swales in his speech, Citrine

1 T.U.C. File: I35.2I, S.U.C.2/1925, Draft Proposed Resolutions.

2 It was, in fact, to form the first paragraph of the eventual resolution.

3 The full resolution is re-printed below, pp.49-50.

4 S.U.C. Report, p.5.

5 The Labour Magazine, June 1925.

shared the view that unemployment was endemic to the capitalist mode of production. There was no solution to unemployment within capitalism, proclaimed Swales.¹ Citrine had put this view more earthily:

"A permanent residue of workless people is inevitable under capitalism; the system secretes unemployment as the liver secretes bile".²

Following Swales' introductory speech, Hannington addressed the conference. It was to prove the last occasion on which a member of the N.U.W.M. was permitted to address a T.U.C. gathering. At each of the four Congresses 1921-4 N.U.W.M. spokesmen had gained the opportunity of making an address. However, just three days before the start of the Scarborough Congress the G.C. rejected an application from the N.U.W.M. to continue this tradition.³ Although there is no concrete evidence on this point, it seems likely that the tenor of Hannington's address on this occasion was at least partially instrumental in this decision. In addition, Citrine had been receiving complaints regarding attacks on the agreed platform by N.U.W.M. representatives on Unemployed Sunday.⁴

Hannington's speech was openly critical of the resolutions which the General Council had prepared. What was needed was the plan of action which the N.U.W.M. had already forwarded.⁵ This proposed a national march on London, a 24-hour General Strike, and a campaign of Parliamentary obstruction by Labour M.P.'s. This campaign, he said, should be used in support of a 'shopping list' which included higher rates of benefit, State responsibility for the jobless, abolition of the 'Not Genuinely Seeking Work' clause and of the waiting period, no work to be offered at less than Trade Union rates, the introduction of Trade Facilities for Russia, and a

1 S.U.C. Report, p.5.

2 Labour Magazine, June 1925.

3 T.U.C., General Council Minutes, September 4th 1925.

4 See below, p.314.

5 See above, p.46.

44-hour working week.¹ The G.C. resolutions looked to Hammington like the old "hardy annuals". If they could do no better than this they would, "mark themselves out as men and women with a streak of cowardice, afraid to face the responsibilities that lay before them".²

And indeed by comparison with Hammington's call to action the resolutions of the General Council are mildly worded. The first was nominally concerned with foreign trade, especially trade with Russia, but of the two G.C. speakers who spoke to the resolution Hicks did not mention Soviet trade, and Purcell afforded it just half a dozen lines. The second resolution asserted the right to work or maintenance and criticised Government proposals for the extension of the waiting period. The third resolution, the one which engendered the most controversy, is perhaps worth quoting in full:

"The Conference declares its determination to exert the utmost possible pressure upon the Government to take such steps as are necessary for the remedying of the present critical situation, and urges all Trade Unions and other Labour organisations throughout the country to press these demands vigorously upon their local Parliamentary representatives and upon the Government.

During the past six years a chronic feature of our social life has been that one million workers have been unemployed, which, together with their dependants, has meant at a modest estimate that three millions of our fellow human beings have been permanently existing on the border-line of starvation. In addition, 'part-time' employment has intensively aggravated this deplorable condition.

This Conference records its intense conviction that such a state of affairs cannot be allowed to continue indefinitely,

¹ S.U.C. Report, pp.7-8.

² Ibid., p.8.

and that organised Labour must not only protest vigorously against the present apparent indifference towards this social injustice, but, in addition, if redress is not speedily forthcoming, it will be compelled to take such action as conditions and opportunity dictate".

This resolution seems to have been deliberately designed both to leave all the options open, and to satisfy 'left' and 'right' elements within the movement. In seconding the resolution, Mary Quaile argued that it put no limits on the action which could be taken by individual unions if they so wished.¹ But this very ambiguity failed to satisfy Thomas. The movement would get nowhere if it was possible to derive so many different interpretations from the resolutions. "Vague phrases would lead nowhere", the whole idea of a Special Unemployment Conference had been a mistake.²

It is notable that the three G.C. resolutions are so wholly lacking in proposals to alleviate unemployment. Indeed, in their speeches both Purcell and Hicks went out of their way to disclaim any responsibility on the part of the unions to furnish remedies. It was the duty of the Government, said Purcell. The responsibility lay with the capitalists, proclaimed Hicks.³ A year earlier, in his Presidential Address to the T.U.C., Purcell had dismissed all cures for this "cancer in our social system".⁴ This view was typical of those who held that unemployment was functional to capitalism; it goes some way to explain the concentration upon benefit levels and entitlements.

Three months after the Special Unemployment Conference, at the Scarborough T.U.C., Harry Pollitt attempted to refer back the reference to it in the General Council's report. While the conference had been an excellent idea, the G.C. had failed to carry its

1 S.U.C. Report, p.22.

2 Ibid., pp.22-3.

3 Ibid., pp.9, 10.

4 T.U.C. Annual Report, 1924, p.68.

momentum through. Pollitt wished to have discussed the meaning of the conference's third resolution. The Government was deliberately fostering unemployment to weaken labour's bargaining position when the mining subsidy ran out. The continuation of the campaign against unemployment was part of the same battle that they were waging on the part of the miners.¹ However, Pollitt's objections were easily over-ruled.

Thus, at the height of the left-wing dominance of Congress between the wars, there was no impetus to translate the insurrectionary oratory into concrete action on behalf of the workless. In this respect, the suspicions voiced by Hannington and Pollitt were well founded. While direct action might be employed in support of an industrial dispute, unemployment was explicitly a political issue on which the T.U.C. remained faithful to the constitutional path. The notion of a General Strike on the unemployment issue had been rejected in 1921;² there was no serious intention to resuscitate it in the mid-1920's. While disaffection was channelled into the crisis in the mining industry, unemployment would in any case have continued to have been treated as a problem only capable of a general political solution beginning with the return of a Labour Government. The Special Unemployment Conference was symptomatic of the unions' genuine concern over the unemployment issue - a concern evidenced in the pressure they did place upon both Labour Governments. The aim of the conference was to encourage the Government to take action, and to attract public attention to the continuing level of unemployment. On the other hand, what the Communists had desired was to suggest an analogy between industrial disputes and the unemployment problem, and in this intention they had been given some encouragement by the ambiguous wording of the General Council's own resolution. But the Communists' aspirations were not shared by trade unionists - even those on the 'left' of the trade union

¹ T.U.C. Annual Report, 1925, p.397.

² Maurice Cowling, The Impact of Labour, 1920-1924: The Beginning of Modern British Politics, Cambridge University Press, Cambridge, 1971, p.34.

movement.

It had been intended that the resolutions would be presented to the Prime Minister, but Baldwin twice pleaded over-work.¹ In the event, the General Council agreed to a deputation to Steel-Maitland, the Minister of Labour. This meeting took place early in December 1925, over four months after the Conference itself. It is interesting, however, that whereas the resolutions of the Conference had been notably empty of proposals to ameliorate the unemployment problem, on meeting Steel-Maitland the T.U.C. put forward a full and progressive programme. Relying heavily on notes prepared by Arthur Greenwood, Pugh argued the case against wage reductions, for the application of the Washington Convention on hours, for trade credits (especially for Soviet Russia), for disarmament, and for public works measures through a National Development Board.²

III

An even more comprehensive programme was published in 1926. The General Council, in combination with the P.L.P. and the Labour Party Executive, had established a Joint Committee on Unemployment, Land Reform and Emigration in April 1925. The committee's report is optimistic about the chances of successfully combatting unemployment. The alternative view that unemployment is inevitable, which it is said would be implied by too great an emphasis upon unemployment benefits, is expressly refuted.³ Economic forces were not beyond human control.

The policy put forward involved steps to "demobilise" from industrial service the young and the old; a small public works scheme (as outlined in the Labour Party's unsuccessful Prevention of Unemployment Bill); overseas development; and emigration.⁴ The Prevention of Unemployment Bill proposed the setting aside of £10 million per annum for counter-cyclical development works.⁵ If this

1 Letters of August 8th 1925, October 1st 1925, T.U.C. File: I35.42.

2 Deputation of December 2nd 1925. A full transcript is in T.U.C. Annual Report, 1926, pp.121-130.

3 Joint Committee of T.U.C., Labour Party Executive Committee, and the Executive Committee of the P.L.P., On the Dole - or Off! What to do with Britain's Workless Workers, 1926, p.4.

sum proved insufficient, then during a depression schemes could be financed by bank borrowings which would generate new purchasing power.¹ On the other hand, increases in taxation to pay for works schemes would not increase purchasing power, but merely effect its transfer from one section of the community to the other.²

It is in its commitment to budgetary imbalance in years of depression that the joint committee report differs from the policy of the Labour Party leadership. Indeed, Josiah Wedgwood drafted a dissenting report, although this was never published.³ In this report, Wedgwood states plainly that increases in Government spending, however financed, cannot reduce unemployment. While the work which was carried out might be more socially useful, there would not be more of it. He adds that no member of the Labour Government's own Cabinet Unemployment Committee would have signed the proposals which the joint committee had prepared:

"Mr. Snowden would hardly tolerate a single item; Mr. Shaw has had enough of 'rabbits'; Mr. MacDonald and Mr. Clynes would be equally embarrassed. They are not proposing to operate this way".⁴

Certainly the Party's Prevention of Unemployment Bill proposed only cosmetic changes in Government policy - although despite its paltry expenditure plans, it was based on the theory that the State should increase employment during depression by spending public moneys. A National Employment and Development Board was to be endowed with £10 million each year. During years of high employment the Board was to plan works schemes which were to come into operation as unemployment began to rise. The design of the bill apparently reflected Shaw's complaint that as Minister of Labour he had been held responsible for unemployment, while possessing no

1 On the Dole - or Off! op. cit., p.13.

2 Ibid., p.12.

3 Copy of this dissenting report in T.U.C. File: I35.I2.

4 Ibid.

4 Ibid., p.16.

5 Ibid., p.12.

power to authorise spending. The proposed National Board pointedly included no representative of the Treasury, about whom Shaw was said to have had a "complex".¹

But where this bill differed from the joint committee report was in regarding it as sufficient to build up a fund in the years of good employment to finance schemes to be operated when unemployment rose. The budget was to be balanced over the cycle; the accumulated surpluses of the good years balancing the deficits in the bad years. The bill showed no appreciation of multiplier effects, even implicitly. Moreover, after six years of unemployment, the bill simply ignored the fact that, at the peak of the cycle, unemployment remained stubbornly over one million. Even the bill's title is evidence that its proposals did not signal a realistic understanding of the nature of the unemployment problem faced by the mid-1920's. Yet, it seems unlikely that the more progressive policy adumbrated by the joint committee report owed much to the committee's trade union members. The view expressed on credit expansion may be held to reflect more closely the known positions of Lansbury and Maxton on this subject, than those of the trade unionists Beard, Smillie, and Walker.

IV

An appendix to the committee's joint report forms Labour's considered reply to the Mond Scheme of subsidised employment. The Mond Scheme will be discussed in some detail as it relates directly to the central theme of this thesis. It will be argued that it was the perceived threat to wages which turned the trade unions against the Scheme - which enjoyed some currency throughout the 1920's, and which was to form a major section of the employer proposals on unemployment during the Mond-Turner talks.² However, superficially, trade union criticisms of the Mond Scheme were quite similar to the objections of Government and of official enquiries.

First as a Government Minister, and later as a prominent industrialist, Alfred Mond was to lay great store by proposals to use unemployment benefits as a subsidy to employment in an

attempt to reduce the totals of jobless.¹ The scheme which he evolved was in fact only one of a host of similar schemes propounded by enthusiasts during the inter-war period, albeit the most actively propagandised. As Chairman of the Cabinet Committee on Unemployment, Mond specifically remitted the question of subsidising Local Authority employment to a committee of civil servants. However, their report was entirely negative:

"..it is doubtful whether the apparent political advantages gained can be regarded as outweighing the more serious political disadvantages which will arise later.."²

The particular political disadvantages which the civil servants had in mind derived from the breach in the contributory or insurance principle which was implied by using the Unemployment Insurance Fund for purposes other than providing benefits. This, they believed, would remove an important barrier between a system of insurance, and the system of State responsibility for the unemployed proposed by the Labour Party. There was thus no analogy between subsidising relief works by means of Poor Law Relief, and the expenditure of unemployment benefits in a like manner. The committee suggested additional reasons for believing that the subsidies would be unwise - Local Authorities could not be trusted not to abuse a scheme which had been established, there would be administrative difficulties, it would prove costly, subsidies might have a deleterious effect upon wages - but all these were subsidiary to this fear for the insurance principle. The theoretical and practical difficulties might be overcome, what was really at risk was that employment subsidies might prove to be the thin end of the wedge which culminated in the overthrow

¹ Mond was Minister of Health in the Coalition Government from 1921; he sat as a Coalition Liberal between 1918 and 1922, and as a (Lloyd George) National Liberal between 1922 and 1923. Defeated by Herbert Samuel, he returned to Parliament at a by-election in August 1924, sitting first as a Liberal, and from 1926 as a Conservative. In 1928 he was elevated to the peerage as Lord Melchett. As an industrialist, he was the leading proponent of industrial reorganisation and modern management. See also below, p.II2 and n., and p.I73n.
² P.R.O., CAB 27/I23 C.U.426. Second Interim Report of the Inter-Departmental Committee on the Relief of Unemployment, June 12th 1922.

of a contributory benefits system.

Unabused by this critique, Mond himself prepared a paper for the Cabinet on the basis of suggestions made to him by a Captain Simson of the British Legion. The proposals he made were in their main features the same as those he was to put forward throughout the 1920's. The scheme's main outline was as follows:¹

- a) Employers, both public and private, were to notify the Employment Exchanges of the number of new workers they were prepared to take on full-time for a set period (six months) in excess of the number they were employing on the 'appointed day'.
- b) In respect of three-quarters of the men they engaged, the 15/- per week unemployment benefit would accrue directly to the employer. This was to apply only to those men who, prior to being taken on, had been out-of-work for a minimum of three of the previous six months.
- c) Every six months after the 'appointed day', the proportion of men for whom employers were receiving the subsidy would be reduced by a percentage greater than the percentage fall in unemployment.

In addition to these proposals, Mond lent support to a separate scheme of subsidising wages on relief works.² But under this latter scheme, wages while greater than the value of unemployment benefit would be lower than the prevailing trade union rate for the job. This scheme too was regarded with misgiving by the Ministry of Labour.³

Shortly before the resignation of the Coalition, Mond again referred to his scheme as a means of tackling unemployment in a strikingly progressive paper which he placed before his Cabinet colleagues.⁴ And, in the Debate on the Address when the new

1 P.R.O., CAB 24/I38 C.P.4135, Scheme for the Relief of Unemployment: Memo by the Minister of Health, July 31st 1922.

2 P.R.O., CAB 27/I79 T.P.II, Cabinet Trade Policy Committee, Application of Unemployment Benefit in aid of wages on Relief Works: Memorandum by the Minister of Health, August 3rd 1922.

3 P.R.O., CAB 27/I79 T.P.26, Memo by the Minister of Labour, August 14th 1922.

4 P.R.O., CAB 24/I39 C.P.4267, Notes on a Further Political Programme: Memo by the Minister of Health, October 5th 1922. Among other proposals, Mond argued for Road and Development Loans to a total of £150 million to be used against unemployment.

Parliament met, both Mond and Laming Worthington-Evans, another former Minister, suggested that subsidy schemes be further considered by the new Government.¹ However, Mond's speech was a poor one, and his suggestion was met by laughter. The new Minister of Labour, in a memorandum for the Cabinet Unemployment Committee, referred to trade union and Labour Party reaction in counselling rejection of subsidy schemes:

"I believe that Trade Union feeling would be strongly opposed to paying contributions to a fund which would in effect be used to subsidise wages.....[Moreover] Such a step would play directly into the hands of the Labour Party whose professed policy is to throw the burden of Unemployment Insurance entirely on the State".²

Barlow added the customary reference to Speenhamland as evidence that the inevitable result of subsidies would be to depress the general level of wages. But this analogy, although frequently made,³ was in fact misleading. The Mond Scheme did not propose to subsidise wage-earners on the Speenhamland model, rather it proposed to subsidise employment and employers. There was no parallel between the Mond Scheme of subsidised employment and the Speenhamland system of a wages 'floor' at which point the State would intervene to preserve earnings. The Mond Scheme provided no particular incentive to employers to cut wages, nor did it include any means by which the wage-earner could avoid the impact of such a reduction upon his living standards. Indeed, one Government adviser criticised the scheme because it reduced the likelihood of employers cutting wages.⁴ This is not to say that the Mond Scheme could have no effect upon wages, but this was more likely to result from the withdrawal of the subsidy leaving the workforce with the choice between wage reductions or redundancies.

¹ I 59 H.C. Deb. 5.s. cc.988-9, November 30th 1922 (Mond). Ibid., cc.1097-8, December 1st 1922 (Worthington-Evans).

² CAB 27/193 C.U.509, Memo by the Minister of Labour, January 16th 1923.

³ E.g. The Nation and the Athenaeum, April 25th 1925.

⁴ P.R.O., T 208/94, Hawtrey Papers, Sir. A. Mond's scheme: Mr. Hawtrey's Memo.

The Mond Scheme was finally rejected by the Cabinet in January 1923.¹ A report on that and similar proposals was published by the Ministry of Labour.²

Mond was to return to his scheme in 1925, in which year he published a pamphlet which may be read as a reply to his critics in Whitehall.³ In it, he went out of his way to allay the fears of labour, and indeed to win labour support, by contending that his programme could not have a Speenhamland-type impact on wages because the scheme stipulated that the subsidy would only be payable for workers retained at trade union rates.⁴ In the same year, he gave evidence on his proposals to the Balfour Committee.⁵ And, on two occasions, his proposals were discussed by the Board of Trade Advisory Council, made up of prominent industrialists.⁶ These discussions demonstrate that employers in general were not impressed by the Mond Scheme, a point discussed below. Employers argued that the proposals were inequitable, and a positive encouragement to the inefficient.

In addition, both the Blanesburgh and Balfour Committees reported against the Mond Scheme.⁷ In 1930, the Economic Advisory Council received two memoranda critical of subsidy schemes from Bondfield, emphasising the industrial efficiency argument, but quoting approvingly from the precedents outlined above.⁸ Since the Labour Government had no intention of introducing a scheme of national provision for the unemployed, she had no apparent difficulty in drawing on the support of the 1922-23 case against subsidies - which had been explicitly designed against the nominal Labour policy of national

1 P.R.O., CAB 27/199 C.U.(S.C.)2, January 19th 1923.

2 Ministry of Labour, Memorandum on the Proposal to use Unemployment Benefit in aid of (a) Wages on Relief Work or (b) Wages in Industry, 1923.

3 Sir Alfred Mond, The Remedy for Unemployment: Get the Workers back to Work! 1925. A copy may be found at P.R.O., CAB 24/173 C.P.216.

4 Ibid., p.9

5 Committee on Industry and Trade, 1924-27, Minutes of Evidence, Vol.II, pp.780-792. This evidence shows some modification of the published scheme.

6 P.R.O., CAB 24/173 C.P.240, May 13th 1925, C.P.298, June 19th 1925.

7 Ministry of Labour, Report of the Unemployment Insurance Committee, 1927, pp.78-80; Committee on Industry and Trade, Final Report, Cmd.3282, 1929, p.136.

8 P.R.O., CAB 58/II EAC(H)I22 and EAC(H)I23. September 1930.

responsibility. The E.A.C. Committee of Economists, on the other hand, argued that there was a good case for subsidising additional employment.¹ But the particular Mond Scheme variant was to die with its author in December 1930.

Consideration of the Mond Scheme had in fact been the first business of the Joint Committee on Unemployment, Land Reform, and Emigration. Their stated objections to the scheme fall into four categories:²

- a) Such a scheme should not be financed out of the Insurance Fund.
- b) The scheme discriminated against the more successful firms.
- c) The scheme simply might not work.
- d) Even if the scheme could be shown to be effective, the problem of unemployment would simply arise again when the scheme was withdrawn.

But Labour was also concerned with the effect the scheme might have on the bargaining position of workers' representatives within a concern operating under the Mond Scheme. The sudden withdrawal of the subsidy would almost certainly give rise to demands for wage reductions, and faced with the stark choice of lay-offs if reductions were not forthcoming the workers would be in no position to avoid the cuts.³

It does not appear that Labour had an over-riding objection to subsidising employers' profits. Rather, if there was a basic objection to the scheme, it was to the implicit assumption that wages were the problem; to the idea that high wages reduced employment. The rationale behind the Mond Scheme was that labour costs were too high to ensure full employment, and that the way to reduce labour costs was by means of a subsidy. The unions could clearly accept neither that wages were too high, nor that subsidies were the right

I Susan Howson and Donald Winch, The Economic Advisory Council 1930-1939: A Study in Economic Advice during Depression and Recovery, Cambridge University Press, Cambridge, 1977, pp.196-7.

2 Arthur Greenwood was responsible for the draft, which the joint committee then amended. It is reprinted in T.U.C. Annual Report, 1925, pp.207-8.

3 On the Dole - or Off! op. cit., p.21.

way to reduce industrial costs. For the unions too, the scheme represented the thin end of the wedge. By admitting the case for employment subsidies, they ^{laid} ~~lay~~ themselves open to the charge that wages in general needed to be reduced. For while the unions accepted that industrial costs were too high, they argued that their reduction should come about through increased efficiency and not by cutting wages. But because the Mond Scheme was only of benefit to those firms working below capacity on the 'appointed day', it appeared, on the contrary, to put a positive premium upon inefficiency.

Other Labour views may be briefly summarised. MacDonald had ridiculed the scheme at a May Day rally in 1925, referring to Mond as a "quack doctor".¹ Lansbury was equally contemptuous.² Attlee's position was more subtle. He criticised as major drawbacks the scheme's impact on efficiency, its use of the Unemployment Fund as a source of revenue, and its exclusive concentration upon wages as a cause of lost trade. On the other hand, some variant of the scheme might be possible in regard to public works schemes and land settlement projects. Indeed, Mond's proposals might be applicable to industries generally, once they had been taken into public ownership and reorganised as efficient services.³

On the union side, Hayday's terse reply to any suggestion that the Unemployment Fund be used to subsidise work was representative of majority union opinion.⁴ However, there was one group of workers - those in the shipbuilding industry - who did lend support to the use of the Fund as a source of subsidy. The Boilermakers' leader John Hill had told Steel-Maitland at the General Council deputation in December 1925 that whether they used the Unemployment Fund or any other, "they believed in the principle that it was much better to use whatever resources they had to get men

¹ Daily Herald, May 4th 1925.

² Lansbury's Labour Weekly, April 25th 1925.

³ C.R. Attlee, 'Sir Alfred Mond asks for the Dole: Capitalism admits failure', The New Leader, April 24th 1925.

⁴ Report of the Unemployment Insurance Committee, op.cit., Vol.II, Minutes of Evidence, p.180, q.1759, April 21st 1926.

employment than to maintain them in idleness".¹ On the same day, at a joint meeting of two of the General Council's group committees, Hill put forward a subsidy scheme on behalf of the Boilermakers and Shipbuilders.² These proposals, however, were pigeon-holed.

Given this generally strong opposition to the Mond Scheme on the labour side, it was perhaps surprising that it forms no less than eighteen pages of the Employers' Memorandum on Unemployment to the Mond-Turner talks.³ But additionally, the emphasis placed upon the scheme illustrates Mond's dominance of the employer side of the discussions, since doubts concerning the wisdom of his scheme were held equally by employers. (The Employers' Sub-Committee to the talks included F.V. Willey, a member of the F.B.I. Council, and who had criticised the Mond Scheme on the Federation's behalf at the second of the meetings of the Board of Trade Advisory Council referred to above).⁴ In the event, during the discussions towards the Mond-Turner Unemployment Report, the Mond Scheme was dropped at Bevin's suggestion and its place in the Report taken by the concept of a Development Fund. Bevin's own position seems to have been that the Unemployment Insurance Fund was not a suitable source for any projects other than the provision of unemployment benefits. During the Mond-Turner discussions he claimed that he was not personally opposed to the Scheme, but merely wanted to separate it from the Unemployment Insurance Fund.⁵ In different company, two years later, he repeated that he was opposed to the use of the Insurance Fund for any purpose but that for which it had been designed.⁶

The full Industrial Committee of the T.U.C. had argued that

1 T.U.C. Annual Report, 1926, p.125. See above, p.52.

2 Ibid., p.139.

3 See also below, pp.119-120.

4 P.R.O., CAB 24/173 C.P.298, Monthly review of trade prospects by the Board of Trade Advisory Council, June 19th 1925. Above, p.58.

5 T.U.C. File: 262.22, Minutes of 16th Joint Meeting, December 20th 1928.

6 P.R.O., CAB 58/2, Minutes of the Eighth Meeting of the Economic Advisory Council, September 11th 1930.

while they were not opposed to the idea in principle, they believed the Mond Scheme would subsidise the inefficient, and thus place a drag upon rationalisation.¹ This contention was strongly emphasised by Walter Milne-Bailey, the T.U.C.'s head of research.² As in the pamphlet On the Dole - or Off! the unions were arguing that the way to reduce production costs was through reorganisation, not by tampering with wages.

Thus the Mond Scheme drew little support from either Government, employers, or trade unions. Ostensibly, their criticisms of the proposals had much in common. A particular common denominator was the belief that the scheme favoured the inefficient concern, and hence in the longer-run could actually prove harmful to employment prospects. However, in addition, each party had particular reasons of their own to fear the effects which the scheme might bring about.

Government feared for the finances of the Unemployment Insurance Fund, particularly once the general principle of subsidies had been admitted. Moreover, once covenanted benefits had been employed in this manner the concept of the 'Insurance Principle' was lost, and the argument against throwing the cost of unemployment onto general taxation much weakened. Equally, if it was suggested that the U.I. Fund was not a suitable source from which to subsidise employment, this would actually be to increase the costs borne by the taxpayer. Given the prevailing view that the taxpayer was already over-burdened, this alternative would obviously not commend itself. The Labour Party and the trade unions do not appear to have fully appreciated the dilemma which the Government faced over the Insurance Principle; rather, there is a sense in which they themselves used insurance-type arguments to criticise the Mond Scheme. Labour accepted the basic

1 T.U.C. File: I35.03, T.U.C. Industrial Committee, Statement on Unemployment, Ind. Conf. 26a, December 1st 1928. This document formed the basis of the Mond-Turner Unemployment Report.

2 T.U.C. File: 262.2, T.U.C. Industrial Committee, Unemployment: Employers' Memorandum: General Criticism, Ind. Conf. 24a. In this paper, Milne-Bailey argued that the Mond Scheme hampered real remedies by giving "'outdoor relief' to inefficient firms to enable them to pull down the level of efficiency".

premise that the Insurance Fund was not suitable for use in subsidising employment. As joint, and somewhat unwilling, contributors to the Fund, neither taxpayers, employers, nor workers, wished to see the functions of the Fund altered.

The case with regard to the employers operated on two levels. In the first place, employers had no great desire to pay insurance contributions; certainly, they did not want to see them used to subsidise their competitors. More generally, however, employers had no liking for State involvement in their businesses in whatever guise it might have come. The subsidising of employment in their firms not only opened up the possibility of State interference in other fields, it also mortgaged their right to freely determine wage levels without regard to the Government. If acceptance of the subsidy meant retention of the existing wage levels, firms might actually be worse off than if they could enforce wage reductions on a wholly un-subsidised workforce.

While in On the Dole - or Off! organised labour made much play with the putative effect of the Mond Scheme upon the system of unemployment insurance, the real concern was with wages and wage bargaining. Indeed, it is ironic that while the Government employed arguments amenable to trade unionists (that is, parallels with Speenhamland), the trade union side made use of arguments amenable to the State (the insurance argument). On the other hand, it must be admitted that trade unionists enjoyed contributing to the U.I. Fund no more than did the employers. Neither side had any great desire to see the moneys grudgingly paid over dispensed in new and possibly dangerous ways. But in any case, trade unions were scarcely likely to underwrite a scheme which suggested that employment could be increased by reducing an employer's outgoings on wages. Not only did such a view strike at the very foundations of trade union activity, it was also at variance with that trade union economic policy which was developing. This was due partly to a

vestigial under-consumptionism, partly to a critique still barely worked out of deflation, and partly to the emphasis placed upon improved efficiency. In this latter regard, while labour policy on subsidies was ambiguous, the Mond Scheme lent itself to the criticism that it unduly favoured the inefficient concern.

The Mond Scheme thus failed to win support from any major industrial quarter. However, in more recent times, schemes have been developed which have features not unlike those of Mond's original proposals.¹ While Mond's contention that his scheme would prove costless is not acceptable, this does not imply that a system of subsidised employment could not have done something to ameliorate the unemployment problem of the middle and late 1920's.

It was indeed unfortunate that his proposals were linked so indelibly with the Unemployment Insurance Fund, for this, rather than the feared opposition of workers or employers, or the mistaken analogy with Speenhamland, proved to be the scheme's downfall. By clinging to the myth of insurance against unemployment, successive Governments were prevented from experimenting with a scheme which, whatever its faults, was specifically designed to remove men from the dole queues. Had Government been willing to accept the concept of State responsibility for the unemployed, Mond's proposals might have met with a less antagonistic response.

Finally, it may be worth re-emphasising that while commonly described as a wages-subsidy, the proposals of the Mond Scheme were in fact for subsidising employment, and, subject to some profits constraint,² the employers. However, it was perhaps reasonable for employers to fear that a Government interventionist enough to

¹ Schemes like the Regional Employment Premium, and the Work Experience variants of 'Job Creation'.

² Schemes alternative to that of Mond envisaged firms operating at zero profits. Mond himself had in mind a system whereby the Insurance Fund would receive a proportion of a firm's profits equal to the proportion of that firm's wages bill which was in turn subsidised by the Fund. See The Remedy for Unemployment, op. cit., pp.13-14.

introduce such a scheme might equally intervene in support of wage levels. In such a set of circumstances, the effect of the Mond Scheme on wages was by no means clear cut. The irony of the repeated rejection of the Mond Scheme on the grounds that the U.I. Fund should not be used as a subsidy was that, at the same time, there was growing up an ad hoc system whereby the Fund was indeed used as a direct subsidy to earnings during periods of short-time working. The use of the Fund in this way, especially vis-a-vis the organisation of short-time by employers and unions working in concert, will be discussed later in the thesis.^I

V

In the early and middle 1920's, as at other times, the trade union movement did not evolve a distinctive unemployment policy. Rather, there were a number of policies which together were supposed to act upon unemployment. Among these policies were those for counter-cyclical public works. It was argued that the experience of the 1924 Labour Government was responsible for greatly reducing the belief in public works over the remainder of the decade. But public works represented only one of a number of proposals. Plans to expand Russian trade, for example, were supported with no less enthusiasm.

It has been argued that the 1925 Special Unemployment Conference must be seen as an element of the period of 'Left-wing dominance' of the General Council, and signified a more general distrust of political action. However, the Conference merely illustrated the difficulties of tackling unemployment from an exclusively industrial viewpoint. Moreover, in the event, such momentum as might have been generated on the unemployment issue was lost, as the unions headed towards the confrontation with the Government over the mining industry.

In the last section of this chapter, concentration was focused upon the Mond Scheme of employment subsidies derived from the Unemployment Insurance Fund. The union reaction to these proposals

^I See below, pp.96-99.

illustrates a theme which runs throughout this thesis, and which is brought to the fore in the next chapter. Namely, that in any conflict between wages and employment, the protection of wages assumed primacy. But on all sides the reaction to the Mond Scheme was negative. For their different reasons, a Government which stood for wage reductions argued against the scheme on the grounds that it might reduce wages. And a trade union movement which stood for national provision for the unemployed argued against the scheme on the grounds that it infringed the insurance principle of unemployment contributions and benefits. In either case, the mutual balance of advantage was to condemn the scheme out of hand. Only in shipbuilding, the industry suffering the highest levels of unemployment, was the balance of advantage different.

Chapter 3.

THE THREAT TO WAGES AND EARNINGS.

This chapter discusses trade union perceptions of a trade-off or conflict between wages/earnings and employment. Sections I-III consider the threat to wages. Sections IV-VIII deal with hours restrictions and the threat to earnings.

In considering the wages/employment question, particular attention is focused upon the Miners' Federation and its position on this issue. Differences which emerged during 1926 between the Miners and the T.U.C. are analysed. It is argued that these differences did not include the unemployment issue. Section III describes the T.U.C. statements of 1930 and 1944 which refuse to contemplate wage reductions as the price for increased employment. These statements, it is held, are consistent with T.U.C. policy throughout the inter-war period.

In turn, hours restrictions are dealt with by considering short-time, overtime, and the basic week. To some extent, in regard to both overtime restrictions and short-time working it can be said that the unions were prepared to trade earnings for employment, although they faced strong opposition from their own members, especially on the overtime question. While short-time was common, it was also unpopular. However, its impact upon earnings could be mitigated by manipulation of the rules of entitlement to Unemployment Insurance benefits. Reductions in the basic week owed little to unemployment, and in any case they presupposed no diminution in earnings.

It is concluded that the fear of unemployment for their members and others was not a major determinant of trade union bargaining in the inter-war period.

It has already been shown in Chapter 2 that fear of subscribing to the view that the level of wages played some part in the unemployment problem helps explain trade union opposition to the Mond Scheme. While the Treasury put short-term solutions to unemployment second to external stability and 'sound finance',¹ so the trade unions considered that wage stability (and arguably, Free Trade) had a higher priority than unemployment. And, of course, the unions were at pains to argue in public that no possible conflict could result from their wages policies and their objectives in the field of employment.

It will be suggested that if there was a potential conflict between unemployment and the reduction of wages, then almost without exception the unions acted to protect wages. But it must be admitted that there are a few examples of workers rejecting trade unionism because they feared that union agreements on wages threatened their livelihood.² In general, however, and in the specific case of the miners in 1926 which is discussed in detail in this chapter, the fear of unemployment was not sufficient to undermine union solidarity on the question of wages.

But even had unions been willing to moderate their wages policies in the interests of employment, the pattern of wage bargaining made this more difficult. National industry-wide bargaining had become the norm during and immediately after the Great War, and national bargaining inevitably made specific wage-employment trade-offs difficult to arrange. Moreover, with negotiating rights concentrated in the hands of the union bureaucrats at the centre, the influence of those

¹ Donald Winch, Economics and Policy: A Historical Study, Hodder and Stoughton, London, 1969, p.113. In addressing a T.U.C. deputation, Bonar Law outlined most clearly the effect of these priorities: "I do not hesitate to say that our situation as regards unemployment has been made a great deal worse because, rightly or wrongly.....all Governments since the war, came to the conclusion that in the long run the first essential to real prosperity was to pay our way and balance our Budget". T.U.C. Annual Report, 1923, p.91, Verbatim report of deputation, January 16th 1923.

² Fox, op. cit., p.505; P.C. Hoffman, They also Serve: The Story of the Shop Worker, Porcupine Press, London, 1949, pp.205-6.

who might suffer the redundancies was greatly reduced. National agreements were not always more favourable than those which might be negotiated at the local level. (For example, the most productive mining areas probably suffered). But the inference can be drawn from the fact that employers were increasingly willing to leave their organisations - partly because they did not feel the need for collective support, and partly because they wished to undercut collectively agreed rates.¹

The fact that trade unionists were at pains to protest that wages were not instrumental in the unemployment problem is not hard to substantiate. Two quotations from Bevin at an interval of ten years illustrate the point:

"Turn to the 'Daily Herald' today and read the scenes at the docks. If the dockers' wages were 1s. per day instead of 16s. per day, it would mean no difference in the volume of unemployment, not an atom".² (1920)

"In my opinion, wages have nothing to do with unemployment at all...It has nothing to do with the present unemployment situation at all...I am going to watch these gentlemen to see that they do not act as arbitrators over the whole wages question without any evidence at all".³ (1930)

Yet it was Bevin, himself, who in a revealing comment made in 1931 was to illustrate the conflict between trade union practices and the workings of the free enterprise economy. His proposed solution is equally illustrative of the utopian tendencies which were by no means confined to the political wing of the movement.

"..And we who, by trade union conditions and social services have helped to create this rigid, inelastic position, seem

¹ Eric Wigham, Strikes and the Government, 1893-1974, Macmillan, London, 1976, p.75.

² T.U.C. Annual Report, 1920, p.309.

³ Bevin Papers, D3/14/7, Committee on Finance and Industry (Macmillan), Minutes of 63rd meeting, November 20th 1930.

afraid to apply our only alternative - Socialism".¹

The more common denial of any conflict between wages and employment - as has been shown, not least by Bevin himself - was rationalised in a form which, to some degree, may have represented an embryonic 'Keynesian' aggregate demand or 'purchasing-power' approach. This interpretation may be applied, to some extent, to the T.U.C. evidence to the Macmillan Committee discussed later in the chapter.

But whatever the trade union perception of a trade-off between wages and employment, the unions were clearly not unaware that both Government and employers believed that there was a conflict. In late 1920, at a deputation by the employers, the Minister of Labour was asked pointedly by Sir Allan Smith whether his policy was to continue inflating wages by establishing Trade Boards, or whether he wanted to expand employment.² In early 1921, the Treasury demanded that Trade Board development be suspended; the current objective was to find work not to fix wages.³ Moreover, on the Macmillan Committee for example, Bevin became increasingly suspicious of his colleagues whom he believed wanted to mount an attack on wage-levels in the supposed interests of higher employment.⁴

At its most simple, the 'Classical' interpretation of unemployment based upon Say's Law, the Law of Diminishing Returns, and the equivalence of the average wage to marginal productivity, placed the responsibility unerringly upon wages which were too high.⁵ This view had a strong influence in the City and Treasury, but it is not apparent that it was ever explained to or understood by the

¹ Bullock, *op. cit.*, p.451.

² P.R.O., LAB 2/647/WA 4781, Consultation between N.C.E.O. and Minister of Labour, October 19th 1920.

³ P.R.O., LAB 2/831/TB(Gen) 102/7, Treasury letter, January 14th 1921.

⁴ Bevin Papers, D3/12/24, Bevin to Marley, October 17th 1930.

⁵ Michael Stewart, Keynes and After, Penguin Books, Harmondsworth, 1967, pp.43-47.

trade union movement, although members of the Labour Party like Snowden obviously shared the belief in classical nostrums. Trade unionists too were influenced by traditional doctrine on Free Trade and balanced budgets.

In any case, even if trade unionists had appreciated the classical argument, and distinguished between the impact on real and money wages, any reduction was a real reduction - involving in many cases, real hardship - in the short term. This was recognised insofar as the union case against wage cutting was based on the concept of purchasing power. This concept understood that a reduction in money wages was also a cut in real wages in the short term. Inevitably, the major concern of trade unionists was with the short-term outcome, although even in the long term there was no certainty that price movements would follow wage movements. Thus, the classical argument was faced by concentrating upon the alleged deficiency of working class purchasing power in terms closely akin to Hobsonian under-consumptionism. It could additionally have been contested that wage cuts had only a minimal impact on the domestic price level, and that the loss of export markets was not primarily a price effect.

II

In spite of frequent trade union protests to the contrary, the choice between wages and employment could be a stark one. It was certainly so in the mining industry, and the position of the Miners' Federation on this question was quite simple. It was that if the 'economic' wage which could be paid by an undertaking was lower than the wage to which the mineworkers considered themselves entitled, then that undertaking should go out of business. The M.F.G.B. had reached this position some years before 1926. Their insistence upon this crude formula must be partially explained in the light of the savage wage reduction which they had previously

suffered in 1921. But they could, in any case, look to a T.U.C. publication that had proclaimed that even if it could be proved that reduced wages and increased hours led to industrial recovery, unions would still oppose reductions in their standards. The worker had a "moral right to claim improvement in working conditions", to which there was no answer until privilege was abolished.¹

The ultimate objective of the M.F.G.B. was, of course, nationalisation. But even under private ownership they were still insistent upon national agreements - not least because they wanted to ensure the integrity of the Federation itself. As suggested above, national wage agreements would tend to lower wages in the most profitable areas (Nottinghamshire, Leicestershire, South Derbyshire), but overall it would result in an increase in insolvency, and thus lead to unemployment. All this was discussed openly by the miners.

For example, the 1924 Wages Agreement resulted in lock-outs in three small districts (Kent, Forest of Dean, Bristol) where employers claimed they could not afford to pay. At the Special Conference called by the union to discuss the lock-outs, speaker after speaker made clear that they expected pits which could not support the national agreement to go out of production. Under private ownership and national agreements either the poorer areas survived and the richer ones made massive profits, or wages were pushed up and the less favoured pits were closed.² And the union's position was quite clear; they had decided that those pits which could not pay should close.³ The miners would not allow wages to be determined by the ability of the worst pits to pay. They had stated the alternative, "straight and without hesitation...these collieries must go out of production".⁴ The much criticised George Spencer appears to have been one of the very few to deprecate the impact of national agreements

1 T.U.C. General Council, Wages and the Hours of Labour; Labour's Reply to the Attack on Living Standards, 1921, p.6.

2 M.F.G.B., Special Conference held at the Lecture Hall, Kingsway Hall, London, on Tuesday July 24th 1924, p.17 (Straker).

3 Ibid., p.19 (Varley).

4 Ibid., p.20 (Cook).

upon employment at this time.¹

The miners' insistence upon the primacy of wages over employment was, however, associated with the case for reorganisation. The notion that the industry was divided into too many small undertakings implied that it employed too large a workforce. So while the miners' position on wages and employment in 1925-6 was taken by Thomas, for example, as demonstrating their leaders' callousness, it must be noted that all trade unionists were committed to re-organisation of the industry, which itself presupposed large-scale closure of inefficient pits. But nevertheless, the priorities of the M.F.G.B. were clear. It was not easy, as the militant South Wales miner W.H. Mainwaring admitted in 1925 of a village under threat of closure, to demand that men refuse to accept wage cuts knowing that thousands of them would never return to the industry.² But as the right-winger, Tom Richards, told the employers shortly before the Government subsidy ran out in 1926:

"We are concerned not so much as to how many men are employed, but how are they living when they are employed in this industry".³

The acquiescence of the M.F.G.B. Executive in regard to a large volume of extra unemployment within their industry was an essential element in their calculations consistently in the period 1924-26. This helps to explain why the unemployment argument was so ineffective in persuading them to moderate their stand when the crisis in the industry finally broke in 1926. Indeed, in the discussions between the Miners' Executive and the T.U.C. Special Industrial Committee, it was implied by Cook that the miners' resolve when faced with the consequences of their wages policy might prove stronger

1 Alan R. Griffin, The Miners of Nottinghamshire 1914-1944: A History of the Nottinghamshire Miners' Unions, George Allen and Unwin, London, 1962, p.125.

2 M.F.G.B., Special Conference held in the Lecture Hall, Kingsway Hall, London, on Thursday, October 8th 1925, p.32.

3 M.F.G.B., Minutes of Proceedings of a Meeting between Central Committee of the Mining Association of Great Britain and Executive Committee of Miners' Federation re: Report of the Royal Commission and the General Condition of the Industry, Aldwych, 25th March, 31st March, 1st April 1926, p.21.

than that of the Government. If the subsidy was withdrawn then men would be unemployed and receive benefits. The Government would have to decide whether payment of the subsidy was a greater evil than payment of a greatly increased number of benefits.¹

The exact effect upon unemployment in the mining industry of the withdrawal of the subsidy combined with a continuation of the 1924 wages agreement was never satisfactorily established. At the meeting between the Special Industrial Committee and the miners on April 14th 1926 Thomas's estimate was of 150,000 redundancies.² A week later, he had increased the stakes considerably. It was agreed on all sides, he said, that no less than 350,000 men would lose their jobs immediately.³ The miners were no more specific. Herbert Smith had admitted to Baldwin that if there was no subsidy and no wage reduction then 200,000 miners would become unemployed.⁴ In this he was supported by Frank Varley. But the same afternoon, Smith modified the numbers under threat:

"..it would mean from 150,000 to 200,000 men out of work.

Though when they got down to it they would find that some people who were reporting losses could really carry on".⁵

In regard to this last remark, it is important to realise that the miners were not in possession of sufficiently convincing information with which to establish the impact of their wages policy. However, there is no suggestion that the scale of redundancies was an important element in their calculations. They started from the premise that wages were inviolate, and they were prepared to accept whatever level of unemployment resulted from that premise. On the other hand, it must be remembered that the Government believed that employer proposals to extend the working day would themselves create

1 T.U.C., Box T.123, Special Industrial Committee, Verbatim transcript of proceedings (hereafter S.I.C.), April 8th 1926.

2 S.I.C., April 14th 1926.

3 S.I.C., April 21st 1926.

4 M.W. Kirby, The British Coalmining Industry, 1870-1946: A Political and Economic History, Macmillan, London, 1977, p.82.

5 S.I.C., April 23rd 1926, and quoted by John Lovell, 'The T.U.C. Special Industrial Committee', in Briggs and Saville, op. cit., p.52.

additional unemployment of up to 250,000 men.¹

The numbers game was to continue after the General Strike. The M.F.G.B. objected to a report by the Labour Correspondent of The Times that they had agreed that continuation of the 1924 agreement would lead to in excess of half a million unemployed.² But Cook admitted that the miners stood for the status quo, "whether one pit worked or 100".³ Thomas's disagreements with the miners led him to frequently refer to the employment consequences of their stand on wages. He did so at the Railwaymen's A.G.M. in July 1926, on which occasion he referred to disagreements within the Miners' Executive. When Straker had argued against the closing of pits and the redundancy of 240,000 men he had been shouted down.⁴ The M.F.G.B. Executive wanted to close down the pits in Durham, Northumberland, and South Wales. That was the inevitable outcome of their policy.⁵

Thomas was to repeat his claims in his first public speech on the General Strike in his own constituency of Derby on November 25th 1926.⁶ The A.S.L.E.F. leader John Bromley had referred to 300,000 miners losing their jobs through the closure of uneconomic pits.⁷

The view may be taken that the Miners' Federation was at odds with the rest of the trade union movement in rejecting wage cuts, no matter what the cost in unemployment. However, such a view assumes that it was the unemployment argument which resulted in the schism between the miners and the T.U.C. There seems little reason to suppose that was the case. Firstly, had the miners

1 Kirby, op. cit., p.24In.

2 The Times, June 9th 1926.

3 Ibid., June 10th 1926.

4 National Union of Railwaymen, Annual General Meeting (Weymouth), Tuesday July 6th 1926: Verbatim Report of Proceedings on the 'General Strike', 1926, p.25.

5 Ibid., p.27.

6 Railway Review, December 3rd 1926. See also Thomas's article, 'Sold for a Slogan', Answers, Vol.LXXVIII, No.2017, January 29th 1927.

7 Locomotive Journal, July 1926. Quoted by L.D. Thomson, 'Relations between Government and the Trade Unions in the General Strike of May 1926', University of London unpublished Ph.D thesis, 1951, p.1590.

succeeded in winning a further subsidy to cover a period of rapid re-organisation, then the effect of their 'slogan' upon unemployment would have been modified. Secondly, this very re-organisation of the mines, upon which all sides to the debate were in some measure committed, itself presupposed the reduction of the workforce in substantial manner. All sides accepted that there was an excess of manpower of perhaps 200,000 men. While the position of Smith and Cook may have been crude, even brutal, so far as the potential employment in the pits was concerned it was not so far removed from that of the other interested parties.

For example, Cook had told the T.U.C. Special Industrial Committee that unemployment was inevitable, whether it came about through the pressure of wage-costs or through reorganisation.¹ The industry's future development would ensure redundancies. It is interesting that it was Thomas who agreed with this forecast:

"...it was no secret that there could be no solution of the problem until a lot of people were sacrificed. If it were railwaymen, he would tell them they were going on the street, and prepare them for it".²

Reorganisation - in effect the closure of uneconomic pits - was an explicit part of both M.F.G.B. and T.U.C. policy during the mining dispute, and it was seen as the essential element in preventing wage decreases for those miners fortunate enough to retain their employment. The miners differed from the T.U.C. (and from the Samuel Commission) in rejecting any wage decrease. But they did not differ on the need to reduce the number of miners to assure the long-term security of wage standards in the industry. The T.U.C. no more favoured the reduction of wages in the interests of employment than did the miners. It believed, however, that given the balance of forces some reduction was unavoidable. But considerations of employment had a low priority on both the T.U.C. and M.F.G.B. sides.

¹ S.I.C., April 8th 1926.

² Ibid.

In his diary for May 9th 1926, Citrine noted that some reduction in miners' wages was inevitable, but added that there was still hope that reorganisation could minimise the reduction which would have to be accepted.¹ The General Council's faith in the Government's willingness to sponsor reorganisation distinguished them from the miners. But this faith permitted the G.C. to argue that the recommendations of the Royal Commission provided a basis for the resolution of the crisis in the industry which did not imply recourse to permanent wage reductions. The miners' leaders, with a few notable exceptions, were not theoretically bound to the class war, but the very experience of their industry had imbued them with a confrontational model of society, and after the fiasco of de-control a lack of trust in the promises and impartiality of Government. This model was not shared by the General Council, especially not by men like Thomas and Pugh. (In Thomas's case this was not without irony, given the particularly humiliating agreement extracted from the railway unions after the General Strike, and the widespread victimisation of railway workers).²

The General Council's position was that a common denominator could be found in reorganisation which would vitiate the case for irreversible wage reductions, since those pits which survived reorganisation would prove profitable. The failure to find this common denominator must be laid at the doors of the Government, and of Baldwin in particular. However, it must be admitted that he faced potential rebellion from within his own ranks if, as a year earlier on Red Friday, he had once again been defeated by the threat of industrial chaos by the trade unions. The T.U.C. interpreted reorganisation as the means by which wages could be protected, and this interpretation together with the belief that the Government was minded to carry it through forms the crucial

¹ Lord Citrine, Men and Work: An Autobiography, Hutchinson, London, 1964, p.198.

² The railway unions had to admit that they had committed a "wrongful act against the companies", Philip S. Bagwell, The Railwaymen: A History of the N.U.R., George Allen and Unwin, London, 1963, p.489.

element in the approach of the General Council during 1926.

This is not to say, of course, that the belief in reorganisatioⁿ explains every feature of the T.U.C.'s behaviour during 1926. For Thomas, it was certainly the constitutional aspects of a General Strike which were paramount. But it does suggest that on the question of a wages-employment trade-off the position of the T.U.C. did not differ greatly from that of the miners. Some temporary reduction in wages might be unavoidable, but the T.U.C. was committed to a manpower reduction to ensure that wages would soon regain their previous level. And indeed, in so much as the General Strike was a great stand on the issue of wages or employment, it was a success for the union movement - if not for the miners.

Particular attention has been drawn to Thomas's remarks, since he made most use of the unemployment argument in criticising the miners. And, to be fair to Thomas, he was the one member of the Special Industrial Committee who did pay any attention to the employment consequences of the miners' stand. Yet his attitude was contradictory. In lending support to the Samuel proposals he knew that he was also committed to reducing the size of the mining workforce. Moreover, even during discussion of the miners' claim, Thomas was willing to negotiate redundancies on the railways because the alternative was short-time working. Addressing Swales, who was perhaps the miners' only ally on the Special Industrial Committee, Thomas admitted that he would be going to the railway companies "to tell them to dismiss some thousands of men; because they were facing the alternative of seeing a four-day week of short time".^I When Swales replied that in engineering they tried to ensure that the greatest number remained employed, Thomas answered that men working a four-day week were not earning as much as the unemployed could get from the Guardians and in unemployment pay.

The unemployment argument then was a useful stick with which to
I S.I.C., April 21st 1926.

chastise the M.F.G.B., but it did not lie at the heart of Thomas's differences with the miners. Thomas, who opposed the General Strike on constitutional grounds, was forced to rationalise his opposition in a way most likely to embarrass his adversaries. To some extent, however, he may have been worried by the effect of the miners' 'alogan' upon employment on the railways. Certainly, he later made that claim, arguing that the result of the miners' wage policy would be the dismissal of some 100,000 railwaymen, although this number seems greatly exaggerated since his argument appears to assume no reduction in the coal-carrying trade, but rather some sort of downward multiplier.¹

The miners' position on employment in the industry may have approached callousness, but their attitude was perhaps not essentially different from that of the T.U.C. While reorganisation had wider implications than the simple closure of pits, it was based on the view that the miners' wage standards could only be assured by a substantial reduction in their numbers. Nevertheless, only the M.F.G.B. was willing to state openly, as it had done over the previous two years, that considerations of employment would not mitigate its approach to wages. Other contributors to the debate showed some timidity when faced with the large numbers of men they were declaring redundant.² The miners' stance introduced the issue in a stark and unambiguous manner.³

In attempting to explain the T.U.C.'s policy towards the mining industry, and its apparent change of stance between Red Friday and the General Strike, the unemployment argument must be given a low weight. Moreover, if the differences between the miners and the T.U.C. did not include the unemployment issue, it is arguable that there is no real contradiction between the position of the T.U.C.

1 J.H. Thomas, My Story, Hutchinson, London, 1937, pp.117-8. See also the account of his Derby speech in Railway Review, December 3rd 1926.

2 This is apparent in all the discussions of reorganisation.

3 Kirby, op. cit., p.90. For an official comment upon the miners' acquiescence in increased unemployment, see the report of the Macmillan Court of Inquiry, Industrial Courts Act, 1919: Report by a Court of Inquiry concerning the Coal Mining Industry Dispute 1925, Cmd.2478, 1925, pp.12-13. The miners boycotted this inquiry.

in 1926, and that which it was to take up four years later in its evidence to the Macmillan Committee.¹ The differences between the M.F.G.B. and the T.U.C. which developed over the nine months of the subsidy were the result of a wide variety of factors. One which has perhaps been over-emphasised in the past was the changed composition of the General Council.² Specific changes in the make-up of the Special Industrial Committee may, however, have been more important; A.J. Cook appears to have believed so.³ But whatever the exact mix of factors which resulted in the split between the miners and the T.U.C., concern with unemployment was not primary among them.

III

In its second statement to the Macmillan Committee, dated November 1930, the T.U.C. argued forcefully against a general attempt to reduce the level of wages, promising that the result would be "the most bitter and prolonged industrial conflict of modern times".⁴ The T.U.C. believed that "the existing wage level is not in any way a cause of the present economic crisis", and it followed, therefore, that no alleviation of unemployment would result from a policy of wage reductions.⁵ Internally, deflation only led to reduced demand for goods and services; externally, falls in the price of U.K. goods would only set off equivalent reductions in the prices charged by our competitors. Wage reductions as an element in economic policy were "theoretically unsound". Given the opposition they would face from the unions, they were "madness" as a practical proposal.⁶

The sensible policy, argued the T.U.C., was not to reduce the purchasing power in the hands of working people - which could only accentuate the problem - but to put more effort into raising labour

1 A contrary case is argued by John Lovell and B.C. Roberts, A Short History of the T.U.C., Macmillan, London, 1968, p.89n.

2 There were only six changes in G.C. membership comparing 1925-6 with 1924-5. A comparison of those who joined the Council and those who left demonstrates that the overall ideological complexion of the G.C. was affected only marginally. The return of J.H. Thomas did, however, affect the manner in which the events of 1926 evolved.

3 A.J. Cook, The Nine Days: The Miners' Case Demands Victory, Labour Research Department, London, 1926, p.3.

4 Committee on Finance and Industry, Minutes of Evidence, Vol.II, 1931, p.324.

5 Ibid.

6 Ibid., p.325.

efficiency.¹ In essence, labour costs should be reduced by continuing to rationalise and re-equip British industry in the most up-to-date fashion, not by mounting an offensive on wages. With the right mixture of reorganisation and international action the unemployment problem could be overcome; wage reductions, on the other hand, were harmful and retrograde.

And the T.U.C. went out of its way to emphasise its priorities in regard to wages and employment:

"We would prefer to wait for international action, in the meantime pressing forward the reorganisation of industry while maintaining the unemployed, and preserving the present standard of living for those in employment, rather than have unemployment eliminated immediately at the cost of a degradation in the standard of living of the workers".²

This may be regarded as the T.U.C.'s classic statement on the question of the extent to which they were prepared to sacrifice wages in the interests of employment. They had stated quite openly that no bargain could be struck on the basis of wages for employment.

The degree to which this defence of wages and critique of wage-cutting as an economic policy represented an embryonic Keynesianism may perhaps be doubted. Rather it would appear that the refusal to bargain wages against employment is a behavioural assumption which may be made about the trade unions, at least so far as the inter-war period is concerned. The question whether wage-cutting was economically sound did not enter the calculation. The degree of sophistication in the T.U.C.'s policy statements of the early 1930's can be over-stated.³ In rejecting wage cuts as the path towards economic recovery before the Macmillan Committee,

1 Committee on Finance and Industry, Minutes of Evidence, Vol.II, op. cit., p.325.

2 Ibid.

3 See below, pp. 255-268.

the T.U.C. were merely spelling out a contention which was basic to the whole existence of trade unionism, and which had been advocated consistently during the 1920's.

The T.U.C. appears never to have intervened in an attempt to moderate individual unions' wage demands or opposition to wage decreases in the interests of employment. In 1926, although the unemployment argument was used by Thomas, the T.U.C.'s differences with the miners were not based upon it, but upon the inevitability of some wage reduction given the attitude of owners and Government, and the vacillating support of other union leaders. Indeed, in the period after the General Strike, the unions were reasonably successful in holding wages. The value of reductions in the worst year (1931) was only a small fraction of that suffered in 1921 and 1922.¹ However, the threat posed by the trade unions that, in the words of the Macmillan evidence, "we should throw the whole of our resources and power"² against a policy of wage-cutting, is unlikely to explain entirely the relative stability of wage levels. As institutions representing only a minority of manual workers, they were perhaps not strong enough to hold the line over the whole wages front. Moreover, the threat of industrial unrest might never have eventuated had a comprehensive pattern of wage-cuts evolved. In April 1931, when there appeared the chance that such a pattern might be beginning, the T.U.C. Economic Committee rejected a call by the General and Municipal Workers and the Electricians for a conference of trade union executives to discuss and oppose the attack on wages. Instead, it pointed to the Short Statement on Economic Policy which had just been issued.³ There was to be no co-ordinated campaign against wage reductions on the model of Red Friday and the General Strike.

¹ Clegg, op. cit., p.5.

² Committee on Finance and Industry, Minutes of Evidence, Vol.II, op. cit., p.326.

³ T.U.C., Economic Committee Minutes, April 15th 1931. The Short Statement on Economic Policy is discussed below, pp. 256-8.

It may be noted that in their 1944 report on post-war employment, the T.U.C. again specifically reject a Full Employment policy which implied the compulsion for workers to accept employment at less than trade union rates of pay.¹ Full Employment was defined in such a way that it assumed the right of the worker to work at wages, "commensurate with his skill and the nature of the work".² The level of employment could not be considered as satisfactory if, in order to obtain work, workers had to accept less favourable terms and conditions than those which usually prevailed.³ However desirable Full Employment might be, the T.U.C. "could not at any stage commit itself in advance to approve or to acquiesce in the methods to be adopted to reach full employment simply because these methods can be shown to be well fitted or even necessary to the achievement of that objective".⁴ While trade unions would respond to a Government committed to Full Employment by adapting their policies and practices to avoid inflation, no prior commitments could be entered into.⁵

These limitations were not introduced because the T.U.C. believed them to be essential to the achievement of the goal of Full Employment. Rather, they signalled, as during the inter-war period, that the level of employment was not to be allowed to determine the level of wages. There is a direct linear descent from the position which Smith and Cook took up in 1926 to that which was outlined by the T.U.C. in the very different circumstances of 1944. In neither case was the threat of unemployment to divert the trade unions from their primary responsibility of assuring the continuation of trade union rates and conditions.

It has been argued above that the position of the T.U.C. in not countenancing wage-cuts as the price for improved employment opportunities (as stated in 1930 and 1944) was not essentially

1 T.U.C., Interim Report on Post-War Reconstruction, 1944, p.51.

2 Ibid., p.7.

3 Ibid., p.29.

4 Ibid., p.29.

5 Ibid., pp.30-1.

different from its position in 1926. Reorganisation of the industry, was expected by both the T.U.C. and the miners to result in fewer pits but more favourable prospects for wages. But, interestingly, it was Cook who shortly before his death did argue that the threat of unemployment made it impossible to enforce wage claims, in part at least, for fear that they would be rejected by the union membership:

"If we could increase the wages by 1s. a day we would do it, but to do it under the present capitalist system would shut up more pits in Durham at the present moment; and when the pits close down, not the trade union, but the men even, behind the backs of the trade union, have begged for the pits to be opened at lower rates than we would support, because they must work to live".¹

Even though Cook was referring to a hypothetical wage increase, not an actual decrease, it is apparent that his remarks reflect a changed priority from that which the miners' leadership had held during the middle 1920's, and that which is implied in the T.U.C. evidence to Macmillan.

Cook went on to argue, in remarks which of course contrast markedly with his statements during the 1920's, that what was important was not so much the power of the trade union, but the state of the industry in which it organised. "The miners could strike for six months, but that would not help to find the revenue with which to pay increased wages."² "If the miners had ten times more power, if there is no more revenue we cannot get more wages".³

Cook's speech suggests at least a potential conflict between the aims of trade union leaders, and the aims of the membership. But trade union authority was not in general threatened in the way that the M.F.G.B. was threatened by the 'Non-political' unions. While

¹ T.U.C. Annual Report, 1931, p.423.

² Ibid., p.424.

³ Ibid., p.428.

the fear of unemployment among the membership may have enforced moderation upon the wage bargains which might be struck by the miners' leaders after 1926, there is no specific evidence of this. Cook's remarks referred to the difficulties of mounting a wages offensive. The real crux of the matter in the mining industry, as elsewhere, was that the unions were able to continue to take a firm, defensive line against wage reductions.

In addition to accepting unemployment as the price for wage stability, the trade unions in the 1920's also criticised possible extensions to the social services because of the effect they might have on wages. Trade union opposition to Family Allowances, for example, was based upon the belief that their introduction would encourage employers to engage in an attack upon wages.¹ Bevin argued, furthermore, that there was a limit to the taxation which could be extracted from industry for social purposes. Wages were already suffering because industry was hamstrung by taxation.² The threat to wages placed a constraint upon the expansion of Government spending. People who drew up expenditure programmes seemed to think that they could withdraw from industry any sums they liked, but those involved in collective bargaining appreciated that taxation on industry reduced wages in industry.³

IV

Thus far, the threat posed by unemployment has been discussed in terms of wage rates. But unemployment also threatened earnings, by restricting opportunities for overtime working, and by making short-time working more prevalent. Unemployment also increased pressure for a reduction in hours. The trade union reaction on these matters will be discussed in the remainder of this chapter.

The relationship between the hours of work of those in employment and the numbers remaining without a job may be seen to fall into three separate categories. Firstly, there was the general question of the 'normal working week', on which trade unions were consistent

¹ New Statesman, September 13th 1930.

² Labour Party Annual Conference Report, 1927, p.252.

in pressing for a reduction. As will be shown, however, the unions were equally insistent that such a reduction was not to be accompanied by an equivalent reduction in earnings, that is, basic rates would have to rise as hours were reduced. Secondly, there was the question of overtime working, and the degree to which this could be curtailed. It will be seen that the unions found it difficult to impose restrictions on their own members, despite the leadership's preference for sharing employment at the cost of overtime earnings. Finally, there was the problem of short-time working. If workers were not willing to trade wage-rates for employment, the existence of short-time may be held nevertheless to evidence a willingness to trade earnings in the interests of a reduced volume of unemployment.

It should be noted, however, that restrictions on hours of labour were not a simple trade union response to the inter-war employment problems. Short-time working did not affect all industries, and in those trades where it was common, like in the docks and in the textile industry, it may be dated back to the Nineteenth Century. Similarly, agitation for reductions in hours was not a direct result of unemployment in either the 1920's or 1930's. Reducing the working week was argued to have a positive impact upon employment, but the agitation was not strictly consequent upon this supposed alleviation of the unemployment problem. In regard to overtime, however, it can be suggested that the attitude of the trade union leadership did owe something to the numbers unemployed. Indeed, it was an area where the unions seemed to be admitting that their own practices, in the sense of failing to stamp out overtime, were themselves contributing to the numbers without a job. At any time, there was a finite amount of employment, and workers accepting overtime were reducing the numbers amongst whom that employment could be shared.

The discussion can be begun with short-time working.¹ While the pressure for such arrangements in the face of declining orders could come from either employers or employees, its existence is suggestive of a willingness by the workers to share the available work to minimise redundancies. It was, as has been said above, a direct trade of the earnings of the majority for the continued employment of a minority who would otherwise be laid off. The impact upon earnings could, to some extent, be obviated by a systematic manipulation of the Unemployment Insurance scheme,² but nevertheless, where short-time was introduced earnings were at stake. In other regards, workers were less than happy at supporting the unemployed through their own pay-packets. Contributions to the U.I. Fund were unpopular, as these contributions were a direct tax on wages. Similarly, attempts to bolster trade union unemployment benefits by means of levies were unpopular. The Society of Lithographic Artists (S.L.A.D.E.) discovered that it lost membership after introducing a 2/- levy to support its unemployed.³ When the N.U.R. introduced a special levy of 6d per week to prevent the union's unemployment fund from going into deficit, less than half the membership were willing to pay.⁴ Hayday had to admit to Bonar Law that the General and Municipal Workers had suspended union unemployment benefit because contributions of 5d-6d per week "could not be got in sufficient volume".⁵

Short-time working existed in some degree throughout the inter-war period. However, with the exception of the early 1920's, it was not a subject discussed by the T.U.C. In effect, it was a matter for individual unions to determine their own attitude. The early

1 It is impossible to estimate accurately the degree of short-time working. The figures in the Ministry of Labour Gazette for 'temporarily stopped' show a percentage of those working short-time. But short-time could also be effected by a reduction in the basic day, and therefore not notified to the Ministry of Labour.

2 See below, pp. 96-99.

3 British Library of Political and Economic Science, Cooke Collection, Items (3), (4), (9). The S.L.A.D.E. Executive argued that the levy was not a 'tax', but an 'insurance premium' to prevent undercutting.

4 Bagwell, op. cit., p.423.

5 T.U.C. Annual Report, 1923, p.88.

1920's must be distinguished, firstly because short-time was a specific Government policy, and secondly, because it was intended not so much to reduce redundancies, but actually to provide jobs for those who had already been laid off.

Thus, in the immediate aftermath of the post-war inflation, the organisation of short-time working was an integral part of Government policy to try to reduce unemployment. Wages were to be set at the relevant proportion of the full-time rate, that is, the unit labour cost was to remain unaltered. The Government could take strength from the proceedings of the National Industrial Conference, to whom a committee of both sides of industry had reported "considerable value" to be found in systematic short-time, and adding that overtime should be worked only "in special cases".¹ However, the Provisional Joint Committee had also recommended a maximum working week of 48 hours, and while this had already been achieved in many unionised industries, the Government failed to deliver the desired legislation.² Moreover, for reasons which included distrust of Henderson, and the commitment to voluntarism in industrial relations, the most powerful unions had revoked their interest in the Industrial Conference. They thereby also set the seal on any future hopes for 'consultation' with Government; consultation with employers was also to receive a set-back in 1922 in the engineering lock-out, discussed below.

An Hours of Employment Bill was introduced by the Government in 1919, but while A.S.L.E.F. was agreeable to the inclusion of railwaymen, Thomas for the N.U.R. dissented.³ Railwaymen already worked a 48 hour week, but one spreading over six days. Bromley had assented to the inclusion of railwaymen on the grounds that this might pave the way for an 8 hour day.⁴ But he argued that it was impossible to prevent overtime working on the railways, and

¹ Cmd. 501, 1919, op. cit., p.10.

² Rodney Lowe, 'The National Industrial Conference', Historical Journal, 1978, pp.655-6.

³ Ibid., p.667. P.R.O., LAB 2/435/WA 4189/2, Minutes of February 18th and February 20th 1922.

⁴ P.R.O., LAB 2/435/WA 4189/2, Minute of February 18th 1922.

the Government was aware that the abolition of overtime could only be achieved with the consent of the railway unions.¹

In areas of direct Government control, short-time was introduced. In the Government Dockyards hours were reduced from 47 to 37 with consequent reductions in earnings, and a saving to the State of over £ $\frac{1}{2}$ million.² The Government was aware that these types of scheme would be strongly opposed by the workers,³ but it was hoped that the policy of short-time in Government operations would encourage private firms by example. And in fact although the Dockyards scheme was only accepted by the union side with "considerable demur",⁴ their major objection had not been to the 20 per cent cut in earnings, but to the Government's failure to negotiate the introduction of the reductions through the joint machinery.⁵ For while the P.J.C. had recommended short-time working, it had also emphasised the importance of joint machinery for controlling and regulating it.⁶

On the question of short-time there was a split among the trade unions, although opposition did gather momentum between 1919 and 1921. But at the same time as the railwaymen were refusing to countenance the Hours Bill, the National Alliance of Employers and Employed, which included Stuart-Bunning and Arthur Pugh among its leadership, was calling for work-sharing in each and every industry in the country.⁷

On the last day of 1920, the Government circularised most employers' organisations, trade unions, and joint bodies, drawing attention to its desire to see an extension of short-time working

1 P.R.O., CAB 24/117 C.P.2363, Committee on Unemployment: Report on Short-time.

2 P.R.O., CAB 24/117 C.P.2381, 'Short time in the Dockyards: Memorandum by the Civil Lord of the Admiralty'.

3 P.R.O., CAB 24/117 C.P.2303, 'Short time in Government Factories: Memo by Secretary of State for War'.

4 P.R.O., CAB 23/23 C.C. 80(20)8, December 30th 1920.

5 P.R.O., LAB 2/664/WA 6132.

6 Cmd.501, 1919, *op. cit.*, p.10.

7 P.R.O., LAB 2/1210/EDC 17624, Deputation, December 7th 1920.

to share out the available volume of work.¹ Different letters were sent to the Boot and Shoe and Cotton trades, as these two already had a recognised system of short-time working. Short-time was also being worked in the engineering industry. The Government's overtures were welcomed by both The Times and the Manchester Guardian.² But Lansbury's Daily Herald held that the proposals were a "direct and brutal attack on the standard of living of those still in work".³ The paper alleged that the aim of the scheme was not to reduce unemployment, but simply to cut wages.

In fact, the Ministry of Labour received very few actual replies to its letter. Among those trade unions which did reply, a large majority opposed the scheme. The Ministry had already argued that it would be undesirable to introduce compulsory short-time in any trade,⁴ thus the only alternative in private industry was a propaganda campaign of the type it attempted.

Government attempts to establish a joint Employer-Worker committee on unemployment and unemployment insurance got nowhere,⁵ and in January 1921 the T.U.C. Parliamentary Committee and the Labour Party Executive jointly condemned the policy of short-time.⁶ The policy was inequitable, and impracticable, "by reason of the absence of any provision of under-employment allowances in respect of the time lost".⁷ Furthermore, home demand would fall as a result of the diminution in earnings, only making the problem of unemployment worse.⁸ And it has already been shown that by the introduction of short-time in the Dockyards the Government expected to save money.⁹ Whereas one could bargain short-time against redundancies, there was

I P.R.O., LAB 2/867/ED 196. The following industries were excluded as it was considered they did not lend themselves to short-time: Agriculture, Mining, Fishing, Shipping, Docks, Building, and Railways. The list thus includes two industries (Mining, Docks) where short-time or casual working had been endemic before the Great War.

2 Editions of January 3rd 1921.

3 Edition of January 3rd 1921. Clynes and Gosling also criticised the scheme in comments reported by the Manchester Guardian, January 3rd 1921.

4 P.R.O., CAB 27/115 C.U.17, Cabinet Committee on Unemployment: Short-time as an alternative to Unemployment: Memo by the Minister of Labour, September 14th 1920.

5 Lowe, op. cit., p.688.

no certainty that a national regime of short-time would result in equivalent numbers of men being taken on.

But whatever their fears in that regard, unions were in fact responding to the circumstance that many workers were simply unwilling to accept a reduction in earnings in order to facilitate an enlargement of the workforce. In particular, the railway workers preferred the high pay from Sunday working to reducing hours and increasing employment. So while in future years successive Governments were to be criticised by the T.U.C. for failing to ratify the 1919 Washington Hours Convention, in the early 1920's the unions too were in disagreement over its ratification. In August 1921, J.H. Thomas is reported as saying:

"I appeal to my members to set their faces against the system of working fewer hours in order to provide more work. The real cause of all the trouble today is not over-production, but under-consumption".¹

While this attitude may be criticised,² it should occasion little surprise. Indeed, with regard to the railwaymen, all sides seem to have agreed to their exclusion from the Hours Bill, given that they had just signed an agreement and that inevitably hours were irregular in the industry. But generally, it was hardly surprising that unions should look with disfavour upon a scheme which would reduce their members' earnings by substituting under-employment for unemployment. Moreover, there was not even the certainty that the substitution could be effected. No new work was being created, and all the sacrifices were being borne by the workers. However, in

1 Daily Express, August 8th 1921. While the N.U.R. intended to oppose overtime, it would not compromise on the guaranteed week.

2 Lowe, op. cit., pp.667-8, describes the attitude of the N.U.R. as demonstrating "that sectional interest still predominated over class solidarity".

6 P.R.O., CAB 24/118 C.P.2402A, Henderson to Macnamara, January 12th 1921; Enclosure, Resolution of Joint Executives, January 11th 1921.

7 Ibid.

8 T.U.C. Annual Report, 1921, p.82.

9 Above, p.90.

the absence of the scheme, it remains perfectly true that all the sacrifices were borne by the unemployed.

By 1923, the Government itself was dropping short-time in favour of full-time working by a reduced staff. This reversal of policy owed something to the wishes of the workers themselves,¹ but also to the fact that Government Departments would arrange work sharing only "under strong pressure".² Troublesome to arrange, short-time working appears to have been uneconomic in operation, occasioning a rise in total unit costs, despite the fact that the unit labour component remained unchanged. But while some costs may have risen, short-time was otherwise a cheap policy for the Government to operate, compared with the alternatives - public works or the Dole.

Among workers, opposition to short-time was strong in many industries. With regard to tin-plate workers in South Wales, Lincoln Evans later bemoaned the fact that:

"..the failure on the part of those in employment to agree to work sharing was not so much due to the difficulty of finding a practical scheme but to the complete absence of a desire to do so".³

And the question of short-time working was a live issue among railwaymen in the mid-1920's. It has already been shown that in April 1926 Thomas was proposing to invite the companies to institute a programme of redundancies if the alternative was a four-day week.⁴ But within the union attitudes differed as to the policy which should be followed. As Thomas admitted, "One section wanted short time, another said 'No, dismissals'".⁵ And this conflict was to grow as the railway companies increasingly turned to short-time working to meet falling receipts, especially for goods traffic.⁶

1 P.R.O., LAB 2/867/ED 196, Eady's minute of October 1st 1923.

2 *Ibid.*, Phillips's minute of October 3rd 1923.

3 Quoted by W.E. Minchinton, The British Tinplate Industry: A History, Clarendon Press, Oxford, 1957, p.218. See *ibid.*, p.217 for a 1927 workers' ballot rejecting short-time. Ultimately, shorter shifts were introduced, but only after 1937.

4 Above, p. 79.

5 S.I.C., 23rd April 1926.

By the middle of 1928 the railway companies were in acute financial difficulty. They attempted to find economies by instituting a regime of short-time, especially for the 100,000 workers in the railway shops. The N.U.R. journal, the Railway Review, discussed the problem openly. There were those who thought it better to employ 100 men on half pay rather than 50 men on full pay. On the other hand, it could be argued that there was now only work for a proportion of those formerly employed on the railways, and it was better to face this squarely rather than carry extra numbers unnecessarily.¹ A month later, by which time all London, Midland & Scottish Railway shopmen were on short-time, the journal had concluded that redundancies were inevitable.² The paper linked the problem of short-time with the campaign for a guaranteed week for shopmen; a guarantee granted to the traffic grades in 1919. The effect of the guaranteed week, it argued, was to prevent "an unnecessary swelling of the numbers of men requisite to carry on the work", thus ensuring a satisfactory level of earnings for those who were engaged.³ The Railway Review may be seen then as voicing that opinion which gave most weight to the earnings of the majority over the continued employment of the minority.

But Thomas dissented from the priorities implicit in the reporting of his own union journal. With well over one million people already without work, further redundancies could not be faced with equanimity.⁴ And the 1928 Railway Agreement was designed in part to achieve a reduction in the companies' costs which would allow some spreading of the available work amongst the greatest number of men. The

1 Railway Review, May 11th 1928.

2 Ibid., June 15th 1928.

3 Ibid., June 29th 1928.

4 Ibid., July 20th 1928, report of Thomas's speech at Chester five days earlier.

6 Comparing the first half of 1928 with the first half of 1927, of the total deficiency of the four largest companies passenger traffic accounted for 15 per cent and goods traffic for 85 per cent. The Economist, July 21st 1928.

agreement, which was interpreted in all quarters as symbolising a new spirit of industrial co-operation,¹ effected an across-the-board reduction of $2\frac{1}{2}$ per cent from the gross earnings of all classes of railway employees, while protecting most of the other advances gained by the N.U.R. since the war. Two clauses in the settlement dealt specifically with the shopmen. At all shops where there was sufficient work, normal full-time working would be resumed. In shops where full-time working would generate "extensive dismissals", it was agreed that the companies could book off men on Saturday mornings.²

Thomas's concern with redundancies owed much to his representing Derby in the House of Commons, and in a speech in his constituency after the agreement had been signed he emphasised the employment aspects. The agreement, he claimed, had saved the jobs of up to 3,000 men in Derby alone, and perhaps 7-8,000 overall.³ But it is apparent from the wording of the agreement that some redundancies were expected to continue. For the workers in the shops, the easing of short-time was the great gain which was supposed to result from the $2\frac{1}{2}$ per cent reduction which had been sacrificed by all other railway workers.

Disquiet at the way in which the agreement was working out in practice led to an attempt by the N.U.R. to restore the cut in earnings the following year (by which time, Thomas was at the Privy Seal's Office), but in the end it held good until May 1930. It had, in fact, been Thomas's last wage settlement. As early as September 1928 there had been complaints both that short-time was continuing un-necessarily, and that the number of redundancies was exceeding that foreseen when the settlement had been signed.⁴ Employment

1 The Times, July 31st 1928; The Economist, August 4th 1928; S. Purkiss, 'Mondism and the Railway Settlement', Labour Monthly, September 1928.

2 For a full description of the agreement, see Ministry of Labour Gazette, September 1928, p.340.

3 The Times, August 2nd 1928.

4 Railway Review, September 28th 1928.

in the traffic grades declined by around 2·7 per cent between March 1928 and March 1929; in the remaining grades the decline was twice as great, 5·8 per cent.¹ The largest numerical fall was the 8,000 reduction in the number of shopmen. Overall, in this period employment on the railways fell by over 30,000, although these figures are for gross wastage of course, not for redundancies.

Thus, although the 1928 agreement did effect a transfer between the earnings of one group of N.U.R. members and another, in operation it seems to have ^{had} little effect upon employment in the shops. In defending the agreement, Thomas's attitude towards redundancies shows an inversion of the priorities he outlined in his clashes with Swales before the General Strike,² and appears in conflict with the somewhat glib attitude towards redundancies voiced by the Railway Review. But this cannot be seen as a victory over that doctrine. The 1928 settlement does represent an attempt on the part of the more fortunate members of an industry to cushion those for whom work was scarce, and whose pay, conditions, and employment were threatened. But doubtless it was the maintenance of the guaranteed week, of overtime payments, the avoidance of conflict, as well as sympathy for the shopmen which outweighed the reduction in wages for the majority of railway workers. The agreement assured the railwaymen of the gains of the post-war period which had been threatened. In the individual shops, and bearing in mind the depressed state of the industry, the N.U.R. does not seem to have fought redundancies very hard.

The impact of Unemployment Insurance (U.I.) upon short-time working was a continuing matter of controversy between the wars. It has already been shown that Labour criticisms of the Lloyd George scheme owed something at least to the failure to provide "under-employment allowances".³ In fact, when short-time was systematically arranged, U.I. could be manipulated to provide just such a set of allowances.

¹ Estimates derived from statistics in the Ministry of Labour Gazette, October 1929, p.354.

² See above, p.79.

³ See above, p.91.

But what is interesting about the development of short-time between the wars is that, by-and-large, it was confined to those industries in which it was the traditional response to depression, notably cotton textiles. Thus, while there can be no doubt that frequently employers and unions did arrange short-time so as to maximise the subsidy to earnings from the U.I. Fund, it is less apparent that Unemployment Insurance led to short-time in those industries where it had not previously been in existence.

A minute by one Ministry of Labour official who argued along these lines is worth quoting at length, because it summarises the prevailing grass-roots attitudes towards short-time, and suggests that that the impact of U.I. may have been ambivalent:¹

"..it has been clearly shown in other industries also that the rank and file do not like the sharing of work and the consequent reduction of earnings. They prefer a concentration of employment and a safeguarding of the weekly rate of earnings. Systematic short-time establishes a regular lower weekly wage and is regarded as a menace to the agreements on wages and hours. It is also to be remembered that while Unemployment Insurance Benefit conditions make it possible to subsidise short-time arrangements, the existence of the possibility of benefit for the wholly unemployed also makes workers contemplate the maintenance of their own full-time employment and the whole-time unemployment of others with some equanimity".

The suggestion that U.I. benefit had not been responsible for an extension of short-time was not accepted by all Ministry officials,² nor does it seem to have been accepted by the Royal Commission on Unemployment Insurance. The Commissioners noted the continued high recorded rates of unemployment on the docks, in the mines, and in the cotton and shipbuilding industries, and attributed these in part

¹ P.R.O., LAB 2/I404/ET 7439, F.W. Leggett's Minute of December 17th 1930.
² Ibid., Minutes of January 1st and 11th 1931. (Phillips, Harrison).

to the subsidising of short-time arrangements by the Unemployment Fund.¹ There was no point in hiding the fact that labour was redundant, and the Commissioners quoted approvingly from Ministry of Labour evidence criticising impediments to labour mobility.²

Earlier, in November 1930, Bondfield had circulated a paper to the Cabinet outlining various 'abuses' of the U.I. Fund.³ Dockers were criticised on the grounds that they could earn large sums while working (albeit intermittently), at the same time drawing benefit for the days on which they were not hired. Other examples were given of workers pooling their joint earnings and benefits, and of work being carried out through overtime, enabling benefit to be claimed for the remaining days. However, these were exceptions. The most common arrangements involved manipulating periods of employment so as to enable benefit to be claimed under the Continuity Rule. This Rule had two components. Firstly, what was known as the 'three-in-six' rule or 'Oxo' system,⁴ which had been designed so that short periods of employment did not debar workers from benefit by insisting upon a separate waiting period before payment of any claim became due. Secondly, the 'Ten Weeks' or 'Sixty Days' rule, which permitted two periods of unemployment to be linked together for benefit purposes providing no more than ten weeks had elapsed between them. With the acquiescence of employers, it was a comparatively easy process for trade unions to manipulate the incidence of short-time in order to maximise the subsidy from the U.I. Fund under the Continuity Rule, especially regarding the 'three-in-six' component.

The conflict between the unions and the State over this matter was perhaps inevitable. The interests of either party were distinct and opposed. Before the Port Labour Inquiry of 1930, the Ministry of Labour produced figures suggesting that over the period from

1 Royal Commission on Unemployment Insurance, Final Report, Cmd.4185, 1932, pp.98-99.

2 Ibid., pp.99-100.

3 P.R.O., CAB 24/216 C.P.381, November 14th 1930.

4 A useful tabular illustration of the 'Oxo' system may be found in E. Wight Bakke, The Unemployed Man: A Social Study, Nisbet and Co., London, 1933, Appendix V., p.295.

1921-29, total contributions of dock workers to the U.I. Fund amounted to around £6 million, while benefits to this group had totalled some £21.8 million.¹ In their turn, the Transport Workers disputed, "that there has been any higher percentage of abuse than might have obtained in any other section of the community", and pointing out that the Union had always called for special U.I. arrangements for the docks.² Conflict arose because the union's practices amounted to abuse in the Government's terms, but not within those of the union itself. From the viewpoint of the trade union, all they were doing was making the best possible arrangements for their members, given the chaotic state of employment and hiring practices on the docks.

VI

Whereas in the case for and against short-time working it can be argued that conflict between union leaders and the rank-and-file was kept to a minimum, the same cannot be said of attitudes towards overtime. There are persistent examples of union leaders railing against overtime, only to be ignored by their members. Postgate has described the difficulties faced by the Building Unions once they had gained a shorter basic week in 1920:

"..the Federation's worst enemies were in the rank and file..
 ...Many members regarded shorter hours, not so much as more leisure, but as an opportunity for more overtime. In this they were seconded by the masters."³

In this case, the unions did "courageously" impose an overtime ban, and one which, albeit "grudgingly, and with certain exceptions" did succeed.⁴ But, as will be shown below, the unions were simply neither strong enough, nor persuasive enough, to educate their more recalcitrant members against working excessive hours.

Attempts to monitor overtime were the catalyst for the Engineering Dispute of 1922, a dispute which is also of major interest with

1 Bevin Papers, D3/8/37, Appendix VII.

2 Bevin Papers, D3/12/2.

3 R.W. Postgate, The Builders' History, Labour Publishing Company, London, n.d. (1923?), p.439.

4 Ibid., p.440.

regard to trade unionism's share in the management of industry.¹ But so far as the overtime question is concerned, it is important to realise that attempts by engineering craft unions to restrict overtime had a long history. Their stand on this issue had led to a previous lock-out in 1897.² In the early 1920's, the N.U.W.M., which had taken its leadership from among unemployed engineers, organised 'raids' on firms where overtime was being worked, and attempted to educate the workers in the errors of their ways.³ And it was the decision of a ballot of A.E.U. members to reject an agreement signed by their leaders affirming that "employers have the right to decide when overtime is necessary" which led directly to the employers' lock-out.⁴ It was the notion that the employers should not be the final arbiters on overtime working which appeared to resurrect wartime propaganda for workshop control, and thus threaten the prerogatives of management. Thus the 1922 Dispute resulted not so much from the particular merits of overtime working but on the question of Managerial Function. The engineering employers, who had a history of intransigence, over-reacted since the wartime syndicalism of the engineers was no longer active, but the lock-out is evidence that they did feel their fundamental interests to be imperilled.⁵

So far as mannington was concerned, the existence of overtime working in the engineering shops presented not only a practical problem, but also a problem of political philosophy. If men were working overtime while others were unemployed, then here was evidence of a lack of working-class solidarity. Furthermore, if overtime led to unemployment, then, in part at least, it was the workers who were to

1 The ultimate agreement, which remained in force until the early 1970's, opens with the crucial phrase, "The employers have the right to manage their establishments and the trade unions have the right to exercise their functions". The full agreement is re-printed in Arthur Marsh, Industrial Relations in Engineering, Pergamon Press, Oxford, 1965, pp.272-277.

2 Ibid., pp.14-15.

3 Walter Mannington, Unemployed Struggles 1919-1936: My Life and Struggles amongst the unemployed, Lawrence and Wishart, London, 1936, p.49, for an example.

4 The ballot was decided by 50,000 to 35,000 on a turnout of around 20 per cent, Daily Herald, January 17th 1922. The quotation from the abortive agreement of November 1921 is from a copy in P.R.O., LAB 2/882/IR 1208.

5 Marsh, op. cit., p.116.

blame for the continued idleness of their former engineering work-mates. In his protests on the overtime issue, Hannington carried the question of control one stage further. In his view, it was the unemployed who should act as final arbiters on the working of overtime. Yet, from all sides there was over-reaction; in fact, because of the depressed state of trade, virtually no overtime was being worked in the industry anyway.

In the same year (1922), Pollitt proposed a resolution to Congress¹ for a 44-hour week, and for legislation to ban systematic overtime.¹ And in 1926, Congress adopted a further resolution calling for legislation to impose the overtime restrictions in the Washington Convention. Overtime, it was argued, "was largely an inducement to unorganised people to defeat any effort for increased wages".² After the defeat of the engineers, the calls for legislation were an admission that the trade unions were not strong enough to enforce restrictions upon employers. It was also the case that many unions were not authoritative enough to impose restrictions upon their own members.

The unions were, however, to be disappointed by the second Labour Government, which openly broke with the Washington Convention limitations on overtime. In regard to her Hours of Employment Bill, Bondfield argued for "a wide permission" for the working of overtime, claiming that the Convention limits were "too strict for the ordinary requirements of many industries".³ As unemployment mushroomed, the Government decided against a general clause in Government contracts prohibiting the working of overtime. In its place, a harmlessly worded slip was attached to Government tenders and contracts drawing attention to the undesirability of working avoidable overtime.⁴

But there was a contradiction implicit in the trade union claim for reductions in hours. On the one hand, they drew attention to

1 T.U.C. Annual Report, 1922, p.431.

2 Ibid., 1926, p.476.

3 P.R.O., CAB 24/206 C.P.273, First Report of Hours of Employment Bill Committee, October 14th 1929.

4 P.R.O., LAB 2/882/IR 786.



the failure of successive Governments to abide by the Washington Convention, on the other, they failed to prevent their members from working overtime.¹ It was a failure both to educate, and to enforce discipline. With customary bluntness, Bevin reminded the 1932 T.U.C. of the difficulties they faced in the latter regard:

"..a real 8 hour day would involve immediate absorption of thousands of men. But what support can we get? Is there any consciousness about working hours among our people?..I am finding more fights on overtime than on wages. You have to face up to your own people on the overtime problem... ..Overtime is becoming more valuable than wages".²

This statement helps to explain trade unionists' insistence that reductions in the basic working week should not be accompanied by wage reductions, and indeed that wages were already too low. Unless one could guarantee earnings, reductions in the basic week would simply lead to increases in overtime, and no more jobs would be created.

It is probably true to say that both trade unions and employers' groups opposed overtime when there were large numbers unemployed, but neither side could enforce its wishes upon its members. Where overtime rates existed, these must presumably have acted as some disincentive to employers. On the union side, the frequent pronouncements against overtime were addressed more at the union membership than at anyone else. But while they remained unable to prevent overtime, these protestations were little more than pieties. To what extent a determined effort could have proved successful is difficult to establish, but one trade union official is quoted as explaining the impotence of the unions in simple terms. If the union stopped men working overtime, the effect was to make the men leave the union, thus ending what little influence the union had been able to exert in the first place.³

¹ A contradiction described pointedly by two speakers to the T.U.C.. See T.U.C. Annual Report, 1930, p.373; ibid., 1931, p.331.

² T.U.C. Annual Report, 1932, p.417. See also his remarks in ibid., 1930, p.337, on the difficulty of getting workers to accept hours reductions.

But union propaganda against overtime did grow in the early 1930's, just as in the following years the more general hours question grew in importance amongst trade union demands. In 1933, agitation against overtime reached a head. Although the Bristol T.U.C. (1931) had passed a resolution in favour of a 40-hour week and the "reduction of overtime to work of agreed urgency",¹ by 1933 both the A.E.U. and the M.F.G.B. had called for the abolition of overtime at their Conferences.² A resolution from the Boilermakers to the 1933 Congress mandated the General Council to draft a bill restricting overtime to cases of accident or emergency repairs.³ However, when the Ministry of Labour examined the rule books of 55 unions, it found references to restrictions on overtime only in the case of the Typographical Association.⁴ There was nothing to stop trade unions with sufficient will from incorporating overtime restrictions in collective agreements, but this they failed to do. Recourse to legislation reflected the fact that in regard to neither employers nor to their own members could trade unions enforce overtime restrictions.

While Government spokesmen on occasion drew attention to the desirability of expanding the workforce rather than working overtime,⁵ legislation was never seriously considered. In the 1930's, the Admiralty continued the process of discouraging overtime on its orders, but it ensured that completion dates were not exceeded. Similarly, in regard to the Building Boom the Government did not wish to insist upon overtime restrictions because of an over-riding desire to keep housing costs to a minimum.

1 T.U.C. Annual Report, 1931, p.327. Italics in original. This of course implied once again that the trade unions would have the final veto on any overtime proposal, and a consequent restriction of the powers of management.

2 P.R.O., LAB 2/882/IR 786.

3 T.U.C. Annual Report, 1933, p.274.

4 P.R.O., LAB 2/882/IR 786.

5 203 H.C. Deb. 5s. c.1059, March 8th 1927 (Betterton); 251 H.C. Deb. 5s. c.630, April 20th 1931 (Lawson).

3 P.R.O., LAB 2/886/IR 786, remarks quoted in the Chief Conciliation Officer's letter of July 13th 1933.

As has been noted above, during the 1930's the T.U.C. laid increasing emphasis upon its more general demand for a 40-hour week as a 'cure' for unemployment. This was bitterly opposed by the employers. In the 1920's, a Conservative Cabinet had been warned by its Minister of Labour that the pronounced employer opposition to the Washington Convention (for a working week of 48 hours) might even lead to their organising an active campaign against it.¹ A year earlier, at an angry meeting with Baldwin, the employers were incredulous that having been saved by the fall of MacDonald from the Labour Government's Hours Bill, they now found it necessary to form a deputation to a Conservative Prime Minister to protect themselves from similar legislation. Weir warned Baldwin that,

"if the Government should decide....to proceed to legislation and ratification of the Washington Hours Convention then we would consider it our duty nationally to oppose that policy by every means in our power".²

This employer commitment to voluntarism helps explain why in the late 1930's, when no less than 90 per cent of British workers were in fact working less than 48 hours, Britain still had not ratified the Washington Convention.³ By October 1935, only 9 per cent of workers had a normal working week in excess of 48 hours.⁴

At the same time, the T.U.C.'s new call for a 40-hour week, repeated annually at Congress, was beyond the unions' power.⁵ A 40-hour week without wage reductions could not be bargained from employers, neither could it be expected from Government by way of legislation. In addition to the employers' vehement opposition to

1 P.R.O., CAB 24/188 C.P.206, July 18th 1927.

2 P.R.O., CAB 24/179 C.P.168, International Regulation of Hours: Deputation from N.C.E.O., April 20th 1926. With regard to Lowe's harsh judgement of the N.U.R. (above, p.92), it may be noted that at this meeting Wedgwood, the representative of the railway companies, emphasised that it had always been agreed that railways should be exempt from the Washington Convention.

3 J. Henry Richardson, Industrial Relations in Great Britain, I.L.O. Studies and Reports, Series A. No.36, Geneva, 2nd ed. 1938, p.34n.

4 Ibid., p.31.

5 For these resolutions, see T.U.C. Annual Report, 1931, p.327, ibid., 1932, p.412, ibid., 1933, p.243, ibid., 1934, p.280, ibid., 1935, p.314, ibid., 1936, p.340, ibid., 1937, p.314.

legislation of any kind, the major stumbling block for Government was the unions' insistence that hours reductions be accompanied by a rise in the unit price of labour to preserve earnings. The Government position was that any reduction in hours must presuppose consideration of wages.¹ But, of course, the trade unions for their part could hardly stomach reduced earnings as the price to be paid for reduced hours.

The T.U.C. insistence upon maintaining wage standards is evidenced by the tactics pursued by the T.U.C. delegations to the I.L.O.-organised Conferences on Hours in the mid-1930's. The British group proved consistently the most intractable of the workers' delegations in declaring for the maintenance of existing wage standards, other groups fearing that the T.U.C. tactics might render the discussions still-born.² The campaign for shorter working hours was an international campaign, although one suspects that British support for international action was partly actuated by the belief that foreign hours reductions would render their products less competitive with those of the U.K.

It need hardly be said that trade union policy for a reduction in hours (to 44-hours in the 1920's, to 40-hours in the 1930's) was not directly or necessarily related to the unemployment problem of the inter-war period. But just as with wages, so agitation for a shorter working week was rationalised in terms of that unemployment problem. In the case of hours, the argument was relatively simple. A reduction in the aggregate hours of the existing workforce would result in employers meeting a reduced labour supply by increased hirings.³ And, in order to ensure that employers' demand for labour did not fall earnings for all workers must be protected so that the demand for

¹ See for example, Absorption of the Unemployed into Industry: Discussions between the Minister of Labour and representatives of certain industries, Cmd.5317, 1936, pp.1-2.

² T.U.C. Annual Report, 1933, pp.160-2, *ibid.*, 1935, pp.162-3.

³ This is sometimes known as the 'fixed work-fund theory'. See M.A. Bienefeld, Working Hours in British Industry: An Economic History, Weidenfeld and Nicolson, London, 1972, p.194. In contrast to my views above, Bienefeld argues that unemployment provides the motivation behind trade union agitation for reduced hours.

final products did not diminish as a consequence of the reduction in hours.¹ In a more sophisticated form, it was argued that increased leisure would set off new demands for leisure-goods, and that this would bring about a further increase in employment.

However, hours reductions would have been sought whatever the employment position in the economy as a whole. Indeed, the greatest successes on the hours question were gained in the period of fullest employment in 1919 and 1920.² And, by the late 1930's, agitation for hours reductions at the same level of earnings was seen less in terms of unemployment, and more as a response to rationalisation and increasing productivity. The 1936 Congress resolution, for example, while still emphasising the unemployment argument, also refers to the fact that "industrial recovery is accompanied by rationalisation resulting in a huge increase in the output per worker employed".³ The following year, Little of the A.E.U. explicitly disavowed the unemployment argument for reduced hours. A case based upon unemployment had proved its worth in the past, and indeed would prove useful again during the next recession, but it was "a very weak argument today".⁴ On the other hand, there was an argument which the trade union movement could use with great effectiveness, "that is an argument based on increased productivity".⁵

VIII

In regard to all three aspects of the hours question, short-time, overtime, and the basic week, the Government remained broadly faithful to the voluntarist principle.⁶ In this, they were supported by the employers. Where the trade unions were active for legislation,

1 See for example, Bromley's Presidential Address, T.U.C. Annual Report, 1932, p.70, for an exposition of this view.

2 Brian McCormick, 'Hours of Work in British Industry', Industrial and Labor Relations Review, XII, 1959, Table I, p.426.

3 T.U.C. Annual Report, 1936, p.340.

4 T.U.C. Annual Report, 1937, p.316.

5 Ibid.

6 The hours of work of both women and children were already covered by statute. In regard to adult males, the voluntarist tradition was breached between the wars for a number of industries including Mining, Railways, Road Transport, Pottery, Baking, and Shops. Alan Fox, 'Labour law between the two wars', New Society, February 24th 1979, p.420.

it is evidence that they were unable to achieve their objectives through collective bargaining.

With regard to the inter-war unemployment problem, it has been shown that some unions reacted by opting for under-employment (short-time), and the majority attempted some form of overtime restriction. The basic objective, however, of reduced hours at a sustained level of earnings, owed rather less to the question of unemployment.¹ In the campaign for a reduction in the hours of work the unemployment dimension was largely a propaganda weapon which could be directed at the Government. It was not, however, likely to be of much help at the bargaining level with employers.

IX

In this chapter, the case has been argued that the trade union movement was consistent in its unwillingness to bargain wages for employment.² The position of the miners in the mid-1920's was highlighted as the most extreme and best-documented example, but it may be suggested that their priorities were not significantly different from those which other unions upheld. Before Macmillan, the T.U.C. openly stated that it could not accept the sacrifice of wages in the interests of employment, an argument sustained in the 1944 Reconstruction Report. Some sacrifices on earnings were made, however, in regard to both short-time and overtime restriction. Nevertheless, it is apparent that these responses to the depression were far from universally popular with union members. While unemployment may have weakened the unions' bargaining position on wages and earnings, this was not because union leaders were intimidated by the prospect of prolonged unemployment for their members.

1 The insistence upon a sustained level of earnings did, however, relate to the problems inherent in other hours measures. Namely, that short-time working was unpopular because it presupposed earnings reduction, and overtime restrictions could only be made effective if earnings were at a sufficiently high level.

2 A result consistent, incidentally, with the 'Phillips Curve' analysis. The very fact that this is a curve and not a straight line suggests that cost-inflationary pressures can prevent wages falling in periods of excess supply of labour.

Chapter 4.

THE MOND-TURNER UNEMPLOYMENT REPORT.

This chapter considers the Mond-Turner Unemployment Report as an important T.U.C. policy statement, describing its development and its major features. The place of the Mond-Turner talks as a whole is also considered, in the light of industrial relations developments between the wars.

Section I describes the background to the talks, while Section II deals with the agreed statements culminating in the Interim Joint Report. Sections III-VII concentrate upon the Unemployment Report. Section III describes and analyses the Employers' Memorandum, while Sections IV and V deal in turn with the Report's fundamental remedies and short-term palliatives. Section VI compares the Mond-Turner statement with the conclusions of the Balfour Committee, and the Lloyd George proposals. Some assessment of the Unemployment Report as representing T.U.C. thinking is made in Section VII.

The employers' rejection of the Interim Report is described and analysed in Section VIII, together with a brief description of the aftermath of the Mond-Turner talks. Some final conclusions on Mondism and on the Unemployment Report are made in Section IX.

There is some irony in the fact that it was George Hicks's Presidential Address to the 1927 Congress which was to signal the beginnings of a period of co-operation between employers and unions. Hicks was a prominent left-winger on the General Council, and with Swales and Purcell had been foremost in establishing the militant posture which the T.U.C. had struck during 1925. He had proved a highly individual Chairman of the T.U.C., openly at odds with other union leaders on several occasions. There was little in his background to suggest him as a proponent of Industrial Peace, indeed his own forecasts during his Chairmanship suggested very much the opposite.¹ Moreover, when the talks with the Mond Group were at their height in May 1928, Hicks was to come out in opposition to their continuation.

Hicks's speech was somewhat inexplicit, and it is often neglected that its essential theme was the part trade unions could play in scientific advance. One commentator has suggested that he may have been proposing workers' control rather than industrial co-operation,² an argument Hicks himself was later to use.³ The relevant section of the speech includes a passage suggesting that:

"There are many problems upon which joint discussion would prove of value at the present time. Such a direct exchange of practical views...would bring both sides face to face with the hard realities of the present economic situation, and might yield useful results in showing how far and upon what terms co-operation is possible in a common endeavour to improve the efficiency of industry and to raise the workers' standard of life".⁴

Whatever Hicks's exact motives, since this section of his speech was

1 See, for example, his fraternal address forecasting further General Strikes in American Federation of Labour, Report of Proceedings, 1926, p.124, and his speech reported by the Nottingham Guardian, January 9th 1927.

2 Hodger Charles, The Development of Industrial Relations in Britain, 1911-1939, Hutchinson, London, 1973, pp.280-1.

3 See the criticism of him in Labour Monthly, August 1928.

4 T.U.C. Annual Report, 1927, p.67.

drafted in collaboration with Citrine,¹ it is clear that it marks the T.U.C. response to a variety of feelers on industrial co-operation which had been put out in late 1926 and early 1927, but which had then met a major stumbling block in the Trade Disputes Bill.² The Government had played an important part behind the scenes. Baldwin had met T.U.C. leaders to press for co-operation,³ and earlier Steel-Maitland had gone so far as to urge Baldwin to drop the Trade Disputes Bill in order to clear the way for a new co-operative spirit to emerge.⁴ Trade unionists like Thomas and Pugh had made public statements calling for joint partnership in industry,⁵ and at the 1927 Congress, while criticising Baldwin, similar sentiments to those voiced by Hicks were made by Bevin and Thomas.⁶ Congress also defeated a resolution condemning "the propaganda of 'Industrial Peace'".⁷

But the response to Hicks's call did not come from the F.B.I. nor from the N.C.E.O., but from an unofficial group of employers led by Alfred Mond. In a letter of invitation - leaked to the Daily Herald, much to Citrine's anger⁸ - the T.U.C. were offered a joint meeting. At first the unions were cautious: "...it is not defective machinery that makes industrial war", pronounced the Daily Herald,⁹ and this luke-warm approach was mirrored on the General Council. There can be no doubt that they would have preferred an invitation from one of the employers' organisations; Citrine later admitted that he had expected a response from the F.B.I.,¹⁰ although at the 1928 Congress in defending the Mond-Turner discussions he had

1 Citrine, op. cit., pp.243-4.

2 Bevin Papers, C3/3/5, Pugh to Bevin, April 11th 1927; C3/3/12, Bevin to Weir, May 19th 1927.

3 Keith Middlemas and John Barnes, Baldwin: A biography, Weidenfeld and Nicolson, London, 1969, p.445.

4 G.W. McDonald and H.F. Gospel, 'The Mond-Turner Talks, 1927-1933: A Study in Industrial Co-operation', Historical Journal, XVI, 4, 1973, p.811.

5 The Times, January 17th 1927.

6 T.U.C. Annual Report, 1927, pp.314-317. Bevin and Thomas were speaking to a resolution affirming that changes in Government policy must precede industrial peace.

7 Ibid., pp.464-469.

8 See the correspondence between Citrine and Daily Herald editor William Mellor in T.U.C. File: 262.015.

9 Daily Herald, November 26th 1927.

10 Citrine, op. cit., p.244.

claimed, somewhat deceptively, that the Mond Group invitation was accepted, "because the employers were non-representative".¹ Much closer to the truth were the words Citrine addressed to a foreign audience, "discussions with such a group were better than no discussions at all".²

The Mond Group was made up of 24 employers, sitting on the boards of a total of 189 companies.³ They included the chairmen of 98 of these companies. Seven of the signatories had interests in Iron and Steel, six were involved in Banking, and five with Railways. No less than half of the group had some connection with Coal, which is of particular interest in the aftermath of the General Strike and the Mining Dispute. Mond himself was a major coal owner, Anthracite Collieries of which he was Chairman being one of Britain's largest. He had taken a particular interest in the 1926 dispute, sending a memorandum of a scheme to end the conflict to Baldwin.⁴ His proposals had emphasised re-organisation in opposition to wage cutting, although in other regards he made perhaps a strange bedfellow for the trade union movement.⁵ He was on the board of sixteen companies, most notably I.C.I. of which he was also Chairman and had been instrumental in setting up. The chemical industry was of course a large consumer of mining products.

The Mond Group included two Past Presidents of the F.B.I., and the Chairman and a Past Chairman of the N.C.E.O. In general, they represented large companies, although their industrial interests covered both 'new' industries and the old staple trades. By the

1 T.U.C. Annual Report, 1928, p.411.

2 Article entitled 'Industrial Conferences in Great Britain', May 6th 1929, for an un-named Dutch journal in T.U.C. File: 262-019.

3 The following details are based largely upon detailed notes of the industrial interests of the Mond Group prepared by the T.U.C. Research Department in T.U.C. File: 262-019. For further discussion see Reinhold Cassirer, Die Beziehungen Zwischen Kapital und Arbeit in England: Die Mond-Turner Konferenz 1928-1930, Heidelberg Studien, Heidelberg, 1933, pp.73-76; Howard F. Gospel, 'Employers' Organisations: Their growth and function in the British system of Industrial Relations in the period 1918-1939', University of London unpublished Ph.D thesis, 1974, pp.321-7; Martin Jacques, 'The Emergence of "Responsible" Trade Unionism, a study of the "New Direction" in T.U.C. policy, 1926-1935', University of Cambridge unpublished Ph.D thesis, 1977, pp.59-73.

4 Kirby, op. cit., p.83, for further details of Mond's proposals.

very fact of agreeing to take part in discussions with the T.U.C. they proved themselves to be more forward looking than the majority of employers, although they were not all of a mind as to how consultation should proceed. Gilbert Vyle, a member of the diehard British Engineers' Association, went so far as to resign from the Mond Group in January 1929.

There was opposition too from within the unions.¹ This took one of three lines of argument. Firstly, there was the constitutional issue; the General Council was argued to have no authority to enter into the discussions under T.U.C. Standing Orders. Secondly, it was held that the Employers' Group was unrepresentative. Thirdly, there was the belief that the discussions represented a compact with capitalism, and a betrayal of the workers' historic role to struggle for the establishment of socialism. However, these three strands were not mutually exclusive. The motives of Hicks, and of A.J. Cook, the most forceful opponent of Mondism until his conversion to the talks in 1929, involved all aspects. Moreover, both men were distrustful of Mond personally.² The A.E.U., the largest single union to oppose the talks, did so ostensibly because it held that the General Council was exceeding its authority.³ It may also have been actuated by the fact that it represented, "skilled craft unionists whose monopoly.. was ..threatened by the development of rationalisation".⁴ However, union opposition was never very strong. The big unions

1 For a list of unions, union branches, and Trades Councils unfavourable to the Mond-Turner discussions see T.U.C. File: 262.013. The unions included, in addition to the A.E.U., the Building Workers, Dyers and Bleachers, Lace Operatives, and the miners of South Wales and Lancashire. General Council members also opposed to the talks included Bromley of A.S.L.E.F., and Rowan of the E.T.U. (T.U.C. General Council Minutes, December 20th 1927).

2 A.J. Cook, The Mond Moonshine: My case against the "peace" surrender, Workers' Publications, London, 1928, is the fullest and most temperate exposition of Cook's views.

3 Correspondence reprinted in T.U.C. Annual Report, 1928, pp.217-218.

4 H.A. Marquand (ed.), Organised Labour in Four Continents, Longmans, Green, London, 1939, p.163.

5 The Times, April 1st 1926, for Mond's concern with reorganisation and opposition to wage cuts. Mond had been a foremost opponent of the first Macdonald Ministry, especially over the Soviet Treaty issue. However, his most decisive political attitude was his anti-Statism, and this may have proved more to the liking of trade unionists like Bevin with a distrust of politics and politicians.

supported the T.U.C., and Cook was in a minority, even in the Miners' Federation. Opposition on the employers' side, while less vocal, was a far more potent force.

Given their different interests, and the sniping which both sides faced from within their own ranks, the Mond-Turner discussions achieved a surprising degree of unanimity. The talks had resulted from a number of factors: While the unions were seeking to establish their right to consultation in industry following the debacle of 1926, the employers were looking for some version of 'Industrial Peace', both generally, and to improve the passage of rationalisation measures. The phrase 'Industrial Peace' was anathema to the T.U.C.,^I although in reality this is what Mondism as a movement signified. The talks took place in an economic climate between 1927 and 1929 broadly consistent with the progress of peace in industry.

At the same time, the continuing depression in trade had led both sides independently to criticism of Government monetary policy, notably the Return to Gold. While there had been no consensus on either side as to the wisdom of the Return in 1925, the parity came to be seen increasingly as an unnecessary burden upon industry, which had been imposed by an unsympathetic and uncomprehending Treasury and City. In addition to this common ground, both unions and employers could agree that modernisation of machinery and methods was the key to improving British performance vis-a-vis her competitors. Since, in the light of the 1926 confrontation, both sides sought improvements in their relationship, the circumstances were not inauspicious for a compact between capital and labour.

However, this discussion of the Mond-Turner talks is less concerned with them as an episode in industrial relations - an approach which has been used by almost all previous commentators - but rather with the policy statements and policy compromises which

^I Several letters from the T.U.C. expressing distaste for the term when applied to the Mond-Turner Conferences are in T.U.C. File: 262-OII.

were made, notably on the question of unemployment. While previous writers have been primarily concerned with the fact of a concord between the T.U.C. and a group of employers, this discussion focuses upon the results of that concord, particularly in the field of unemployment policy. But before discussing the Unemployment Report issued in March 1929, it is first necessary to describe the progress of the Conferences after the receipt of Mond's letter of invitation in November 1927.

II

Once an agreed agenda had been established,¹ and the format by which discussions would proceed (a joint committee, of which the T.U.C. side was the full Industrial Committee), the first subject considered was Trade Union Recognition. The T.U.C. side had concluded that progress on all other matters was dependent upon satisfactory assurances first being received on this question,² but in the event Churchill's announcement of the forthcoming amalgamation of the note issue was considered by the joint committee as an emergency issue. "[T]imely action", was necessary, "to ensure that no hasty decision should be taken that might prove prejudicial to the interests of industry as a whole".³

In this regard, the T.U.C. Industrial Committee discussed monetary policy with a number of 'Labour financial experts'.⁴ Snowden, whose involvement had worried Milne-Bailey,⁵ did not attend this meeting, but provided the Committee with some notes hectoring them on the dangers of inflation, and warning against political interference in the control of credit.⁶ Ironically, perhaps, Cook shared this conclusion. At the General Council of April 25th 1928 which adopted

1 Agenda and Revised Agenda in T.U.C. File: 262.02.

2 Ind. C. 4a, April 4th 1928, T.U.C. File: 262.023.

3 Ibid.

4 Detailed Report of Meeting of Industrial Committee with Labour Financial Experts (Pethwick Lawrence, Gillett, Dalton, Mrs. Blanco White), March 27th 1928, Ind. C. 5, T.U.C. File: 262.02.

5 "...it may lead to an awkward position.." he wrote to Blanco White. Letter of March 22nd 1928, T.U.C. File: 262.011.

6 T.U.C. File: 262.91. Snowden's notes are quoted in part by Skidelsky, op. cit., pp.43-4.

the agreed statement on the Gold Reserve by 16 votes to 3,¹ he presented a memorandum claiming that the agreed statement had as its basis:

"..the demand for 'elasticity of currency and credit'. This means INFLATION, with higher prices all round, and consequently lower real wages....The 'justification' for this policy is to encourage production by increasing credit facilities... ..increased credit facilities have produced immense profits for the American banks and industrial capitalists, and for the workers - 4,000,000 unemployed".²

This meeting of the General Council also approved statements on Trade Union Recognition, and on Victimisation.

The Conference then discussed disputes procedure and the creation of a National Industrial Council, but emphasising the continued commitment on both sides to voluntarism. Finally, during this stage of the discussions before the publication of the Interim Joint Report on July 4th 1928, the Conference turned its attention to the crucial subject of rationalisation.³ The various drafts of the resolution on rationalisation⁴ demonstrate that a separate resolution on restrictive practices was considered but dropped. It was subsumed by the resolution on rationalisation, but in a very unspecific form. The Conference endorsed the definition of rationalisation ratified by the Geneva World Economic Conference.⁵ This itself is remarkably woolly and non-committal. In the end a very weak formula was included:

"Recognising the necessity for adaptability and elasticity in industry it is suggested that the Trade Unions and employers concerned should consider the advisability for testing variations

¹ The statement on the Gold Reserve is discussed below, pp.195-6.

² Note on Mond-T.U.C. Memorandum on Industry and Credit, T.U.C. File: 262.91, Capitals in original. Cook repeated his fears at the second Full Joint Conference, July 4th 1928. T.U.C. Annual Report, 1928, p.217.

³ The T.U.C. attitude towards rationalisation is discussed in detail in Chapter 5, below.

⁴ T.U.C. File: 262.41.

⁵ For this definition see, League of Nations, International Economic Conference, Geneva, May 1927, Final Report, pp.38-40. Rationalisation had dominated the Conference.

from existing practices and rules on agreed experimental bases with proper safeguards against an extension of such conditions being claimed by or imposed upon the industry beyond the agreed limits".¹

This mild recommendation was a victory for the T.U.C. side, which was understandably opposed to the suggestion that union rules might be restricting the opportunities for economic recovery. When, two years later, the Economic Advisory Council's Committee of Economists reported critically on the restrictive practices of trade unions,² Bevin strongly defended the record of the unions in adapting their rules.³

III

The Interim Joint Report on Unemployment was the result of intensive work on both sides.⁴ It represents an explicit compromise between the unions' ultimate aims and what was felt to be politically practicable. This air of pragmatism was emphasised by Bevin in his Statement on the Report.⁵ Unemployment became the sole topic for discussion after the Swansea Congress (1928) had given its assent to the continuation of the talks. In this account, attention will first be drawn to the Employers' Memorandum on Unemployment, and T.U.C. criticism of its main features, before considering the genesis of the Unemployment Report proper, and its recommendations. There is a brief discussion of the Report in comparison with the recommendations of the Balfour Committee, and the proposals of Lloyd George. Finally, the Report is considered in the light of the general development of T.U.C. policy on unemployment over the inter-war period as a whole.

The General Memorandum on Unemployment submitted by the Employers'

1 T.U.C., Industrial Conference Report, 1928, p.25, my italics.

2 P.R.O., CAB 58/II EAC(H)127, p.6. The E.A.C. economists were Keynes, Pigou, Henderson, Stamp, and Robbins. Their report is reprinted in Howson and Winch, op. cit., pp.180-243.

3 P.R.O., CAB 58/2, Minutes of Ninth Meeting of Economic Advisory Council, November 7th 1930.

Group is a document of 105 pages.¹ Notably, it rejects an outright attack upon wages or hours at the outset: such proposals cannot be debated, much less applied, and alternative methods must be found to reduce production costs.² The Memorandum's main proposals are three:

a) Emigration. While certain union leaders, notably Bevin, were keen on developing the Empire and on Empire Settlement, the movement as a whole was still somewhat suspicious of the idea. For many it was redolent of Nineteenth Century notions of a 'cure' for pauperism. However, the Employers' Memorandum opines that "emigration is one of the real lasting remedies for unemployment",³ and that whatever other measures are brought to bear against unemployment, "Empire Settlement should be pushed ahead as vigorously as possible".⁴ This view was attacked by Milne-Bailey in a critique of the Memorandum which he prepared. Emigration could provide only marginal relief to the unemployment problem, both because of the type of worker suffering from unemployment, and because of the attitude of the Dominions.⁵ Milne-Bailey's criticism was well-founded,⁶ but in the Joint Report emigration was to be stressed quite strongly which suggests that his doubts were not entirely shared by the union leaders.

The employers were also responsible for the suggestion that a prospective emigrant be permitted to capitalise the value of his expectations to unemployment and health insurance. This was intended to remove a disincentive to emigration, as well as providing a lump sum to facilitate the emigrant's first months in his new home. This

1 Copies of the Memorandum in T.U.C. Files: I35.03 and 262.2I. Hereafter cited as Employers' Memo.

2 Employers' Memo., pp.54-5.

3 Ibid., p.58.

4 Ibid., p.30.

5 Ind. Conf.24a, Unemployment: Employers' Memorandum: General Criticism and Detailed Notes. Copies in T.U.C. Files: I35.03 and 262.2I.

6 See below, pp.24I-25I, for detailed consideration of the prospects of migration, and trade union attitudes towards migration proposals.

4 The only previous extended discussion of the Unemployment Report I have found is in Dante Rosenthal, La Paix Industrielle et le Mouvement Trade-Unioniste contemporain en Grande-Bretagne, Presses Universitaires de France, Paris, 1931, pp.224-253.

5 Bevin, op. cit., p.3.

idea was included in the Joint Report,¹ along with an emigration scheme. For the unions this implied two compromises. Firstly, the capitalisation of rights under the Health and Unemployment Insurance schemes implied a fairly rigid acceptance of the 'Insurance principle'. Secondly, as Bevin admitted, "a comprehensive scheme of emigration" was "in opposition to the Labour Party policy a bit".² At this time, neither the unions nor the employers were pressing for the introduction of a scheme of regional development in the place of both internal and external migration. The employers claimed that in the mining areas creation of new industries was all but impossible, and that, if anything, these areas were already over-industrialised.³

b) A Fiscal and Monetary Policy more sympathetic to Industry. The Memorandum is not explicit about the sort of changes it would like to see, although the drift of its argument is clear. It lists the general results of the Government's financial policy:

"The promotion of industrial unrest, the diminution of the value of real wages, the restriction of exports, the increase of imports, the increase of taxation..."⁴

However, it should be noted that the document focuses upon what it calls "over-rapid deflation", which is a criticism of pace, but not of direction.

c) The Mond Scheme. As described above,⁵ some eighteen pages of the Memorandum are accounted for by the Mond Scheme. This was the one real remedy put forward by the employers, yet it was a non-starter so far as the T.U.C. was concerned. The emphasis placed upon the Mond Scheme was short-sighted, although its author can scarcely be blamed for this, given the history of the proposals and the views of the T.U.C. The concentration upon subsidising

1 Conference on Industrial Reorganisation and Industrial Relations, Interim Joint Report on Unemployment, 1929, p.12. (Hereafter referred to as Unemployment Report).

2 Bevin, op. cit., p.8.

3 Employers' Memo, p.32.

4 Ibid., p.42.

5 Above, pp.61-2.

employment was ill-conceived, and prevented the employers in their Memorandum from seeking other remedies, even in the form of palliatives. Perhaps as a result, the impetus passed to the union side of the Conference.

Milne-Bailey criticised the employers' apparent concentration upon piecemeal and temporary measure when a more fundamental approach was required. What was needed was an attack on the basic causes of unemployment. His argument was for the most intensive rationalisation of British industry:

"Industry has to compete and therefore it must be raised to the highest level of efficiency....Capital must be 'deflated', plant and technique must be modernised, organisation must replace chaos, large units must replace small units, science must supercede 'rule of thumb'. Only by these means can we see any real future for British industry".¹

One of the few measures proposed by the employers and praised by Milne-Bailey was that for a Labour Obsolescence Fund (this was more euphemistically termed a Labour Reserve Fund in the Interim Joint Report) - in effect, a scheme for redundancy payments for the victims of rationalisation.

Neither side were very confident of the usefulness of Government departments allocating their orders counter-cyclically. The employers claimed that with "goodwill" some regularisation of the trade cycle could be achieved.² In his critique, Milne-Bailey doubted that more could be achieved than was already being undertaken.³

¹ Ind. Conf.24a, loc. cit. Milne-Bailey is deserving of some biographical acknowledgement given his role in drafting most of the T.U.C.'s economic statements in the years from 1927-1935. As Secretary of the T.U.C. Research and Economic Departments between 1926 and 1935, Milne-Bailey's major concerns were industrial efficiency, and the involvement of the trade unions in national and international life. Earlier, as Research Officer with the U.P.W. between 1920 and 1922, he had embraced Guild Socialism. In later years he rejected the notion of Workers' Control, but sustained a pluralistic attack upon the sovereignty of the State. Milne-Bailey was a Cambridge graduate, and later completed a doctorate at the University of London. He died, aged 44 in December 1935. An obituary notice is in the Daily Herald, December 13th 1935.

² Employers' Memo, p.92.

³ Ind. Conf.24a, loc. cit.

The Interim Joint Report on Unemployment divides its recommendations into what are termed 'Special Measures for Immediate Adoption', and 'Main Remedies'. The main remedies are rationalisation and monetary policy.

a) Rationalisation.

It is argued that rationalisation should be pressed forward as rapidly as possible. Fears were held about what was considered as the short-run effect on unemployment, and it is suggested that changes be introduced gradually.¹ The emphasis upon Displacement Funds also shows an awareness of the immediate employment consequences. Bevin wanted the question of displacement "reduced to a science",² and he argued that if only people could be tided over the period of reconstruction then they could wipe out the opposition to new processes.³ Citrine echoed this view:

"..the crux of the whole problem was reorganisation. If they could provide for changes in processes, instead of throwing men on the scrap-heap, they would have no opposition from the labour standpoint".⁴

The question of displacement funds was to occupy the T.U.C. on several occasions over the next ten years.⁵

In stating the case for rationalisation, the Joint Report emphasises the important consultative status of the trade unions, and the fact that measures to safeguard the workforce should proceed apace with the measures leading to redundancies.⁶ Nevertheless, the welcome given to rationalisation has led one critic to argue that the Mond-Turner talks resulted in a pact under which the unions promised not to obstruct rationalisation, and the employers in their turn, promised not to reduce wages. This is argued to

1 Unemployment Report, p.16.

2 Detailed Minutes of 13th Joint Meeting, November 11th 1928, T.U.C. File: 262.22

3 Ibid.

4 Precis of discussion of 14th Joint Meeting, November 22nd 1928, T.U.C. File: 262.22.

5 See below, pp. 154-5.

6 Unemployment Report, p.14.

have been a compact against the consumer (because rationalisation reduced competition), and against the unemployed (because rationalisation implied a shedding of labour).¹ The trade union commitment to rationalisation has also been taken as the major gain for the employers by a number of writers.²

However, in several important respects these views are misleading. Pollard's supposed bargain, for example, is based upon the premise that in the absence of such a trade the employers would have mounted an offensive on wages. However, no evidence has been cited in favour of this belief. On the contrary, the Employers' memorandum explicitly rejected such an attack long before any 'bargain' had been struck. It is true that if wages were not to be reduced then improved efficiency was the only way of reducing labour costs. But the unions had already reached this conclusion for themselves. Agreement on the question of rationalisation was possible because the unions were already its advocates, not its opponents. In the 1920's at least, opposition to rationalisation was a feature more common to the attitudes of employers than of trade unions.³ That opposition which was to be found on the labour side could be bought off by establishing redundancy funds, since the provision of benefits was crucial. But, on the whole, the T.U.C. side of the Mond-Turner talks did not need to be persuaded of the case for rationalisation, nor did the employers gain such a grand victory.

b) Monetary Policy. The second 'main remedy' is said to be monetary policy, although contradictorily the Report contents itself with just two paragraphs on the subject, recalling the statement previously issued on 'The Gold Reserve and its Relation to Industry'. This had called for an inquiry into currency and banking policy, and the demand that the "policy pursued by the Treasury and the Bank of England ought in future to be framed in such a way that the

¹ Pollard, op. cit., p.106.

² Cassirer, op. cit., p.129; Rosenthal, op. cit., p.214.

³ See below, pp.145, 148.

special interests of industry are safeguarded and furthered".¹ The call for an enquiry had been suggested by Snowden, on the grounds of the subject's highly technical nature, and the fact that experts disagreed in their prescriptions.² Graham had also counselled that it "would be safer at this stage for Labour representatives not to tie themselves to precise detail",³

Snowden's and Graham's advice appears to have been heeded, and MacDonald's later establishment of the Macmillan Committee may be related to the call for an enquiry. However, given the views of both Mond and the unions regarding the failings of that policy applied during the 1920's, this section on monetary policy is somewhat lacking in punch. Nevertheless, this emergence of a joint view represents, as Pollard has written, "an attempt by the main victims to combine forces against the Treasury and the City which had done them such grievous harm".⁴ The convergence of views that they had "been badly treated by the banking world", was later used by the T.U.C. itself as evidencing the existence of an "industrial point of view".⁵

It had been intended to leave a full examination of more fundamental remedies for unemployment to a later report, and material was gathered with this in view. However, in the event, this task was never undertaken.

V

Among the 'special measures' recommended were the re-introduction of more liberal Trade Facilities,⁶ the establishment of a Development Fund to finance large national schemes,⁷ and inducements to retirement

1 Unemployment Report, p.13.

2 Snowden to Milne-Bailey, March 26th 1928, T.U.C. File: 262.9I.

3 Graham to Milne-Bailey, March 26th 1928, T.U.C. File: 262.9I.

4 Pollard, op. cit., p.106.

5 T.U.C. Annual Report, 1932, 'The Public Control and Regulation of Industry and Trade', p.216.

6 Trade Facilities were a scheme of industrial assistance by means of loan guarantees, designed to relieve unemployment and promote reorganisation. Shipbuilding had benefited most from the scheme. Calls for its re-introduction were to be repeated by the unions in regard to areas affected by disarmament in the early 1930's. See below, pp.282-6.

7 Unemployment Report, p.9.

by means of more favourable allowances. The age at which retired workers would become entitled to these allowances was set at 65, on grounds, according to Bevin, of increasing longevity. Reducing this age to 60 would be, "cutting away the livelihood of some of our people who have the health, virility and desire to carry on the job".¹ However, since this is exactly the effect of unemployment, a more persuasive argument was presumably that of cost. Four years later, Bevin included an optional pension scheme at 60 among his proposals to release some 600,000 jobs to younger and fitter men.²

The Joint Report also recommends "serious consideration" to be given to the raising of the school-leaving age.³ This represented another compromise by the union side, not least because the age suggested in the Joint Report was 15, whereas the policy of the Labour Party, at least in theory, proposed 16 as the desired target age. Bevin argued that the choice of 15 had been determined in the knowledge of working-class opposition to raising the leaving age any higher.⁴ But contradictorily, despite the failure of the 1929-31 Labour Government to honour its pledge to raise the school-leaving age, Bevin again suggested 16 as the appropriate age in his 1933 proposals.⁵

As mentioned above, the Joint Report also includes favourable references to emigration. Pressure had perhaps come from the employers, but Bevin in particular was receptive, believing that migration, like displacement, "should be reduced to a science".⁶ He was, as he frankly admitted, "one of those people...who believe that Australia and Canada should be built up by Britishers".⁷ Ben Turner, on the other hand, thought that measures to increase internal migration would prove cheaper than emigration.⁸ The notion of internal migration was

1 Bevin, op. cit., p.5.

2 Ernest Bevin, My Plan for 2,000,000 Workless, Published by The New Clarion, London, 1933, pp.10-11.

3 Unemployment Report, p.16.

4 Bevin, Statement... op. cit., p.3.

5 Bevin, My Plan... op. cit., pp.15-16. For the fate of the Trevelyan Education Bills under Macdonald's second Ministry, see Brian Simon, The Politics of Educational Reform, 1920-1940, Lawrence and Wishart, London, 1974, pp.153-167.

included in short section of the Report on the Mining Industry. (Early drafts entitled this section 'Derelict Mining Areas', but this was presumably considered too pessimistic). The cure was seen as taking the unemployed workers to capital, and not capital to the workers. The Report admits that certain mining areas simply had insufficient work to occupy their population, and while relief measures should be accelerated, the Government should also press ahead with transference schemes.¹ The Development Fund (see below) was certainly not viewed as a mechanism for intensive regional development.

In addition to the Mond Scheme, two subjects which were discussed but excluded from the Joint Report were safeguarding and the problems associated with over-capitalisation. Early drafts had included a section on safeguarding, but restricting comment to^a call for an enquiry on the effect of tariffs on employment.² At the same time, the draft noted that, "A further undesirable development of the post-war period has been the growth of customs regulations and similar barriers", and it was this passage which was included in the Report, although with the deletion of the word 'undesirable'.³ The two passages were in some contradiction with one another, but the reason for the omission of a section on tariffs was purely the result of political calculations, although had there been an attempt to go beyond the call for an enquiry no doubt further objections would have arisen.⁴ It was Thomas, who was not personally averse to tariffs, who argued that with a General Election in prospect at which safeguarding would be a major issue it would be embarrassing for either side to have reached any conclusions on the matter.⁵

¹ Unemployment Report, p.12.

² These drafts in T.U.C. File: 262.23.

³ Unemployment Report, p.6.

⁴ For T.U.C. attitudes on tariffs, see below, pp.214-232.

⁵ Detailed Minutes of 15th Joint Meeting, December 6th 1928, T.U.C. File: 262.22.

⁶ Precis of discussion of 14th Joint Meeting, November 22nd 1928, T.U.C. File: 262.22.

⁷ Bevin, Statement..., op. cit., p.8.

⁸ Precis of discussion of 14th Joint Meeting. T.U.C. File: 262.22.

And, for the employers - for whom the potential embarrassment was just as great - Mond agreed that tariffs were better left alone.¹

Over-capitalisation was discussed at the 16th Joint Meeting, but the union side were rebuffed by Ashfield and Mond. The Report contents itself with the observation that the subject should receive further discussion.² Other sections which were deleted from the Report referred to a call for an enquiry into the costs of rail transport, and for the re-adjustment of working hours.

On the question of a State Development Fund, and in the references to public works schemes, the Report is perhaps intentionally vague. No figures are mentioned, although Thorne had suggested that "our side should strike out and make a bold declaration about the development scheme. We might suggest that nothing less than £100,000,000, either by loan or taxation, should be raised."³ The fact that The Observer had called for a fund of £200 million encouraged Thorne in the belief that a development fund had a firm basis.⁴ Bevin was more certain; he later claimed that the Fund "reverses the whole financial policy of this country".⁵

In the field of public works, the Report calls for an extension of work schemes, listing roads, canals, bridges, tunnels, harbours, and drainage schemes as possible candidates.⁶ However, these are neither costed, nor are suggestions made concerning their financing. The Report lends support to Export Credits,⁷ and calls for a Crown Colonies Development Fund, the idea being that development schemes in the colonies would draw forth considerable expenditures on British capital equipment.⁸ There is also a reference to the "first-class

1 Detailed Minutes of 15th Joint Meeting, T.U.C. File: 262.22.

2 Unemployment Report, p.15.

3 Thorne to Citrine, January 5th 1929, T.U.C. File: 262.2.

4 The Observer, January 6th 1929; Thorne to Citrine, January 7th 1929, T.U.C. File: 262.2.

5 Bevin, Statement..., op. cit., p.10.

6 Unemployment Report, p.15.

7 Ibid. This was another scheme of industrial assistance - this one to help exporters by insuring their credit risks. The scheme only really expanded after 1930, and even then the trade covered remained small relative to total exports. Derek H. Aldcroft, 'The Early History and Development of Export Credit Insurance in Great Britain, 1919-1939', The Manchester School of Economic and Social Studies, XXX, I, January 1962.

importance" of trade with Russia.¹ Finally, the Joint Report proposes the unification of the various funds embracing Health Insurance, Pensions, Unemployment Insurance, and the Poor Law.² This implied national responsibility for the maintenance of the workless, and it is interesting that the employers were willing to concur with the need for an amalgamated service. However, they were not willing to agree with the trade union demand that the income limit for unemployment benefit be raised to £500. Raising the income limit, while it could be defended on grounds of equity, was really a method of improving the finances of the Fund, since contributions would be increased without greatly raising the demands on the Fund's resources. The Joint Group also discussed the inclusion of agricultural workers within an unemployment insurance scheme, but without agreement being reached. A special scheme for agriculture was finally established in 1936.³

VI

By a strange coincidence, the Mond-Turner Unemployment Report was published in the same week in March 1929 as the Final Report of the Balfour Committee, and Lloyd George's We Can Conquer Unemployment.⁴ The Balfour Committee had been set up by Macdonald in 1924, and this Final Report was the last in a series of seven. Lloyd George's proposals derived from those first aired in The Nation, and from the famous 'Yellow Book', Britain's Industrial Future (1928).

Comparing the remarks of the Balfour Committee with the Mond-Turner Report, The Economist was driven to attack what it called the former's "largely negative attitude", while praising the "courage and imagination" of the Mond-Turner signatories.⁵ Not surprisingly, the New Statesman

1 Unemployment Report, p.15.

2 Ibid., pp.9-10.

3 For Unemployment benefits, see below, Chapter 10.

4 Cmd. 3282, op. cit., We Can Conquer Unemployment: Mr Lloyd George's Pledge, 1929.

5 The Economist, March 16th 1929.

8 Unemployment Report, p.15.

went further, accusing the Balfour Committee of meeting "every positive proposal with a douche of cold water".¹ However, in comparison with Lloyd George, Tillett could recommend the Mond-Turner package on the grounds that although "it does not say the problem cannot be solved", at the same time, "It does not make extravagant promises".² The official Labour reply to Lloyd George refers to his scheme as a "stunt", criticises its "MADCAP FINANCE", and forecasts "THE DELUGE" after two years.³ However, somewhat contradictorily, it also claims that his proposals were but a "grotesque caricature of a single part of the Labour plan".⁴ On the basis of his record, Labour argued that Lloyd George could not be trusted to carry through his proposals - a prophesy substantiated perhaps by the Liberal about-turn on economic policy in 1930.

The Times, which on the whole welcomed the Balfour Report, found the Liberal programme "vainglorious" and "tendentious". At the same time it praised what it considered to be the trade unions' hopeful view of capitalism and their broad approach to the sources of employment.⁵ The Communist Labour Monthly agreed that the Mond-Turner Report took an optimistic view of capitalism. This was not surprising, it claimed, it was "a document of capitalist policy without a vestige of socialism or remote relation to socialism...a document of the most brutal and ruthless capitalist and imperialist policy".⁶

There is considerable temptation to represent the Mond-Turner Unemployment Report as a middle path between the Balfour Committee's insistence upon the principle of laissez-faire, and Lloyd George's faith in an immediate programme of State initiative and development.⁷

1 New Statesman, March 23rd 1929.

2 Notes for speech to Cambridge Union prepared by Milne-Bailey, T.U.C. File: 262.24

3 How to Conquer Unemployment: Labour's Reply to Lloyd George, 1929, pp.8, 9, 13.

4 Ibid., p.9.

5 The Times, March 13th 1929.

6 The Labour Monthly, April 1929.

7 It may be mentioned that seven members of the Balfour Committee appended a Minority Memorandum to the Report, which summarised Labour Party policy. For reasons perhaps best clear to themselves, five of these dissentients, including J.T. Brownlie of the A.E.U., also signed the Majority Report.

The Mond-Turner Report shares with Balfour an emphasis upon rationalisation, and with the Liberals in outlining a constructive and necessary role for the State, although without the specific commitments adumbrated by Lloyd George. In the field of industrial relations too, the proposals for a National Industrial Council compare with the Liberals' Ministry of Industry with subordinate Council proposed in the 'Yellow Book', and the Balfour Committee's rejection of the case for any such body.

As a programme, and in making the crucial break from the belief in State impotence, the Mond-Turner Report has far more in common with Lloyd George than with Balfour. It is after all not unusual for a Party with no chance of gaining power to make the most extreme promises. The Mond-Turner programme, on the other hand, was both a compromise and an interim report - although no work on the follow-up was undertaken - and was designed as "practical proposals which can be immediately applied".¹ Its three strands of policy included palliatives (reducing the size of the workforce), modernisation (to win back foreign markets), and State development. "[I]ndustry is sick and....the State must come to the rescue", commented the Daily Herald,² and this commitment to State action was what Mond-Turner shared with the Liberals.

However, one must be careful not to over-state the similarities between the two programmes. Quite clearly, the Mond-Turner Unemployment Report was not a watered-down version of We Can Conquer Unemployment. In particular, in their emphasis upon the need for rationalisation, the unions and employers interpreted unemployment as a structural problem much more than did the Liberals. Moreover, it need not be further stressed that in both scale and emphasis the two programmes ^{or} diverge widely.

With the publication of the proposals of Mond-Turner and Lloyd George

1 The Industrial Review, Vol.III, No.3, March 1929. This was one of the T.U.C.'s own publications.

2 Daily Herald, March 13th 1929.

the powerful Interdepartmental Committee on Unemployment, chaired by Sir Warren Fisher, was reconstituted to report on their respective analyses.¹ The Committee's Report summarises departmental criticisms of both the Mond-Turner programme and the plans of the Liberals.² The particular criticisms need not concern us here, but broadly the view was held throughout Whitehall that the Mond-Turner Report was the sounder and more practical set of proposals. However, this belief derived mainly from the conclusion that the Mond-Turner schemes were essentially 'industrial', and hence that the demands they made upon the State were limited. For the Government, the significance of Mond-Turner rested in the mutual commitment to industrial co-operation rather than to the joint recommendations on national economic issues. Insofar as they trespassed into the province of the State the joint proposals were politically irrelevant. What impressed the Government was the very fact that they had been made at all.

VII

A few words must be added regarding the place of the Mond-Turner Report in the development of trade union policy on unemployment in the 1920's and 1930's. Certainly, the Report does not represent a breakthrough into the world of deficit finance. However, in its emphasis upon a domestic solution, and upon the reorganisation of British industry, there is nevertheless some breach from the past. Furthermore, the Report is the first coherent programme for dealing with unemployment since that produced in 1921.³

On public works the Report is less than formidable,⁴ but while a Development Fund was not exactly new to Labour policy, the scale envisaged for suitable projects does represent a progression beyond the Party's Prevention of Unemployment Bill. However, it must be remembered that the labour movement had never been wont to play

¹ Fisher was Permanent Secretary to the Treasury, and in that capacity, Head of the Civil Service.

² P.R.O., CAB 24/203 C.P.104. The attack on Lloyd George was ultimately published as a white paper, Memoranda on Certain Proposals Relating to Unemployment, Cmd.3331, 1929.

³ Unemployment: A Labour Policy, see above, p.40.

⁴ Bevin, Statement..., op. cit., makes no mention of the public works proposals, presumably signifying that they did not form a fundamental part of the agreed programme.

down the role of the State, and it is rather the commitment to rationalisation which marks a turning-point in trade union policy, not the emphasis on State action. It was thus a longer-term policy for British Industry, and one which envisaged (albeit with 'safeguards') an increase in the number of workless, at least in the short-run.

The Unemployment Report is then a moderate document, although with a closer cousin in the radicalism of Lloyd George than the conservatism of the Balfour Committee.^I In its concentration upon palliatives it disappointed Milne-Bailey, but its major significance is in its concentration upon the need for re-organisation - for which he had been pressing. There were compromises on both sides, and, in as much as it places blame for the unemployment problem, it is upon the Government and the City. A subject like over-capitalisation which appeared to apportion blame upon the employers was all but excluded from the Report. No mention is made anywhere of wages - but the T.U.C. side could rightly regard its absence as signifying employer acceptance of the High Wage Policy. Other controversial topics like tariffs or public works were either deleted from the Report, or diminished in importance.

The crucial question is the extent to which the Report might have differed had it been produced solely from the union side of the Conference. And, in the concentration upon modernisation, and in the critique of monetary policy, the answer is probably very little. In part, this was because questions like ownership were deliberately excluded from the talks, although the ease with which 'political' topics like nationalisation were differentiated from 'industrial' topics is itself instructive. On the other hand, this is not to say that the T.U.C. did not have to compromise in the drafting of the Report. Areas in which compromises were made

^I But note Bevin's remarks to the 1930 Party Conference, in which he criticises candidates who had forgotten their Socialism at the 1929 Election, and had run after Lloyd George with his "'cure-all-in-one-year' patent medicine". Labour Party Annual Conference Report, 1930, p.198.

have been outlined above. However, in expressing the desire to rationalise British industry, and in demanding a more reflationary monetary policy, the T.U.C. was in accord with Mond and his group of progressive employers. In seeking an industrial consensus, both sides were also, if temporarily, distancing themselves from Whitehall and from the politicians.

VIII

The Conference on Industrial Reorganisation and Industrial relations was not officially wound up until December 1930 when a short Final Report was issued summarising the proceedings. However, to all intents and purposes, the Conference closed with the publication of the Unemployment Report. The F.B.I. and N.C.E.O. had declared themselves unable to accept the Interim Joint Report issued in July 1928 in regard to the establishment of a National Industrial Council and conciliation boards. Instead of ratifying the Mond-Turner recommendations, the two employers' bodies invited the General Council to a conference to explain their reasons for rejecting the proposals, and to discuss the possibility of joint activity continuing in some form. This was, in part at least, a tactical manoeuvre, since the employers did not wish to experience the public outcry which would have resulted from outright rejection. But it was nearly ten months later, in December 1929, when agreement was finally reached on a formula for further joint discussions. It was at this time that the unions took the decision that no additional benefit would result from a continuation of talks with the Mond Group. The T.U.C. wrote to Mond suggesting termination on April 25th 1930 and Mond replied, assenting, three days later.^I It was in fact over a year since the last joint meeting.

The letter in which the F.B.I. and N.C.E.O. invited the General Council to discuss future bi-lateral arrangements illustrates the manner in which the majority of employers regarded the Mond-Turner
I Correspondence in T.U.C. File: 262.017.

Conference. They had been minded, they wrote, "...of the importance of doing everything in their power to further the promotion of industrial peace in British Industry..."¹ The T.U.C. case that improvements in industrial relations were a by-product of greater prosperity and of greater union participation in the control of industry was not shared by the F.B.I. and the N.C.E.O. Employers, probably including many of the members of the Mond Group,² had regarded the Mond-Turner talks as concerned in the main with some variety of Peace in Industry. This conception of the talks was also shared by the majority of the press.

In rejecting the recommendations of the Interim Joint Report, the employers argued that it was the constitutional division of responsibilities between the F.B.I. and N.C.E.O. which had been the pitfall. The Federation of British Industries (which consisted in 1929 of some 160 Trade Associations and some 2,422 individual firms) concerned itself with commercial and economic problems. The National Confederation of Employers' Organisations meanwhile (consisting of 38 Employers' Organisations) was concerned solely with labour questions. This distinction baffled the T.U.C. Milne-Bailey described it as "artificial and futile",³ and Bevin said he could see no way of distinguishing a commercial problem from those which would affect labour.⁴

While the employers had not invented the differences in tasks undertaken by the F.B.I. and N.C.E.O., the explanation of their rejection of Mond-Turner is more complex. It has already been remarked that in taking up Hicks's call for joint discussions the Mond Group demonstrated that they were the more progressive employers.⁵ They

1 Letter dated February 13th 1929, T.U.C. File: 262·016, reprinted in T.U.C. Annual Report, 1929, pp.203-4.

2 It must be recalled that of the 24 signatories to Mond's original letter, only eight actually took part in the detailed discussions. In the first instance, Mond had invited no less than 39 employers to join him in his approach.

3 Memorandum on the Employers' Letter, March 11th 1929, T.U.C. File: 262·016.

4 T.U.C., F.B.I., N.C.E.O., Conference, April 23rd 1929, verbatim transcript in T.U.C. File: 262·016. In The Record, February 1929, Bevin claimed that he had expected the employers' rejection of the Mond-Turner Interim Report.

5 However, Mond would not commit I.C.I. to any of the recommendations of the talks. Mond's attitude to industrial relations was essentially that of the benign paternalist, and there was little unionisation in I.C.I. factories.

favoured the rationalisation of industry into larger units, and they believed that this process would be greatly facilitated by trade union support, or at the very least, by the absence of trade union opposition. Yet, ironically, rationalisation had perhaps as many adherents among the trade union leadership as among the generality of employers. Moreover, there appears to have been some distrust of Mond at a personal level. These factors, plus a distaste for trade unionism coupled with a political belief in the privileges of ownership combined to defeat the Mond-Turner proposals.

The employers disliked the resolution on union recognition, together with the implication that trade unions possessed a right to be consulted over rationalisation.¹ The strongest opponents of Mondism on both sides of industry came from engineering. The E.E.F. argued that the post-Mond-Turner discussion of rationalisation² was an invasion of managerial prerogatives.³ In addition, trade union involvement in areas outside pure labour questions would necessitate a greater flow of information from the bosses - something they were unwilling to permit. Both individual unions and employers were jealous of their autonomy, and opposed central direction. Employers also disliked the fact that the T.U.C. had gained a new lease of life after the General Strike. They would accept discussions on an industry not a national basis.⁴

In the wake of Mond-Turner, the T.U.C. did hold talks with the F.B.I. and the N.C.E.O., on a variety of issues, fairly successfully with the former, in a desultory manner with the latter.⁵ However, these petered out as both sides of industry lost interest, and because of

¹ Gospel, thesis, *op. cit.*, pp.333-9.

² See below, pp.149-152.

³ Eric Wigham, The Power to Manage: A History of the Engineering Employers' Federation, Macmillan, London, 1973, pp.131-3.

⁴ P.R.O., T 172/1642, views of Forbes Watson.

⁵ During 1930, the T.U.C. and F.B.I. discussed 'Finance and Industry' which led to similar evidence being presented to the Macmillan Committee, and 'Imperial Preference' on which a joint memorandum was presented to Macdonald at the time of the Imperial Conference. During 1931 discussions were held on the film industry and the Film Quota Act, and in 1932 a further joint statement was made before the Ottawa Conference. With the N.C.E.O., the T.U.C. held some discussions on 'Rationalisation and Displacement' during 1930 and 1931. For further references to these joint discussions, see below, pp.149-152, 227, 231.

disagreements over the 1931 crisis. As a result, the unions began to concentrate their attention and consolidate their hold within the Labour Party.

IX

On the T.U.C. side, the Mond-Turner proceedings were dominated by Bevin in the joint committee, and by Milne-Bailey in preparing the various memoranda and reports. Milne-Bailey was even part of an informal group, including Laski and Lawney, which met to discuss the matters before the Conference.¹ On the employers' side, Mond was the driving force throughout, and his death in 1930 removed the most able proponent of the Industrial Peace lobby. The talks doubtless fulfilled an educative process for those who took part, and they may have done something to improve the personal relations at the top of industry.² Beyond that, however, it is difficult to conclude other than that the consequences of the talks were disappointing. Industrial relations as a whole were not affected by the fact of the Conference, and the rather sterile aftermath demonstrates that most employers simply saw no need for consultation with the T.U.C.

Even rationalisation, which has been highlighted as the most important feature of the talks, while it may have gained some publicity,³ was not accelerated and continued to meet entrenched opposition from both workers and employers. Furthermore, in the slump of the early 1930's, the Conference recommendations proved to be of no matter to the W.C.E.O. in its call for wage reductions and support for retrenchment. In addition, it is a facile task to run through both of the Mond-Turner ^{recommendations} ~~Reports~~ to discover that few of them found favour from either major Party, or found their way onto the Statute Book. Macdonald is said to have welcomed the Unemployment Report as a propaganda weapon,⁴ but he made little attempt to legislate along its lines on becoming Prime Minister. Indeed Bevin criticised this

I I have discovered no other reference to this group, which appears to have met in Laski's room at the London School of Economics. There are one or two letters relating to the group in the T.U.C. correspondence files.

2 Macdonald and Gospel, op. cit., p.828.

3 Ibid.

4 Daily Herald, March 14th 1929.

failure at the 1930 Congress, charging that the Report's recommendations would have done far more for the unemployed than all the schemes which the Government had produced.¹ With neither employers, nor the Government, did the specific recommendations of the Mond-Turner Reports have a lasting impact.²

So far as the unions were concerned, G.D.H. Cole summarised the results of the Conference in the following terms:

"..especially since the downfall of the second Labour Government in 1931, official Trade Unionism has acted largely in the spirit of Sir Alfred Mond's proposals. It has endeavoured, not to challenge capitalism, but to make terms with it; and it has regarded as its worst enemies, not the employers, but those Trade Unionists who have endeavoured to recall it to a more militant policy".³

But this emphasis - behaving "like the model boy in a charity school", was how the New Statesman described it⁴ - while it was no doubt signified by the Mond discussions, did not result from them. The conflict with Communism pre-dated Mond-Turner; the downturn in industrial militancy (from whenever it is dated) may be better explained without reference to the talks. A decade of depression, taken with the object lesson of 1926, had succeeded in de-radicalising the immediate aspirations of the unions. Thus, in this sense at least, while 'Mondism' became the banner of Trade Unionism, the actual Conference was something of an irrelevance.

As a policy statement, the Mond-Turner Unemployment Report marks two important aspects of trade union thinking. It pledges union

1 T.U.C. Annual Report, 1930, p.283.

2 Mond-Turner's advocacy of colonial development was welcomed by the Colonial Office in its battles with the Treasury. P.S. Gupta, Imperialism and the and the British Labour Movement, 1914-1964, Macmillan, London, 1975, p.85. In addition, the proposal to raise the school-leaving age had some impact upon the Labour Party, although - as noted above - without ultimate legislative success.

3 G.D.H. Cole with the collaboration of thirty Trade Union leaders and other experts, British Trade Unionism Today, 2nd. ed., Methuen, London, 1945, pp.76-77.

4 New Statesman, June 29th 1929.

support for rationalisation, and signifies a growing distrust of Government monetary policy. These subjects are considered in detail in subsequent chapters. Of the remaining recommendations, that on migration was particularly misplaced,^I but those on pensions, schooling, and Government spending are progressive, if un-costed. The Unemployment Report is neither exclusively an 'industrial' nor a 'political' programme. It is testimony to the increased sophistication of T.U.C. thinking, and to its political moderation. The proposals are essentially optimistic about the prospects of recovery. They combine a commitment to increased efficiency through rationalisation with a call for the easing of monetary restraint, measures to reduce the size of the workforce with an emphasis upon useful State expenditure. The problem with the Unemployment Report was not that its proposals could have done nothing to reduce unemployment - on the contrary, many of them appear sensible and well-judged - but rather that few outside the T.U.C. took them seriously. While the unions were committed to Mond-Turner as a genuine attempt to find solutions to economic and industrial problems, all other parties regarded the talks more narrowly as an exercise in industrial partnership, marking which the unions would abandon the strike weapon. As a result, the impact of the Unemployment Report was never significant.

I See below, pp.24I-25I.

Chapter 5.

RATIONALISATION AND UNEMPLOYMENT: THE ATTITUDE OF THE T.U.C.

The aim of this chapter is to trace T.U.C. attitudes to rationalisation - a policy to which had been given firm support in the Mond-Turner Unemployment Report. It is argued that the trade unions favoured rationalisation because it appeared to offer a safeguard to wages, but that this support waned as the consequences of it for unemployment became clear, and as the economy moved into cyclical decline in the early 1930's.

Section I summarises the argument, while Section II defines rationalisation in terms of 'scientific management', concentration of market power, and the modernisation of techniques and products. The concepts of 'progressive' and 'defensive' rationalisation are introduced. Section III discusses both trade union support for, and opposition to rationalisation. It is established that the trade unions were firmer advocates than were the employers.

Section IV describes the fears expressed on the subject of redundancies, talks on the subject between the T.U.C. and the N.C.E.O., and Bevin's criticisms of Government policy. The development of compensation agreements for redundancy is assessed. Section V analyses in more detail Bevin's changing stance on rationalisation, and discusses the memorandum he prepared for the Economic Advisory Council. The T.U.C.'s own investigation of rationalisation, which was carried out at the request of the E.A.C., is the subject of Section VI.

The remaining sections are as follows. Section VII analyses the relationship between Unemployment Insurance and rationalisation. Section VIII discusses the progress of rationalisation in coal-mining, cotton, and iron and steel. Section IX summarises the development of T.U.C. thinking on rationalisation, and final conclusions are reached in Section X.

I

Rationalisation suffered from having no generally accepted definition.¹ Yet, one may discern three strands which should be included under the general heading: scientific management, increased concentration of production, and the intensive use of science and technology. In Britain, the need to improve industrial efficiency had been strongly emphasised after 1918, and concentration had increased during the 1920's. Rationalisation was an attempt to accelerate existing trends in industry, an attempt to reduce unit costs given that money wages were sticky downwards.

In this chapter it will be argued that the T.U.C. actively supported rationalisation as an employment policy in the 1920's, but that this enthusiasm cooled markedly in the 1930's, as unemployment soared. It will be suggested that the T.U.C. failed to appreciate (a failure shared by the 1929-31 Labour Government), that as a long-term policy, rationalisation had to be combined with short-term schemes for the immediate relief of unemployment. In the short-term anyway, rationalisation created more redundancies than vacancies. The unions' endorsement owed something to the doctrinal similarities between rationalisation and socialism, but was more crucially determined by the wages argument. The case for rationalisation pointed out The Economist, was simply that it was the way to reduce costs given that trade unions preferred to accept one million unemployed than have wage standards lowered.² This was the logic which also impelled the T.U.C.³

II

The first element in rationalisation was 'scientific management',

¹ See for example the various definitions in L. Urwick, The Meaning of Rationalisation, Nisbet and Co., London, 1929, pp.154-6.

² The Economist, October 12th 1929, 'The Case for Rationalisation'.

³ A brief account of the effect of the level of wages on rationalisation is in The Social Aspects of Rationalisation, International Labour Office Studies and Reports, ser. B., No.18, Geneva, 1931, pp.212-215. It was argued within the Board of Trade that relative factor prices in the U.K. compared with the Continent would lead to a greater degree of labour-saving equipment in the U.K. P.R.O., CAB 27/390 DU(29)58, Notes on the Direct Effects of Accelerated Rationalisation upon the volume of employment in Manufacturing Industries.

by which was meant such methods as Taylorism,¹ And the Bedaux System,² the professionalisation of management, and industrial psychology. These systems and methods were largely peripheral to the U.K., and only the Bedaux System attracted much attention from the T.U.C. An investigation of the system took place during Autumn 1932, and the resulting report outlined six possible lines of opposition:³

- a) On grounds of health and safety.
- b) Because of the complexities of the calculations involved.
- c) Because the system was not truly 'scientific'.
- d) Because its introduction was costly, and might lead to a deterioration in industrial relations.
- e) Because its introduction might actually reduce efficiency and reduce wages.
- f) Because increases in output per head might lead to displacement of labour.

It is apparent that several of these points are in contradiction with one another, but the whole tenor of the T.U.C. report is conciliatory. While unions would not accept "unlimited speeding-up", nevertheless the Bedaux System appeared capable of modification, especially in the division of rewards between direct and indirect labour.⁴ The essential prelude to the introduction of the system was consultation with the trade unions, and this should continue during the operation of the scheme.

However, trade union consultation was not always very positive. Of the 13 unions who admitted some experience of the Bedaux System,

1 F.W. Taylor (1856-1915). The initiator of 'scientific management' in America before the Great War.

2 C.E. Bedaux (1887-1944). Fréch-born U.S. 'efficiency engineer'. The Bedaux System was in essence a work-study method leading to a formula for piece-rates.

3 Bedaux: The T.U.C. examines the Bedaux System of Payment by Results, 1933. The report was in fact written by Milne-Bailey (letter from Sir Vincent Tewson, February 19th 1979), and it illustrates his commitment to scientific management.

4 Ibid., p.16. Describing the results of a number of strikes against the system, Clegg notes that they were ended by a modification of earnings in the workers' favour. H.A. Clegg, General Union: A Study of the National Union of General and Municipal Workers, Basil Blackwell, Oxford, 1954, p.266.

five had successfully resisted attempts at its introduction.¹ On the Company's own estimate, the Bedaux System covered just 50,000 workers in 30 undertakings.² The T.U.C.'s compromising approach to Bedaux - which annoyed the Scottish T.U.C.³ - is no doubt partly explained by the small proportion of British industry which it covered. In addition, to condemn Bedaux outright would have created problems for those unions which had already agreed to some form of the system. Nevertheless, it was a brave and surprising report, since as Milne-Bailey himself admitted, wherever the system was introduced it seemed to arouse the opposition of the workers.⁴

The report on Bedaux demonstrates that 'scientific management' was acceptable to the T.U.C. so long as it did not result in the crude translation of the original ideas into forms of 'speed-up'. The intensification of labour had to be kept in check, and this implied continued union consultation. At a different level, however, union acceptance of 'scientific management' is more surprising. At a time when British unions were intent upon broadening their spheres of influence, 'scientific management' tends to presuppose an increase in the powers of the employers. It was, however, open to the unions to argue that to be truly 'scientific', management had to bring labour into its confidence.

The second element in rationalisation was the movement towards the formation of trusts and cartels, and the concentration of market power in the hands of a few firms. This movement may be traced to before World War One,⁵ although support for these enterprises only became widespread after 1914. Clearly, any definition of rationalisation must include the tendency towards

1 Bedaux: The T.U.C. examines...., op. cit., p.3.

2 Ibid., p.7.

3 Letter of May 23rd 1933, T.U.C. File: II2.I. Nominally, it had been a joint enquiry between the Scottish and British T.U.C.

4 Letter of December 15th 1931, T.U.C. File: II2.I.

5 See for example, George R. Carter, The Tendency towards Industrial Combination, Constable, London, 1913.

centralisation, towards the disappearance of the inefficient concern, and towards the standardisation of price and design. But the view that the growth of trusts was synonymous with rationalisation was not one that was shared by the T.U.C. Milne-Bailey criticised as "very limited" the view that rationalisation meant nothing more than the creation of combines.¹

The third tendency in rationalisation, and the one upon which the T.U.C. laid most emphasis, was the introduction of new techniques, processes, and products, and the thorough modernisation of an increasingly obsolete British industrial superstructure. Writing in July 1928, Citrine suggested that rationalisation represented, "mere commonsense and science applied to the organisation, standardisation, and simplification of the processes of producing and distributing wealth", adding that it was "no more 'capitalistic' than the multiplication table".² Implicit in this aspect of rationalisation is a model of a high-technology, high-output economy, and this idealised form may be labeled 'progressive rationalisation'. On the other hand, in the short-term, the T.U.C. lent its support and indeed canvassed for output-fixing, as in the 1930 Coal Mines Act. This latter form of control on market mechanisms may be labeled 'defensive rationalisation'. It will become apparent that when the unions began to express disquiet with the results of rationalisation in the 1930's, this was focused upon the redundancies which resulted from the introduction of labour-saving machinery, rather than upon any diseconomies which may have resulted from price and output fixing.

Implicit in the case for rationalisation was the argument that the diseconomies resulting from the exercise of market power were

1 R.30246, March 1st 1930, in T.U.C. File: 575. Milne-Bailey was criticising the views of D.H. Macgregor, with whom he had debated the question at an Oxford Conference, apparently suggested by G.D.H. Cole. For Macgregor's views, see his 'Rationalisation in Industry', Economic Journal, XXXVII, 1927.

2 The Industrial Review, July 1928. For a critical view, see 'The Fruits of Mondism', The Labour Monthly, August 1928. "How absurd it is to suggest that rationalisation is simply a scientific organisation of production in the interests of all classes....rationalisation will proceed according to the laws of capitalism and not according to the ideals of the General Council".

balanced by the cost-reducing economies of scale permitted by large enterprises. Moreover, the application of scientific techniques was presumed to necessitate large-scale enterprises because of the costs of Research and Development, and the scale of the necessary investment. However, more recent writers have concentrated upon the size of individual factories as the crucial factor in economies of scale, not corporate size. Furthermore, they take a more critical view of the innovatory record of large enterprises.^I

What the three original components of rationalisation - encapsulated in the concept of 'progressive rationalisation' - have in common is the desire to reduce unit labour costs by means of increased productivity. As an employment policy, this subsumed the view that the elasticities were such that price falls led to increased demand and a consequent improvement to employment. Super-imposed was the belief that industrial concentration formed the prerequisite of industrial expansion. All-in-all, this may be represented as part of a philosophic attack upon individualistic capitalism, resulting from its apparent failure to equate productive capacity and purchasing power. Nevertheless, there remained the contradiction between trustification - meaning the control or reduction of output - and the intensive application of science and technology, which implied an expansion of productive capacity. It is by no means clear that the T.U.C. appreciated this logical dilemma. Rather, its support for rationalisation was sufficiently broad to encompass both aspects.

III

The T.U.C. view on rationalisation in October 1927 (that is, before the commencement of the Mond-Turner Conference) can be

I "...when one examines the historical and cross-sectional relationship between large size and efficiency, the supposed positive correlation between the two is often weak or lacking altogether". Leslie Hannah, 'Managerial Innovation and the Rise of the Large Scale Company in Inter-War Britain', Economic History Review, XXVII, 1974, p.253. The most extensive modern account of the inter-war demand for rationalisation is the chapter 'The rationalisation movement', in Hannah's book, The Rise of the Corporate Economy, Methuen, London, 1976, pp.29-44.

established from a reply drafted by Milne-Bailey to an I.F.T.U. circular. He admitted that as a slogan rationalisation had made little headway, and emphasised British labour's concern with safeguards, the provision of "adequate" unemployment benefits, and the movement for the reduction of hours. Nevertheless, the unions had stressed the case for "more up to date organisation and technical equipment in industry", and they believed that "closer organisation" was needed in the coal, cotton, iron and steel, and other heavy industries. So far as the formation of cartels was concerned, the T.U.C. "had been compelled to complain of the slowness of the employers".¹

Thus, one can argue that the Mond-Turner talks did not so much represent an attempt by Mond to win over the unions to rationalisation with promises of consultation and of a truce on wages. Rather, they were an attempt by supporters of such a policy on both sides of industry to win over hard core opponents among both trade unionists and employers. The contribution made by the labour movement is illustrated by the claim that:

"..in the coal-mining, cotton textile and wool textile industries, as well as in iron and steel, the urge towards rationalisation has been stronger on the Trade Union side than it is among employers".²

In their evidence to Macmillan, the T.U.C. had argued that the process of reorganisation of the basic trades should be undertaken as fast as possible.³ And, in June 1929, Milne-Bailey had criticised the failure of the Board of Trade to encourage rationalisation, particularly with regard to standardisation and the elimination of waste.⁴ Concerning the late 1920's, it is simply inaccurate to suggest that trade unionists were greatly suspicious of the process of rationalisation.⁵ Rather, the second

1 I.F.T.U. Circular, October 5th 1927; T.U.C. reply, October 18th 1927, T.U.C. File: 56I.

2 Article on rationalisation in Labour Year Book, 1930, p.130.

3 Committee on Industry and Trade, Minutes of Evidence, Vol.II, p.323.

4 P.R.O., BF 70/23/S 1217.

5 A suggestion made by Skidelsky, op. cit., p.110.

Labour Government's own commitment to rationalisation - as an employment policy - had grown out of the interest shown by the T.U.C. It may be considered that the common denominator was J.H. Thomas.

However, trade union support of rationalisation was at least partially a function of a belief in its inevitability. It was commonly argued that since rationalisation was coming whether the unions liked it or not, it was unions' duty to attempt to exercise some control over it in the interests of the workers. There was no point in acting as latter-day Luddites - responsible trade unionism implied working with prevailing industrial tendencies, but ensuring that the consequences were beneficial to the workers.¹

Dissenters from this general view found their leadership in A.J. Cook. Cook was from the first concerned with the impact of rationalisation upon unemployment. The inevitable consequence of rationalisation would be to multiply the numbers of unemployed, and this was bound to have an effect upon wages.² But Cook's opposition also took a highly political form: "if successful", he wrote, rationalisation "simply means saving industry for the capitalists".³ He alone among the General Council seems to have taken the view that the impending collapse of capitalism was to be welcomed, and that socialism could only be built on the ruins of that system. Support for rationalisation was evidence of political gradualism, since the alternative would be to rejoice at capitalism's fall, not to attempt to ensure its prolongation.

Cook was not the sole union critic of rationalisation in the 1920's, however. It has been suggested previously that the A.E.U.

1 Among many examples: Daily Herald, January 1st 1929 (Tillett), January 21st 1929 (Thomas), July 26th 1929 (Bevin). T.U.C. Annual Report, 1928, p.432 (Clynes); ibid., 1929, p.65 (Tillett), ibid., 1931, p.330 (Hromley). Lansbury also argued that Labour could not act as Luddites, but subject to the caveat, "Rationalisation by all means, but rationalisation under public control and for the public good". Labour Party Annual Conference Report, 1928, p.153.

2 A.J. Cook, Mond's Manacles - The Destruction of Trade Unionism, Workers' Publications, London, 1928, p.12.

3 A.J. Cook, 'The Issues before the Swansea T.U.C.' Labour Monthly, September 1928.

was concerned with its effects upon the craft status of engineering workers.¹ Hicks came out in opposition ostensibly because he felt that the capitalists could not rationalise. "The capitalist system...is a most irrational system", he wrote,² but Hicks too was concerned with the impact upon skilled men.³ A more straightforward case was argued by Dukes. Rationalisation was to be welcomed or opposed on its division of benefits. If the workers gained the benefits, then Dukes had no opposition to make.⁴

By the early 1930's, the unions were linking rationalisation with calls for greater State involvement in the economy as a whole, and with the separate conception of economic planning.⁵ As Urwick had perceptively foretold, there were close doctrinal similarities between rationalisation and the aims of organised labour.⁶ Rationalisation implied a rejection of Nineteenth Century notions of a self-regulating economy, and an attack upon economic individualism. In an editorial, the Daily Herald explained that:

"So far from there being a fundamental conflict between the ideas of rationalisation and nationalisation the two concepts are inter-related. Rightly regarded, rationalisation under private ownership is a paving of the way towards nationalisation".⁷

Furthermore, Labour had long complained of the inefficiency of capitalism. The main contention of The Waste Of Capitalism, for example, had been that it was capitalism and the capitalists who were responsible for inefficient methods of production. This statement criticises employers for their opposition to labour-saving machinery,

1 Above p. 113. Letter from A.E.U. to Citrine, May 4th 1931, T.U.C. File: 575-II.

2 Daily Herald, August 21st 1928.

3 T.U.C. Annual Report, 1928, p.428.

4 Ibid., 1929, p.424.

5 Exemplified, once again, in the evidence to Macmillan, which combines rationalisation with the call for a 'public service' attitude in industry. Industry should be re-organised - which included and implied the establishment of public corporations. But rationalisation should be approached as a planned process. T.U.C. Annual Report, 1931, pp.279-280.

6 Urwick, op. cit., p.149. See also Hannah, Rise of the Corporate Economy, op. cit., p.36.

7 Daily Herald, September 7th 1929.

affirming that this was not the policy of Labour.¹ Moreover, the notion that the re-organisation of industry could provide the only lasting cure for unemployment had been voiced by Snowden among others.²

This philosophic attack upon individualism may partly explain the employers' antagonism towards rationalisation. In general, they proved far more sceptical of its claims than did the union leaders.³ But there were more practical reasons too - inefficient producers had no desire to be taken over by a combine, and as Blank points out:

"The fate of the F.B.I. was closely tied to the existing structure of industry in Britain....though the F.B.I. could give its support in theory to rationalisation, any actual rationalising measures would have torn its membership apart".⁴

Florence suggested four major reasons why most businessmen remained opposed to rationalisation.⁵ They preferred power over their own small works to sharing power in a large concern. They enjoyed the practice of competition. They liked owning property. And they had the "feudal" objective of passing on their own business to their family. This does not exhaust the possibilities. If the restrictions placed upon the coal industry were an example of 'defensive rationalisation', for instance, then the owners of the more efficient pits would rightly regard themselves as having been punished by Government interference.

IV

In addition to linking rationalisation with more general State involvement in the economy, by the 1930's the unions were also

1 Labour Party and T.U.C., The Waste of Capitalism, 1924, p.94.

2 182 H.C. Deb. 5.s. c.702, March 26th 1925.

3 Urwick, op. cit., p.149. For a view critical of British labour's lack of interest in rationalisation, albeit admitting that, "the miners are keener advocates...than most of their employers", see 'Rationalisation and Labour', The Commercial, September 8th 1927, pp.263-4.

4 S. Blank, Industry and Government in Britain: The Federation of British Industries in Politics 1945-65, Saxon House, Farnborough, 1973, p.29.

5 In A.C. Pigou (Ch.), 'Problems of Rationalisation' (Discussion), Economic Journal, XXXX, 1930, p.365.

exhibiting an increasing concern with the effects of rationalisation upon the displacement of labour. This was perhaps not surprising given the increase in unemployment occurring between 1929 and 1932, although the degree to which rationalisation played a part in this seems likely to have been small. Nevertheless, it was increasingly felt that rationalisation was being pushed through without regard to the safeguards implied by the Geneva Conference and by the Mond-Turner Report. A House of Commons motion seconded by Arthur Hayday welcomed rationalisation but concluded that in the interests of equity, compensation should be paid to workers as well as to shareholders.¹ Hayday, in his speech, had referred to the Mond-Turner recommendation of a labour reserve fund.² It is intended to discuss this concern with displacement in three aspects. Firstly, discussions between the T.U.C. and N.C.E.O. in 1930-31. Secondly, Bevin's memorandum on the subject for the Economic Advisory Council. Finally, an extensive enquiry held by the T.U.C. at the request of the Rationalisation Committee of the E.A.C.

The decision to discuss displacement of labour due to rationalisation with the N.C.E.O. was taken by the T.U.C. in May 1930.³ The discussions were to form part of the new scheme of bi-lateral consultation established after the employers' rejection of the Mond-Turner Report. In their letter of invitation, the trade unionists claim, "...we have done what we could to encourage the reorganisation of British industry, but we are faced with the grave problem of the displacement of labour resulting from these changes".⁴ In July, the N.C.E.O. agreed to a meeting on the subject of displacement, and this was held in November - the first of only two such encounters.⁵ The T.U.C. outlined the three

1 244 H.C. Deb. 5.s. cc.947-1000, November 5th 1930. The House was ill-attended for this debate, however,

2 *Ibid.*, c.959. Note that the heads for this speech had been prepared by Milne-Bailey (T.U.C. File: 575).

3 T.U.C., Economic Committee Minutes, May 2nd 1930; General Council Minutes, May 28th 1930.

4 Letter of May 30th 1930, T.U.C. File: 575-I.

5 Minutes in T.U.C. File: 263-14, meeting of November 4th 1930.



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areas they wished to have considered; union consultation over future rationalisation schemes, the possibility of industry carrying surplus workers to prevent loss of skill and morale,¹ and a review of the Unemployment Insurance scheme to determine if it could not be better designed to keep people in employment. Citrine suggested that a small joint committee should be established to go into these subjects in detail, but the employers demurred and both sides agreed to a continuation of their present arrangements.

The second meeting between the two bodies took place a full six months later, on May 19th 1931. Citrine reported that the G.C. representatives, "had not regarded the attitude of the Confederation as satisfactory", and had put two specific questions to them to be answered at a further meeting.² These questions were:

- a) Did the Confederation agree that safeguards were necessary?
- b) Were they prepared to collaborate with the T.U.C. in arranging such safeguards?

As stated above, no further joint meeting was arranged, and it seems likely that the T.U.C. received no reply at all to its questions. For the employers there was simply no compulsion to negotiate with the T.U.C. on these matters.

It may be argued that at the time of these meetings with the N.C.E.O., the T.U.C. was not disabused of the whole notion of rationalisation, but was rather expressing disquiet at the short-term effects. Citrine had told the Economic Advisory Council, for example, that he could see no prospect of rationalisation alleviating the burden on the U.I. Fund during the following two years.³ The difficulty for the unions was to sell a long-term policy to their members. This point is illustrated by reference

¹ The idea being that the surplus workers would be brought back into 'economic use' once rationalisation had led to a recovery in an industry's performance. This was admitted to be impossible in mining. Econ. C. 2/1, Displacement of Labour due to Rationalisation: Summary of points for First Meeting, October 16th 1930, T.U.C. File: 575.I.

² T.U.C., General Council Minutes, May 20th 1931.

³ P.R.O., CAB 58/2, E.A.C. 10th Meeting, December 11th 1930.

to the minutes of the second meeting with the employers:

"Members of the General Council side pointed out that it was impossible for individual workers actually affected to take the long views required by the orthodox theory, and Mr. Citrine asked the Confederation to bear in mind the difficulties of the General Council in recommending to the workers a long-term policy unless the short-term interests of those affected were safeguarded".¹

At this juncture, the T.U.C. ~~was~~ ^{is} still wedded to rationalisation, but are seeking ways of protecting the workers' short-term interests. However, there is a concern about the type of rationalisation taking place, and about what was viewed as the Government's exclusive faith in it as an employment policy.

It would be misleading to judge the Confederation's lack of response solely in terms of the subject under consideration. It had never, in any case, shown great enthusiasm for consultation with the unions. However, in so much as it does explain the employers' behaviour, it is worth repeating that the majority of firms were either not interested in rationalisation, or did not consider it as a matter upon which discussions with representatives of the workforce were legitimate. As a result, they were unlikely to evidence concern with the unemployment which may have resulted from rationalisation schemes. This ^{lack of} ~~dis~~interest could only have been heightened by the knowledge that the establishment of displacement funds, as recommended by Mond-Turner, would have proved expensive - indeed an additional expenditure to employer contributions to the State Unemployment Fund. On meeting the T.U.C., one N.C.E.O. representative, Arthur Dorman, was minded to argue that since the aim of rationalisation was to reduce costs, the Confederation side could not see how displacement could result from the process anyway.²

¹ Minutes of Joint Meeting, May 19th 1931, T.U.C. File: 263.I4.

² Ibid.

T.U.C. discomfiture at the progress and effects of rationalisation was an implicit criticism of their former colleague, J.H. Thomas. As overlord of unemployment policy, Thomas was the most vocal supporter of the rationalisation process. In his view, employment could only be safeguarded if industry was profitable, and industry could only be made profitable by the reconstruction and reorganisation of industrial units. The only alternative to rationalisation would be industrial decay. For while Thomas admitted that the Government's policy would be criticised, especially regarding the closure of plants and factories:

"Rationalisation was...the only means by which they could face the world position".¹

Thus, while "in that inevitable process rationalisation meant masses of our people being thrown out of employment",² Thomas affirmed to the Cabinet that in the long-term he believed it to be in the best interests of employment.³

By the Autumn of 1930, Bevin had become increasingly sceptical of rationalisation as a response to unemployment. In a letter to MacDonald, he stated that the Transport Workers' Executive were "profoundly dissatisfied" with the Government's "long range" policy:

"..they cannot see how a policy of rationalisation of itself can even minimise unemployment....rationalisation as a 'Long range' policy of the Labour Government must...fail as a solution to the problem of unemployment".⁴

What was required was the public ownership of the basic industries, the raising of the school-leaving age, and the provision of retirement pensions at 65. Thomas described Bevin's proposals as

¹ Addressing N.U.R. Conference; quoted in The Times, July 6th 1929.

² Ibid.

³ P.R.O., CAB 24/213 C.P.227, The Attitude of the Government to Industrial Reorganisation, July 3rd 1930.

⁴ Bevin to MacDonald, August 27th 1930; P.R.O., MacDonald Papers, PRO 30/69/1/461.

"impossible", and Macdonald promised a private word with Bevin, claiming deceptively that "the only things we are up against are details".¹

The T.U.C. concern with redundancies resulted from the irony that while rationalisation was widely proclaimed as a remedy for unemployment - not least in the Mond-Turner Unemployment Report - it was at the same time responsible for the creation of unemployment afresh. At the 1930 Labour Party Conference, a motion was carried expressing concern at the "displacement of old and faithful employees" by rationalisation, and calling for compensation for the workers made redundant.² During the debate, Tillett went so far as to describe rationalisation as "the greatest factor making for unemployment", saying that it would "crucify the workers", and referring to its "terrible inevitability".³

On the question of redundancy payments or compensation agreements, it may be noted that these were reached in the gas and electricity industries, and an agreement covering the railways had been included in the 1921 Railways Act. Indeed, an agreement covering civil and local government dated back to the Nineteenth Century. However, on the whole, employers were either unwilling or unable to subscribe to compensation schemes,⁴ and those agreements which were reached were scarcely generous in their terms.⁵ During the years before World War Two, Labour unsuccessfully introduced a series of Employment (Compensation) Bills into the House of Commons.

The notion of special compensation for the victims of rationalisation underwent several changes in T.U.C. policy during

1 Thomas to Macdonald, September 26th 1930; Macdonald to Bevin, September 29th 1930. P.R.O., Macdonald Papers, PRO 30/69/I/461.

2 Labour Party Annual Conference Report, 1930, pp.222-225. An almost identical resolution was passed by the T.U.C. (T.U.C. Annual Report, 1930, p.334).

3 Labour Party Annual Conference Report, 1930, p.224.

4 A conclusion based on replies by T.U.C.-affiliated unions to T.U.C. Circular 37, December 18th 1936, T.U.C. File: 575.I.

5 The Gas Industry Agreement, signed April 29th 1930, guaranteed two weeks pay for each year of service to those aged over 50, one-and-a-half weeks to those aged between 45 and 50, and one week to those under 45.

the 1930's. After their abortive discussions with the N.C.E.O., The Economic Committee concluded that special compensation was not possible in the manner demanded by the 1930 resolutions referred to above. It was difficult to see how unemployment due to rationalisation could be singled out, even if rationalisation could be satisfactorily defined. It would be difficult to defend special compensation agreements as fair if they were paid by the State.¹ On the other hand, if compensation was private, the position was that those firms needing reorganisation the most were just those least able to afford to pay compensation.² These conclusions said the T.U.C. made it all the more necessary to ensure the maintenance of current levels of Unemployment Insurance benefits.

Thus in 1931, the T.U.C. decided that it was not possible to differentiate between workers dismissed on account of rationalisation, and those made unemployed by any other factor. And it remained the view of the T.U.C. that general legislation covering the whole of industry was not practicable. However, by 1935 the Economic Committee argued that in addition to adequate State benefits for all unemployed workers, unions should attempt to secure industry-wide legislation which guaranteed compensation like that covering the gas and electricity supply industries.³ And the following year, the Committee called on unions to attempt to secure compensation for those made redundant in the course of all amalgamations and mergers.⁴

v

Bevin's concern with the redundancies resulting from rationalisation schemes is illustrated by the memorandum he prepared on the subject for the Economic Advisory Council.⁵ However, on

I Although compensation is effectively underwritten by the State today in such industries as steelmaking and shipbuilding.

2 T.U.C., Economic Committee Minutes, April 15th 1931; T.U.C. Annual Report, 1931, pp.218-220.

3 T.U.C. Economic Committee Minutes, March 7th 1935.

4 T.U.C. Economic Committee Minutes, December 2nd 1936.

5 Bevin first drew the Council's attention to the problem at its fourth meeting. P.R.O., CAB/58/2, E.A.C. Minutes of fourth meeting, May 8th 1930.

presentation of the memorandum at the Council's sixth meeting in July 1930, Bevin was told by Macdonald that the question was being studied by Bondfield and Attlee, and that as a result the question could not be dealt with by the E.A.C. But despite the fact that it was never discussed by the E.A.C. in the way Bevin intended, the memorandum provides an interesting insight into his attitude towards rationalisation some eighteen months or so after the issue of the Mond-Turner Unemployment Report. An extract from the memorandum illustrates Bevin's conception of rationalisation and demonstrates his second thoughts on the process - second thoughts which were to result in the strongly critical letter to Macdonald a few months later, referred to above.

"Behind all this idea of re-organisation appears to be the conception that, by the cheapening of production, the concentration of labour, and the introduction of scientific methods, wealth will be provided in such vast quantities that it will cause the creation of new industries; and therefore, the total volume of people employed as a result of the new outlets will more than compensate for those displaced. I think, however, it well to remind ourselves that this intensification is going on all over the world without any corresponding expanse (sic) of consumptive power. Further, it is as well to remember that unless there is a shortening of the hours of labour, raising of the school-leaving age, pensioning, an increase of purchasing power, and the creation of demand by adding to leisure, new outlets in other industries cannot be provided".^I

Thus, an important part of Bevin's argument concerns a breakthrough of a structural type, the basis of which is rationalisation allied with moves to increase mass purchasing power. The third strand of his argument is a reallocation of 'leisure' from the unemployed to the young and the old, and to the workers through the medium I P.R.O., CAB 58/10 EAC(H)92, June 17th 1930. Italics added.

of reductions in working hours. This increase in leisure would also increase demand for new leisure industries. Later in his memorandum, Bevin writes of "the cheapening of production... ..allow[ing] the luxury or alternative industries to develop", although he casts doubt on the possibility of those men rendered technologically redundant in heavy industry ever finding employment in one of the new industries.

Bevin is saying that unemployment caused by rationalisation would prove permanent, hence the requirement for special displacement or redundancy funds. If modernisation of plant and machinery could provide long-term gains, there was still the problem of the implied inter-generational transfer. Even if rationalisation ensures gains for the future, Bevin argues, it is quite unfair to place the costs upon individual workers of the present generation. But aside from welfare considerations, there was of course the point that workers of the present generation would prove unwilling to accept the burdens placed upon them, and this in turn might prevent full rationalisation from taking place. As shown above, this was the argument that the T.U.C. had employed in their largely futile discussions with the N.C.E.O.

Bondfield's rather tersely worded reply to Bevin is based on the understanding that the case for treating the unemployment which resulted from rationalisation schemes by means of Unemployment Insurance would be much weakened if Bevin was correct in his assessment of its permanence.^I Her main argument, however, was the practical one that the liability falling upon a concern to provide redundancy pensions would prove too great a financial encumbrance. Faced with the conflicting claims of investors and workers, Bondfield argues that investors would be unwilling to

^I Bondfield's reply may be found at P.R.O., CAB 58/II EAC(H)110. The State scheme of Unemployment Insurance had been originally planned to meet temporary unemployment, and thus its use as a palliative to deal with displacement caused by rationalisation was suitable so long as that unemployment was considered as temporary.

subscribe to a rationalisation scheme if it included "dead capital" to provide pensions for those discharged. She was also able to argue that special schemes for those losing jobs through rationalisation were inequitable with regard to those made redundant because their firm went bankrupt through the operation of competition. This was a real problem of equity, although it may be doubted whether it provided the motivation of Bondfield's rejection of Bevin's arguments. However, despite the somewhat arbitrary division of the unemployed into those who gained from redundancy funds and those who did not, it must be remembered that it was the conscious and planned process of rationalisation to which the unions were being asked to lend their support. Bevin was making this support conditional upon the treatment of those being made redundant - perhaps for the remainder of their working lives. 'Consultation' at the factory level was one method by which compensation could be encouraged. But, as shown above, the unions came to realise the difficulties of drafting general legislation covering unemployment due to a particular cause. This, in its turn, placed the emphasis once again upon the State Unemployment Insurance scheme.

Later in 1930, Bevin proposed a resolution on rationalisation at the Nottingham T.U.C.¹ This referred to the "limited opportunities for reabsorption of displaced labour", arguing that displacement was occurring at a faster rate than the creation of "new industries and services". The resolution repeated the prescription of reduced working hours, unemployment compensation, and State pensions. The age at which a worker would become eligible for a pension was set at 65, but this was reduced to 60 - the figure included among the T.U.C.'s aims in its Standing Orders. However, Bevin pointed out with some prescience that no Chancellor was likely to enact retirement pensions at 60 within the near future.² The change in the wording of the resolution gave The Times cause to

1 T.U.C. Annual Report, 1930, pp.336-344.

2 Ibid., p.337.

comment bitterly upon a "wild day's work", and upon the "standing order of six years ago imprisoning the more accomodating spirit of today".¹ As well as seeking to reduce the workforce by limiting hours and by pensioning off older workers, Bevin was also apparently the originator of the similar idea that compulsory Holidays with Pay were another method of mopping up the unemployment which resulted from rationalisation.² Paid holidays were to be won for large groups of workers in the late 1930's.

The notion of the permanence of unemployment resulting from rationalisation was included in a resolution on working hours passed at the 1931 Labour Party Conference.³ And Bevin's own views appear to have gone into full reverse by 1934. Six years earlier he had been foremost in defence of the Mond-Turner talks, the Unemployment Report of which had unquestionably advocated rationalisation as an employment policy. Bevin himself had proclaimed:

"I do welcome rationalisation, and I make no apology for so doing".⁴

He had also argued that rationalisation was essential to the achievement of a satisfactory standard of living.⁵ Yet, by 1933, his proposals for reducing the unemployed totals were made in the light of his daily facing, "the horrible fact of machinery taking the place of human labour".⁶ The following year, the conversion was complete. Addressing the T.U.C., Bevin felt able to say:

"I have sometimes been accused of advocating rationalisation, but all I have ever done at this Congress has been to call attention to its inevitability. I wish, instead of abusing

1 The Times, September 5th 1930; September 8th 1930.

2 According to H. Elvin, T.U.C. Annual Report, 1931, p.333.

3 Labour Party Annual Conference Report, 1931, p.246.

4 T.U.C. Annual Report, 1928, p.451.

5 Bevin, Statement...., op. cit., p.11.

6 Bevin, My Plan...., op. cit., p.7.

us at that time, the Trade Union Movement had realised its implications, because it is a most disastrous thing".¹

Bevin's earlier enthusiasm for rationalisation had perhaps been fired by his visit to America in Autumn 1926 as part of an official delegation. The delegation's report praises horizontal trusts, arguing that their foundation had reduced unemployment and increased wages.² Whatever the case, if the trade union movement had failed to appreciate the implications of rationalisation, much of the blame rested with Bevin himself.

VI

The Economic Advisory Council Committee on the Problems of Rationalisation was established by Macdonald in August 1931, at the suggestion of Hubert Henderson.³ The Committee's brief was three-fold: to review the workings of large-scale industrial organisations and of rationalisation schemes; to suggest the optimum size of such units, optimum expenditure on labour-saving equipment, and the supply of managerial personnel; finally, to suggest general lessons which would be of value in future rationalisation schemes. Two months after its establishment, the Committee invited the T.U.C. to submit a memorandum, and this was drafted by the Economic Committee during January and February 1932.⁴

The memorandum on rationalisation which the T.U.C. submitted is of just eleven pages, although in addition there were four appendices: the statement on rationalisation adopted by Mond-Turner; an extract from the Mond-Turner Unemployment Report; the resolutions on rationalisation passed by the T.U.C. in 1929 and 1930; and, by far the most bulky, summaries of replies to a T.U.C. questionnaire dealing with a) The extent of adoption of rationalisation and labour-saving methods, b) The effects of the foregoing on labour.

¹ T.U.C. Annual Report, 1934, p.374, italics added.

² Report of the Delegation appointed to Study Industrial Conditions in Canada and the United States of America, Cmd.2833, 1927, p.5.

The memorandum offers no opinion upon the optimum size of rationalised units, nor upon the optimum expenditure on labour-saving equipment. These were matters said the T.U.C., in a surprising admission, that only those with the experience of running large industrial operations were competent to advise upon. Three very moderate recommendations are made on management:

- a) Ownership of capital should be no qualification for fitness to control large enterprises.
- b) There should be no class barriers to the attainment of managerial posts.
- c) Machinery should exist for consultation with representatives of the workforce.

This was a recipe for managerial capitalism, and analogies may perhaps be seen with the position Labour was taking up regarding the management of nationalised industries. The key was efficiency of management, the definition of which did, however, include consultation with the unions.

The remainder of the memorandum is concerned with what the unions understood as the aims of the rationalisation movement, and with the impact upon workers. Support for rationalisation was qualified by consideration of the consequences which issued for the workforce. Support could not be given to processes which had been introduced without reference to the workers' representatives. The memorandum reprints the resolution passed at the World Economic Conference in Geneva in 1927 (at which Arthur Pugh had been one of the workers' group), and suggests that the results envisaged in that resolution were "greater stability of employment, lower prices to the consumer, and the raising of the standard of life generally". Support for rationalisation followed only so long as those results were being achieved.

This may appear somewhat idealised, and cannot be read to

3 Howson and Winch, *op. cit.*, p.83. Among the members of the Committee were Beveridge, and C.T. Cramp of the Railwaymen.

4 Copies of this memorandum in T.U.C. Files: 575.I and 575.I2.

imply support for either market-rigging and/or monopoly power. But such practices were explicit in many definitions of rationalisation, and it has been argued above that to some extent anyway, the unions accepted a degree of monopoly power as either the result of, or the precondition for, the introduction of new techniques. The contradiction between monopoly and lower prices was one which the T.U.C. never really faced up to. And, it may be suggested, that this was a more profound contradiction than the belief (shared by the second Labour Government) that rationalisation formed a long-term employment policy, while in the short-run fostering quite the opposite phenomenon.

The T.U.C. document concludes by emphasising that economic planning was crucial to the notion of rationalisation:

"...piecemeal reorganisation is not enough....true rationalisation.

...involves the planning of industry over a wide area."

This was another area in which rationalisation could be represented as having much in common with the wider ideals of the labour movement, although planning - like rationalisation before it - transcended political barriers. The T.U.C. noted that until 1930 rationalisation had been left to the banks, and to individual industrialists. However, to ensure proper safeguards, and the proper division of the benefits, Government sponsorship and control were essential.¹

The unions' replies to the questionnaire on rationalisation sent out in January 1931 provide the views of the broader labour movement. Replies ranged from the small Musicians' Union who complained that the 'talkies' had led to the dismissal of cinema organists,² to the somewhat apologetic tone of A.J. Cook who remarked, "It is natural that our people should look at the immediate effects i.e., unemployment, rather than take a long

¹ For the 1931 debate on Planned Economic Development, see T.U.C. Annual Report, 1931, p.423.

² Letter of February 7th 1931, T.U.C. File: 575-II. At the 1929 Congress, this same union had failed to persuade the T.U.C. to oppose 'talkies', despite their argument that such films "resulted in considerable unemployment and degradation of art". T.U.C. Annual Report, 1929, pp.455-458.

view".¹ (What this last remark shows is that a split had developed between the miners, and their leaders who had long insisted upon the need for re-organisation). However, most of the replies are rather unsatisfactory, outlining general complaints about unemployment, short-time, etc., but few specific instances which had resulted directly from measures of rationalisation. On the positive side, the final appendix to the T.U.C. memorandum reported that the I.S.T.C. believed that employment had increased at certain plants, but it was not possible to estimate by how much.

For the N.U.R., Cramp admitted that he could give no estimate of the savings which had accrued to the companies through rationalisation. Of more interest is his list of changes illustrating the subjects which he at least considered to be part of the process of rationalisation. This includes both amalgamation of the companies and the closing of certain stations, (i.e. a concentration of market power), and the introduction of electric propulsion, a larger type of engine, and different methods of shunting, (i.e. technological progress).

From the A.E.U. came complaints that, "the practical elimination of skilled labour has been going on for some time", and that, "All the work formerly turned is now done on machines operated either by semi-skilled or unskilled men".² These complaints appear to substantiate Marquand's interpretation of the Engineers' opposition to Mond-Turner, referred to above. It is particularly illuminating that these District Organisers' reports emphasise the erosion of the skilled workers' monopoly. As the report to the Executive Committee of the A.E.U. notes, "their reports tend to overlook the other vital factors of rationalisation - the widespread amalgamations, the closing of redundant factories, the astonishing increase of output, etc. etc".³

¹ Cook to Citrine, March 23rd 1931, T.U.C. File: 575-II.

² These extracts are from a report on rationalisation made to the Executive of the A.E.U., and forwarded to the T.U.C. in May 1931. T.U.C. File: 575-II.

³ Ibid.

On the question of consultation, the unions reported a contradictory picture. Co-operation and consultation was necessary both to reduce the hardships resulting from rationalisation, and to ensure that workers retaining their employment received a share of the subsequent benefits. This has become the rationale of productivity schemes ever since. However, the unions were forced to admit that their consultations at the national level with the N.C.E.O. had proven a failure:

"So far, we are bound to say, these conversations have had no tangible result, and indeed we see little evidence on the part of organised employers of any strong desire to meet the reasonable demands of organised labour in this connection".¹

And, at the level of the individual employer, with the notable exception of certain progressive managements like that at Rowntrees, it may be suspected that the usual picture was that described by the North-East District of the General and Municipal Workers:

"..when the employers desired to introduce new methods they did so without consultation with the Unions on the ground that the subject was one of 'managerial function', though the Unions were brought in if questions of wages and conditions were involved".²

In part at least, 'consultation' took on something of a symbolic role. But, at the level of the individual factory, the unions were more concerned with how new machinery might be introduced without upsetting existing practices than with the strategic decisions regarding levels and types of investment. This view is supported by reference to that section of the T.U.C. memorandum which dealt with the optimum size and expenditure of rationalised units, discussed above. On the other hand, the creation of a National Industrial Council, as recommended by Mond-Turner,

¹ T.U.C. Memorandum to E.A.C.

² T.U.C. Memorandum, Appendix 4(b).

would have involved the unions in exactly these latter type of questions, as indeed they have been since the foundation of the N.E.D.C.^I In this connection, the problem for the unions then as now was the degree to which they could retain their independence while at the same time collaborating with the organs of industry and the State. It may be doubted that this problem has ever been satisfactorily solved.

However, at factory level, consultation could provide a medium to prevent 'speed-up', for the organisation of short-time, for the re-distribution of shifts, etc. The unions were naturally enough as concerned with the conditions of employment as with unemployment, although consultation could also be used to attempt to persuade a rationalised firm to carry a surplus of labour, in advance of increases in demand, perhaps financed by a labour reserve fund. But, given the prevailing attitudes of employers, it was perhaps unlikely that consultation could be expected to achieve these results.

Consultation could also be employed to press for special unemployment compensation, although as already noted, the number of such schemes in operation was very small. Since the Government would not finance any additional compensation for loss of employment, the unions were faced with the unpalatable fact that those industries most in need of re-organisation were just those industries least able to afford compensation schemes. Most obviously, they were not practicable in coalmining or cotton textiles.

VII

These difficulties with regard to compensation lead to a brief consideration of the relationship between rationalisation and the Unemployment Insurance scheme. As noted in the chapter on the Mond-Turner talks, the T.U.C. case was that although rationalisation was inevitable, its introduction and its success could be delayed

^I The National Economic Development Council differs from the proposed N.I.C. not least in that the Government forms a third party.

or made uneconomic by worker opposition.¹ This opposition could be mollified by the removal of the fears of hardship. In June 1931, at Citrine's request, Milne-Bailey prepared a five-page memorandum on rationalisation and Unemployment Insurance.² In this paper, Milne-Bailey argues that employers who claimed that industry could not provide redundancy funds ought logically to join with the T.U.C. in calling for more adequate provision under the State U.I. scheme. In fact, through the medium of the N.C.E.O., employers were calling for quite the opposite policy - for cuts in the rates of benefit of one-third. Milne-Bailey considered that these proposals were not only immoral, but foolish given the consequences which were likely to result:

"If adequate maintenance is not forthcoming from one source or the other the only result will be so to arouse the hostility of the workers to rationalisation that it will become impossible without intense friction to carry through the reorganisation of industry that is so urgently needed".³

In part, Milne-Bailey's memorandum merely voiced a clever debating point which could perhaps be used against the N.C.E.O., but the sentiments he expressed had a deeper significance. As the article in the Labour Year Book cited above remarked, the first line of defence against redundancies was a system of adequate unemployment benefits.⁴ This view was underlined by the rejection of a general compensation scheme by the T.U.C.'s own Economic Committee. Thus, the argument that U.I. was a necessary base for rationalisation provides a fresh insight and (an admittedly subsidiary) explanation of the T.U.C. defence of the level of benefits during the August 1931 crisis. This defence has been variously interpreted as resulting from selfish motives - because the system tended to

I Intuitively, it might be doubted that unions could prevent rationalisation schemes if they were really pushed by employers, but the employers themselves thought so, as did Steel-Maitland. This is an important explanation of the motives of the Mond Group of employers. Weir, for example, had faced the refusal of the building unions to mass produce steel homes. McDonald and Gospel, op. cit., p.812n.

2 R.31.559, June 2nd 1931, T.U.C. File: 575.I.

3 Ibid.

4 Labour Year Book, 1930, p.135.

bolster wage rates, from a sense of contrition - because they believed that higher wages were preferable to higher employment, and from a general opposition to benefit cuts as part of a deflationary package. It may be additionally suggested that this opposition resulted from a belief that if industry itself either could not or would not finance redundancy payments, then U.I. was necessary to sell rationalisation to union memberships. In order to experience the long-term benefits of rationalisation, it was necessary to make provision for the inevitable short-term hardships.¹

Support for rationalisation had always been dependent upon the right 'safeguards'. These included the protection of skilled workers, and preventing unjustified 'speed-up', but equally involved the provision of adequate maintenance for those losing their jobs. In these circumstances, an attack upon the standards of the unemployed represented an attack upon the whole process of modernising British industry. In a sense, however, the unions were victims of their own failure to formulate short-term unemployment measures. While in 1930-31 it was still believed that rationalisation was a long-term policy for industrial revival, the unions were insufficiently active in pressing for short-term measures to alleviate the unemployment inevitable under that process. Even Bevin's highly critical assessment of Government policy was deliberately kept secret from the press. Moreover, the concern with compensation and with benefits detracted attention from positive proposals to provide work not maintenance. Only Mosley wedded rationalisation and public works into a coherent attack upon the problems of British industry.² However, even Snowden appreciated some of the logic behind this two-pronged attack on unemployment.

¹ The motivation behind T.U.C. support of the U.I. scheme was of course complex, and is discussed in detail, below, pp.351-2.

² R. Skidelsky, Oswald Mosley, Macmillan, London, 1975, pp.196-7. However, Skidelsky suggests (p.214) that Mosley did not believe that rationalisation could permanently solve the problem as it was an attempt in his view to regain foreign markets, and it was fallacious to assume that the export trades could expand sufficiently.

Speaking at the first meeting of the Economic Advisory Council, he stated:

"..that he assumed that the object of the investigation... ..was to provide a larger volume of employment. The problem had two separate but interwoven aspects. Taking a long view, what was required was rationalisation and reduction in the cost of production. It was, however, also necessary to find means of providing work immediately".^I

But even though the Labour Government's policy went some way towards this approach, it was swamped by the rise in unemployment brought on by the world slump. And, although both public works and rationalisation figured in the T.U.C. programme, it cannot be said that in practice they were campaigning for this dual approach to industrial re-generation.

VIII

Earlier in this chapter, it was suggested that there was an internal contradiction between two of the prime components of rationalisation, that is, between cartel arrangements and the desire for improved efficiency. This contradiction became embodied in statute in the form of the 1930 Coal Mines Act, under which the measures favouring re-organisation were to a large extent vitiated by quota restriction which tended to protect the relatively inefficient. It was also suggested that the mining industry of the 1930's exhibited what was labeled 'defensive rationalisation', a protection against the effects of competition. However, during the 1920's, the M.F.G.B. lent its support to what may be termed the 'progressive rationalisation' of the industry. This change of policy may illustrate the distinction between the two forms of rationalisation.

'Progressive rationalisation' in the mines involved both the concentration of ownership, and the closure of uneconomic pits. Both policies were supported by the Miners' Federation during the I.P.R.O., CAB 58/2, E.A.C. first meeting, February 17th 1930.

1920's; the first because it made the argument for nationalisation more insistent,¹ the second because it helped to raise the floor for miners' wages. As was shown earlier, whatever the other differences between the miners and the T.U.C. in 1926, both parties recognised that the contraction of the industry was both inevitable and desirable.² The Mining Industry Act of 1926 aimed at encouraging concentration in mining undertakings, although in the majority of cases such developments took place without resort to the Act.³ Rationalisation was especially relevant to the coalmining industry where marginal undertakings showed a surprising degree of resilience in the face of economic depression.

However, the problem for the M.F.G.B., as in all unions,⁴ was to sell the inevitability of rationalisation to the membership, especially to those made redundant in the very process. Opponents of the policy within the industry had a notable leader in Cook, who had like the rest of the union leadership been willing to pay the price of unemployment to prevent wage cuts in 1926. Cook was in fact to drop his opposition to rationalisation in the year or so before his death in 1931, partly because his general political stance had shifted to the right - although the extent of this can be overstated - and partly because of the different type of rationalisation then being applied to the mines.

The Coal Mines Act of 1930 introduced a system of quota restriction of output, a policy which the M.F.G.B., unlike the owners, continued to support during the 1930's.⁵ As well as restricting competition, this form of rationalisation forged a

1 This in turn prevented Baldwin's Government from experimenting with policy innovations. Kirby, op. cit., p.121.

2 See above, pp.76-7.

3 Report by the Board of Trade under s.12 on the working of Part I of the Act (Provision for Facilitating the Reorganisation of the Coal Mining Industry, Cmd.3214, 1928, p.2.

4 One proponent of rationalisation refers to the "violent prejudice" against it among miners on account of unemployment, despite "the insistent demand of their leaders for reorganisation". Walter Meakin, The New Industrial Revolution: A Study for the General Reader of Rationalisation and post-war Tendencies of Capitalism and Labour, Collanz, London, 1928, p.231.

5 See M.F.G.B., Memorandum on Part I of the Coal Mines Act 1930: The case for coal trade regulation, 1932.

barrier against efficiency. It meant a way of keeping pits open in uneconomic or geographically unfavourable areas of the country. The effect of the Act was thus to penalise the efficient, and to transfer the burden of unemployment in part from the unprofitable to the profitable areas.¹ The miners were to argue that the defects and abuses of the quota system would be remedied by public ownership; but even after nationalisation, differing geological conditions alone would ensure differences in efficiency.

Cotton, which during the 1930's replaced coalmining as Britain's most crisis-torn industry, was also the subject of 'defensive rationalisation'. In July 1929, a Daily Herald editorial was expressing the view that, "the solution of the cotton problem, as of the mining problem, lies in reorganisation, not in wage reduction or increased hours".² The fear of wage cuts provided an impetus to trade union support of rationalisation, just as the difficulty of imposing such cuts provided the spur to employers.³ To some degree it might be thought, the General Strike (which taught the lesson that the power of trade unions made an out-and-out attack on wages extremely costly in itself) encouraged the rationalisation movement. But on the union side, the fears remained.

During 1930, in evidence to the Economic Advisory Council's Committee on the Cotton Industry, the textile unions argued for vertical integration, expressing the view that "nothing but far-reaching rationalisation of the industry will place it in a position once more to compete effectively".⁴ Their commitment to rationalisation was not undermined by fears of displacement; their main concern was with the wages and conditions of those who retained their employment.⁵ Boothman suggested that support for

1 J.E. Williams, The Derbyshire Miners: A Study in Industrial and Social History, George Allen and Unwin, London, 1962, pp.560-1, 750-1.

2 Daily Herald, July 11th 1929.

3 B. Seebohm Rowntree, 'A Constructive Policy for Capitalism', Manchester Guardian Supplement, 'Industrial Relations', November 30th 1927.

4 P.R.O., GAB 58/133 CR(CI)23, Precis of Evidence, p.28.

5 Ibid., q.335 (Naismith). Some expressions of disquiet in regard to unemployment resulting from new machinery is expressed, however, in ibid., qq.429-453.

amalgamation was stronger on the union side than among employers.¹ At the 1934 T.U.C., Naismith of the Weavers made clear that reorganisation of the cotton industry under a Control Board was a means of reducing the likelihood of:

"...the possible effects on future wage rates by operatives (through fear of unemployment and the Means Test) lending themselves to the acceptance of employment at wages lower than the recognised agreements".²

The control of competition meant protection for wages; however, in cotton as in coal, the employers put up a stubborn resistance to centralisation and to Government control. Even by 1939, the cotton industry still suffered from over-capacity.

The Iron and Steel Trades Confederation was also strongly pro-reorganisation. It has been argued that the fact that rationalisation proceeded faster in iron and steel than in cotton reflected the greater union pressure in the former industry.³ What the I.S.T.C. lent its support to was not the "amalgamation of capitalist interests without plan or regard for the human factor",⁴ but the "conscious planning and organisation of the industry".⁵ Again, planning and rationalisation were linked. "The union favoured increased efficiency, but not at the expense of the workforce. It may be noted that while it is difficult to generalise about the performance of the iron and steel trades, the 1930's were a period of some success for the steel sector. Considerable advances were made in technology - although this only meant catching up with foreign competitors - and the industry achieved full capacity by 1937, actually increasing its share of the world market. Most of this was home-based growth, the industry deriving

1 P.R.O., CAB 58/133 CR(CT)23, q.382.

2 T.U.C. Annual Report, 1934, p.377. For the cotton unions' proposals for a Control Board with powers to enforce compulsory amalgamations, see Ibid., 1935, Appendix C., pp.467-470.

3 W.H. Janeway, 'The Economic Policy of the Second Labour Government, 1929-1931', University of Cambridge, unpublished Ph.D thesis, 1971, p.127.

4 Arthur Pugh, Men of Steel, by One of Them, I.S.T.C., London, 1951, p.454.

5 The Economist, May 23rd 1931.

benefit from the fall in sterling in 1931, and from protection, introduced in 1932.

IX

In addition to outlining two different types of rationalisation, the purpose of this chapter has been to trace the T.U.C.'s gradual disenchantment with rationalisation as an employment policy. It has been argued that at the time of the Mond-Turner talks the union movement was as willing as the Mond group of employers to lend support to 'progressive rationalisation'. In the Mond-Turner Unemployment Report, rationalisation comes very close to appearing as the key to future prosperity. However, as the slump of the early 1930's began to bite, the T.U.C. turned against rationalisation - not least because of its impact upon unemployment. The unemployment which resulted from rationalisation schemes was seen increasingly as a long-term consequence, not as a short-term adjustment. By the late 1930's, mining M.P.'s were actually opposing amalgamations on these grounds.¹ The M.F.G.B. had failed to convince the Coal Mines Reorganisation Commission of the need to exert its influence to ensure compensation schemes for men made redundant.²

On the more positive side, however, the concern with the effects of rationalisation on employment did give an additional impetus to long-standing labour policies, like those on pensions and hours. This was especially so with regard to calls for a reduction in working hours as a 'cure' for unemployment, a demand which was common to all labour movements.³ Questioned on this by the Macmillan Committee, Milne-Bailey said he would prefer to have double the workforce employed on half-time, than 50 per cent

¹ Kirby, op. cit., p.163.

² P.R.O., COAL 12/164, Edwards to Hurst, March 11th 1932. The Commission claimed that the question of compensation was outside their jurisdiction.

³ See above, pp.105-6. For evidence of the widespread demand for reduced hours as a response to unemployment, see I.L.O., op. cit., pp.154-6. On reduced hours as an integral part of the rationalisation process, see Pugh's reply to Committee on Finance and Industry, Minutes of Evidence, Vol. I, q.4625. Pugh states that rationalisation is inevitable, and would not be opposed by the unions, but that the resulting unemployment might be permanent.

employed full time and 50 per cent unemployed. He added, in a remark which was certainly uncharacteristic of prevailing trade union attitudes, the question of wages in these circumstances would depend upon the degree to which production was increased.¹ This preference for employment at the cost of wages was at variance with the policy of the rest of the movement.

Most commentators are agreed that rationalisation can be interpreted as having much which related to the wider aims of the labour movement. Mosley had summarised this argument in the phrase: "Socialism is not a device for the maintenance of obsolescent plant".² And the trade union leadership had no desire to be cast in the role of modern-day machine-breakers. However, in practice, the introduction of rationalisation involved the unions in collaboration with capitalism. Mond himself had expressed the view not that Industrial Peace was a prerequisite of rationalisation, but rather that both were symptomatic of a modern approach to industry.³ It may be argued that, certainly in the late 1920's, both were symptomatic of the trade union approach to industry, and that, in some sense, rationalisation had the longer lineage within the labour movement, although of course 'Industrial Peace' was not a new proposal.

Nevertheless, given the disenchantment expressed in the 1930's, it may be suggested that, to some degree, the T.U.C. had been seduced by the pervasive propaganda for rationalisation, and there appears to have been only a partial understanding of the processes involved. On the other hand, if such a seduction did occur, it is apparent that it was well under way before the Mond-Turner

1 Committee on Finance and Industry, Minutes of Evidence, Vol. I, qq.4640, 4641.

2 Mosley in 234 H.C. Deb. 5.s. c.101, quoted by Skidelsky, Politicians and the Slump, op. cit., p.175.

3 Alfred Mond, 'Rationalisation and Industrial Relations', in Manchester Guardian Supplement, 'Industrial Relations', November 30th 1927. Mond was a great propagandist for rationalisation, and I.C.I. is the most frequently cited example of the results of rationalisation in the literature. It was the amalgamation of the British Dyestuffs Corporation, Brunner Mond, Nobel Industries, and the United Alkali Company. Seven further companies were

discussions had taken place.

Finally, there is the question of the perception by the T.U.C. of rationalisation as an employment policy, and its relation to a domestic or an export-based solution to the unemployment problem. In the early 1920's, there can be no doubt that the unions like the Government regarded the re-establishment of Britain's export trade as the basis on which the unemployment problem would be solved. This argument was not in terms of Britain's lack of competitiveness, but of the general post-war dislocation of trade. And, as concern about Britain's competitive position did grow during the decade, there can be no question that many agencies did interpret rationalisation as essential if the export trade which had been lost was to be regained.¹ While rationalisation was not the exclusive province of the basic trades - retail distribution, and the chemical industry are both counter-examples - the emphasis upon these industries does imply that rationalisation was part of a foreign trade solution to Britain's unemployment. Rationalisation was to be applied to the old staples, whose dependence upon export markets was well-attested. The argument with most force for organised labour was that:

"The alternative to Rationalisation is a permanent loss of export trade with permanent unemployment and continued demands for wage reductions".²

Rationalisation was a response to wage-rigidity in the unsheltered trades - although Britain's loss of export markets was not entirely a cost effect. Union support derived from the reverse argument. For example, the miners' advocacy of 'progressive

¹ See in particular, Committee on Industry and Trade (Balfour Committee), Factors in Industrial and Commercial Efficiency, 1927, and Final Report, Cmd.3282, 1929.

² Labour Year Book, 1930, p.129.

added in 1927 and 1928. The first four already consisted of 75 constituent and associated firms. Evidence of the scale of Mond's thinking is given by the address he made over the B.B.C. on November 9th 1928, arguing that rationalisation was akin to the first industrial revolution, and claiming that its operation was a means of controlling the trade cycle. BBC Talks and Lectures, Tendencies in Industry Today, 'The Rationalisation of Industry', transcript in T.U.C. File: 262.41.

rationalisation' in the 1920's was an attempt to protect wages not to broaden employment. The unions had long appreciated that coalmining could not hope to reabsorb more than a fraction of the workers already unemployed.

But as the remarks quoted from Bevin's memorandum to the E.A.C. demonstrate, rationalisation was not viewed exclusively as a policy for the old staples. Indeed, his conception is of a dynamic shift in the balance of the economy from the basic industries to 'new' industries with high growth potential, and not reliant upon export markets. In this sense, rationalisation is a process for accelerating structural change, for avoiding the rigidities held to exist in market mechanisms. Thus, while it cannot be gainsaid that most union discussion did centre upon the export trade, there was perhaps a greater subtlety in their arguments than in those of successive governments.

However, until 1930, the unions did not foresee the long-term consequences on unemployment, nor did they perhaps foresee the strength of opposition to rationalisation on the shop floor. Indeed, this grass-roots reaction may provide a major explanation of the change in official trade union thinking on rationalisation charted in this chapter.^I But, additionally, while it was possible for trade unionists to regard increases in unemployment with some equanimity in 1927-29, this was not the case during and after the slump of 1929-32. Had the slump not occurred, British trade unionists might have continued the qualified support they had exhibited during the middle and late 1920's, and which had been the response of the German trade unions to rationalisation.

Three topics related to rationalisation have been mentioned only in passing. The first of these was planning. Economic planning had a wider meaning, but the T.U.C. can be seen as working for an integrated, national approach to industrial regeneration. Rationalisation

^I John Corbett, The Birmingham Trades Council, 1866-1966, Lawrence and Wishart, London, 1966, p.139, describes shopfloor opposition impelling that Trades Council into a position of less open support for rationalisation.

in Britain was an essentially ad hoc process, each sector of industry isolated from the other. Indeed, while rationalisation may have represented an attack upon economic individualism, in Britain it was carried out in a remarkably individualistic manner.

The second related question is nationalisation, of particular relevance to the coalmining industry throughout the period after World War One. Nationalisation was not only about the ability to re-organise, but also about the form which that re-organisation would take. The third important topic is that relating rationalisation to agitation for tariff reform. This argument was especially relevant in the iron and steel and cotton industries, with unions and employers expressing opposing views on whether protection would encourage or discourage re-organisation. This ground is covered in the discussion of trade union attitudes towards tariffs.¹

X

It may be concluded that despite the frequent affirmations to the contrary, rationalisation was not really an employment policy at all. It might be considered as a policy for accelerating existing trends; a policy for long-term growth, and for restoring balance to the economy. But - in the circumstances of the 1920's, and more particularly of the early 1930's - it was a policy which had little or nothing to offer those currently without a job. Indeed, it may have added to their numbers. As one sceptic remarked, rationalisation was "fruitful of ideas, but alas singularly lacking in jobs".²

But for trade unionists, it had the appeal of offering a method of reducing costs which left wages untouched. Perhaps the best example is of the miners' insistent demand for rationalisation during the 1920's. This owed little to the employment argument, and much more to the perceived protection of wages. And yet it was the rising level of unemployment and shop-floor resentment

¹ See below, pp. 219, 225, 236.

² John Scanlon, Decline and Fall of the Labour Party, Peter Davies, London, 1932, p.169.

which forced the T.U.C. to make a re-appraisal of its policy on rationalisation in the 1930's, a re-appraisal resulting in a marked reduction of enthusiasm. To a certain extent, the T.U.C.'s nationalisation plans (or 'socialisation') which were prepared in the aftermath of 1931 may be seen as deriving from rationalisation. Both sets of plans were heavily influenced by Milne-Bailey, who remained personally convinced of the over-riding necessity of reconstructing British industry. But it would be difficult to argue that socialisation was regarded directly as an employment policy.

Indeed, at a time when British industry faced appalling short-term difficulties, the emphasis upon a long-run solution must be regarded as misguided and futile. Rationalisation was simply insufficient to face up to unemployment rising to over three million. While there was undoubtedly room for many of the structural shifts at which rationalisation aimed, the prevailing economic climate after 1929 could hardly have been less propitious. As Marquand has written of the second Labour Government:

"..the Government's original policy of rationalisation was manifestly irrelevant to a world in depression".^I

This 'manifest irrelevance' also became increasingly apparent to the T.U.C.

^I David Marquand, Ramsay Macdonald, Jonathan Cape, London, 1977, p.574.

Chapter 6.

THE IMPACT OF MONETARY POLICY UPON UNEMPLOYMENT: LABOUR'S
ATTITUDE TOWARDS THE GOLD STANDARD.

The importance of monetary policy in the battle against unemployment had been stressed by the Mond-Turner Unemployment Report. This chapter is concerned with the most important aspect of monetary policy in the 1920's, namely, attitudes towards the Gold Standard and convertibility. It deals with the attitudes of the wider Labour Movement rather than with those of the T.U.C. alone. This is to illustrate the range of views held, and to contrast the absence of trade union interest and policy which is apparent at various junctures. The chapter shares the historiographical emphasis upon the actual return to gold, and the actual suspension of convertibility, but these events are used to illustrate more general attitudes. No implication is intended, for example, that 'over-valuation' in 1925 added more to unemployment than the decade of deflation which derived directly from the Cunliffe Report. In addition to the impact upon unemployment, the return to gold and restrictive monetary measures had consequences for wages, and this was an important determinant of Labour thinking. Nevertheless, criticism of orthodox monetary policy and objectives was politically ineffective, even within the Labour Party.

Section I sets out the intentions of the chapter, while Section II summarises briefly Labour views to 1925, and then concentrates upon the actual return to gold. Snowden's position is considered in detail, as are the opinions of Fleet Street, of the Labour press, and of other Labour critics of Churchill's decision. The reasons for Snowden's freedom of action are analysed. It is shown that the basis of Labour criticism was deflation, and not over-valuation.

Section III is a discussion of Ernest Bevin's views, while Section IV traces the development of the T.U.C.'s argument that the return to gold had led directly to the General Strike. In Section V there is shown the congruence of attitudes towards the Gold

Standard of employers and trade unions. This identity of view was fostered by the Mond-Turner talks. It is argued, however, in Section VI - which discusses the T.U.C. evidence to Macmillan, and Bevin's reservation to the Report - that the unions never came close to carrying their views to the logical conclusion, which was outright advocacy of devaluation.

Section VII is concerned with the differing reactions to the suspension of convertibility in 1931. The Parliamentary reaction is described and analysed, together with the opinions of the press, and of the T.U.C. Snowden's attitude is again considered in detail. It is shown that there was unanimity on the question of a balanced budget. T.U.C. policy is said to have been based upon the primary need for domestic price stability.

Final conclusions are reached in Section VIII.

I

The intention of this chapter is to describe the attitude of the Labour movement, and in particular of the T.U.C., towards the Gold Standard, and the effects it was held to have upon economic and industrial conditions. It will be seen that, while it is right to emphasise Bevin's special role as a propagandist against the Gold Standard, most sections of labour opinion became increasingly hostile to gold in the years after 1925.¹ There were however, important differences between the positions taken up by the political and industrial wings of the movement. It will be argued that an important cause of these differences was Snowden's dominance of the Parliamentary Party on financial and monetary affairs. On the trade union side, little attention was paid to the actual return to gold in 1925. This neglect is all the more striking as, with the progress of time, the unions came to regard the Gold Standard as both an important cause of the unemployment problem and a continuous threat to wages, as well as being the immediate progenitor of the General Strike.

II

The Gold Standard was an issue before 1925 of course, and it has already been established that a joint committee of the T.U.C., Labour Party, and the Co-operative Movement had produced a report in 1920 which was very similar to that of the Cunliffe Committee.² This joint committee had placed a resolution before the 1920 T.U.C. calling for a fixed fiduciary issue, its amount to be gradually reduced until sterling returned to par. In support of its objective for the exchange rate, the joint committee urged reductions in Government expenditure (on the armed forces),

1 D.E. Moggridge, British Monetary Policy, 1924-1931: The Norman Conquest of £4.86, Cambridge University Press, Cambridge, 1972, p.1n, describes Bevin as "the most persistent critic of the 1925 policy". But in this book, as in his earlier volume, The Return to Gold, 1925: The Formulation of Economic Policy and its Critics, Cambridge University Press, Cambridge, 1972, Moggridge makes no reference to other labour critics, nor to the hardening of that criticism in the later 1920's.

2 Above, pp.40-1. The comparison with Cunliffe is made by Hancock, op. cit., p.333. This author broadly discounts all trade union and labour opposition to gold before about 1928.

and demanded an end to the Government's practice of resorting to bank credits to meet its expenditure.¹ They had referred to a reduction in British prices of 20 per cent, merely noting that too rapid a restriction of the money supply would result in unemployment and wage cuts.² For the most part over the next four or five years, Labour and in particular the trade unions, tended to ignore monetary issues. Thus, while there were some grumbles about the effects of deflation upon the level of wages and employment, the first Labour Government shared the methods and objectives of its predecessors in office.

The decision for an immediate return to the Gold Standard was announced by Churchill in his first Budget speech as Chancellor on April 28th 1925. The reaction of Her Majesty's Opposition became clear in the debate which followed some days later. Labour placed an amendment criticising the haste with which the return was being undertaken, but as Snowden went out of his way to emphasise:

"We do not, by this Amendment, oppose a return to the gold standard. Our contention is that the Government have acted with undue precipitancy".³

In return, Churchill, whose Parliamentary task was thus facilitated, contrasted Snowden's admittedly grudging support with the opposition to his decision voiced by Keynes.⁴ So far as Snowden was concerned, his amendment represented nothing more than another round in the Parliamentary game, although as will be shown below criticism of the return was more widespread in the movement as a whole, and this pressure made necessary some objection, however mild. Between the Chancellor and his predecessor the debate was agreeable and good-humoured. Snowden's opposition was easily

1 T.U.C. Annual Report, 1920, p.II9.

2 Ibid., p.430.

3 183 H.C. Deb. 5.s. c.626, May 4th 1925.

4 Ibid., cc.667-8. The strongest criticism of Churchill's announcement was made by Alfred Mond. Ibid., cc.681-4.

punctured.¹

However, by reference to the labour press, one can establish that there was opposition to the return to gold going beyond Snowden's weak and half-hearted resolution criticising the "precipitancy" of the decision.² (The amendment was half-hearted, not so much because the timing of the return was beyond criticism, but because of the suspicion that, had he been in office, Snowden would have gone ahead as Churchill had done). But in referring to the press, it must be admitted that the announcement of the restoration of the Gold Standard was not considered to be the major feature of the Budget speech. This was true of both labour publications and of Fleet Street. Income Tax reductions, and the introduction of a contributory pensions scheme took precedence over the return to gold in almost all sections of the press. The main Labour criticism of the Budget concentrated on the (very minor) increase in protective duties. This was coupled with the reduction in direct taxation in the claim that Churchill had produced a 'Rich Man's Budget'. Labour also criticised the contributory nature of the pensions proposals.

But the decision on the Gold Standard was not completely ignored. On April 30th, the Daily Herald carried an article by Pethwick-Lawrence in which he admitted some good points in the return, but warned that:

"..bad trade, more unemployment, and demands for lower wages are the natural consequences of the policy which was begun a little while back, and has culminated in the restoration of the gold standard".³

The paper itself eschewed comment for two days, but in its May

¹ In his own account, Snowden appears to attribute an intensity to his opposition to Churchill's announcement which does not seem warranted by the House of Commons exchanges. See Viscount Snowden, An Autobiography, Ivor Nicholson and Watson, London, 1934, Vol. II, pp.721-2.

² As Arthur Ponsonby admitted in 'The Budget under Fire', The New Leader, May 8th 1925.

³ Daily Herald, April 30th 1925.

Day editorial it also concluded that the return to gold was the culmination of the Government's deflationary policies. The paper argued that money had been "ill-managed" for some time, claiming that a large measure of the current unemployment was associated with this mis-management.¹ It was established that the opposition of the employers to Churchill's decision was "quite as vigorous as that which Labour is to make", and the paper warned that businessmen were now saying that, "wages must come down as the result of the Government's surrender to the bankers and great financial houses".² And, with an ironic reference to Baldwin's expressed desire for industrial peace, the Daily Herald may also be seen as prophesying that industrial unrest would be the direct result of the re-introduction of the Gold Standard, a point returned to again below.

Lansbury's Labour Leader espoused a not dissimilar attitude, arguing that the return to gold was a Bankers' Ramp, and that the next stage would be renewed demands for wage reductions.³ An article by Ellen Wilkinson carried the following week admitted divisions on both sides of the House of Commons, but again suggested that Snowden's position, broadly supportive of Churchill, was not representative of backbench opinion on the Labour side.⁴ But, while The New Leader could accuse Labour's right-wing of being "hypnotised by its respect for the magnates of the banking world",⁵ in the debate in the House the left had been muted. The level of their opposition had not risen above the ritual remark that the collapse of capitalism could not be forestalled.⁶

In the House of Commons, Labour's amendment had been much weakened by the fact that only recently Snowden had published an

1 Daily Herald, May 1st 1925.

2 Ibid., italics in original.

3 Lansbury's Labour Weekly, May 9th 1925.

4 Ellen Wilkinson, 'The Cross of Gold', Lansbury's Labour Weekly, May 16th 1925.

5 Editorial, 'The Golden Gallipoli', The New Leader, May 8th 1925.

6 183 H.C. Deb. 5.s. cc.701-3, May 4th 1925.

article strongly advocating an early return to gold, and arguing that the difficulties which might result from this decision were small in comparison with the continued dangers of currency fluctuation.¹ While he had gone some way to weaken the force of his own argument in a subsequent article,² Snowden was a willing contributor to that climate of political consensus which made Churchill's decision easier.³ As Chancellor himself, he had stated that he remained guided by the Cunliffe Committee, and that he hoped to see as early a return to gold as was possible.⁴ In sustaining only the gentlest attack upon Churchill, Snowden was entirely consistent with the views he had held at the Treasury. But in this respect, as so often, Snowden's opinions were not those of the Party as a whole.⁵

Other radical papers appear muddled over the return to gold. The New Statesman, for example, criticised past deflation but broadly supported the return at par.⁶ The Clarion made the strange assessment that, "The Gold God is....in retreat",⁷ the paper's editor - a longstanding opponent of gold - somewhat contradictorily accusing the Labour Party of having "reverently and enthusiastically" supported Churchill.⁸ But this was surely too harsh. Labour policy was Snowden's policy and there was simply no-one within the P.L.P. with the economic expertise and political stature to stand up to him. If the return to gold may be considered as, "the most important single act of economic policy in the decade of the 'twenties",⁹ it was one on which Labour politicians, albeit uneasily,

1 Philip Snowden, 'The Return to Gold', The Observer, February 8th 1925.

2 In 'Chancellor and the Bank Rate: Mr. Churchill's Responsibility', Evening Standard, March 27th 1925, Snowden criticises the rise in Bank Rate. While the return to gold should remain the objective of policy, deflation had been too rapid and the "main cause of the terrible trade slump". Cf. the criticism of Snowden in turn by the City Editor of The Times, March 28th 1925. If Snowden favours the Gold Standard, he should not oppose methods of achieving the pre-war parity between sterling and gold.

3 Moggridge, British Monetary Policy..., op. cit., p.74.

4 175 H.C. Deb. 5.s. c.587, June 26th 1924.

5 The Nation and the Athenaeum, May 9th 1925. "The real significance of Mr. Snowden's speech is that his party do not share his views, and are unwilling to deprive themselves of the chance of making capital out of the Government's decision, if it should turn out badly".

fell in behind Snowden's lead. Disquiet over the consequences was never sufficient to bring about an open revolt, although the view has been taken that Dalton proved a worthy opponent to Snowden.¹ So far as the Parliamentary Party was concerned, the Shadow Chancellor's views prevailed almost by default. Even he admitted that there were problems associated with deflation, but these were minor compared with the benefits held to issue from stable rates of exchange.

However, there existed a considerable body of Labour opinion completely at odds with the position taken by Snowden. Among Parliamentarians, in November 1923 Mosley had criticised the policy of the Cunliffe Report as having been a major cause of unemployment.² Wheatley had also opposed the deflationary groundwork for the restoration of convertibility.³ Outside Parliament, three of the movement's senior intellectuals all opposed gold. During June 1924, G.D.H. Cole had attacked the devotees of the Gold Standard as bearing the major responsibility for the continuing levels of unemployment.⁴ Brailsford was another strong opponent.⁵ At the 1924 Party Conference, on behalf of the I.L.P., he had successfully moved an amendment to the executive resolution on unemployment in which he demanded the regulation of credit to offset the trade cycle.⁶ And J.A. Hobson, in an article published after Churchill's decision had been announced but clearly written

1 John L. Halstead, 'The Return to Gold: A Moment of Truth', Bulletin of the Society for the Study of Labour History, No.21, Autumn 1970, p.49. Cf. Dalton's own account, Hugh Dalton, Call Back Yesterday: Memoirs 1887-1931, Muller, London, 1953, p.158.

2 Skidelsky, Oswald Mosley, *op. cit.*, p.125.

3 W. Adams Brown Jr., 'The Conflict of Opinion and Economic Interest in England', in Sidney Pollard (ed.) The Gold Standard and Employment Policies between the Wars, Methuen, London, 1970, p.60.

4 G.D.H. Cole, 'The Worship of "Par"', Morning Post, June 13th 1924.

5 Adams Brown Jr., *op. cit.*, p.59.

6 Labour Party Annual Conference Report, 1924, p.165.

6 New Statesman, May 9th 1925.

7 The Clarion, May 8th 1925.

8 R.B. Suthers, 'Why Labour Upholds the Gold Standard', The Clarion, May 15th 1925.

9 D. Williams, 'Montagu Norman and Banking Policy in the Nineteen Twenties', Yorkshire Bulletin of Economic and Social Research, July 1959, p.46, quoted by Winch, *op. cit.*, p.75.

beforehand, had described gold as a "relic of barbarism".¹ The failure to impress these views upon Snowden was in part a function of his intellectual arrogance - an arrogance which contrasted markedly with Churchill's willingness to hear all sides of the debate. It was also a result of the deference shown him by the Parliamentary Party in respect of his supposed economic pre-eminence. In this regard, Snowden could draw upon the loyalty of centre and right-wing elements in the Party, since his most vocal critics were concentrated in the I.L.P. This loyalty resulted in part from the neglect of the topic exhibited by the trade unions; a neglect all the more surprising in view of the emphasis it was later to receive.

There was a further reason for Snowden's freedom of action, and that lay in the inconsistency of Labour attitudes on deflation and the Gold Standard. The impact of deflation was easily understood, as it acted directly upon wages and prices, and upon employment. But opposition to deflation did not imply opposition to gold. Even Snowden could identify the ill-effects of deflation, although he believed fervently in the advantages ensuing from the re-establishment of a fixed rate of exchange.²

With the exception of the Beaverbrook papers,³ the decision to return to gold found support from Fleet Street.⁴ However, the industrialists were no more than luke-warm, and even broadly favourable reviewers felt the decision to have been rather sudden.⁵ It may be noted that while Labour's Parliamentary opposition was muted, and Snowden's own criticisms ambiguous, references to the "precipitancy" of the decision did subsume the crucial point that British and American price levels had not yet returned to their pre-war ratio, although the exact degree to be made up remains a

1 J.A. Hobson, 'The Gold Standard', The Nation and the Athenaeum, April 29th 1925.

2 The argument that deflation may be necessary to gain the advantages of the Gold Standard is made in T.U.C. and Labour Party, Advisory Committee on Finance and Commerce, 'Memorandum on the Proposed Raising of the Bank Rate in the Near Future', June 1924, P.R.O., T 176/5.

3 Daily Express, January 28th 1925 for opposition to the policy of deflation, and Beaverbrook's own article, 'George Washington and Winston Churchill', Sunday Express, May 10th 1925, for opposition to the return to gold itself.

matter of controversy. Snowden desired a Gold Standard, or rather a system of fixed exchanges which in the circumstances he felt presumed a Gold Standard. While the problem could be mitigated, at least so far as the U.K./U.S. ratio was concerned, by the choice of a lower parity, this solution did not invite itself because Labour shared the prejudice of all parties to the debate "to simplify the decision to one of gold at a given rate or no gold at all".¹ Thus Labour's criticism of the "precipitancy" of the decision was based on the not unreasonable assertion that there was still a margin of recovery for the pound to make up, indeed that the pound was over-valued owing to speculative buying by foreigners in expectation of the capital gain to be made on the announcement of the return to gold. The liquidation of these speculative holdings would, in itself, depress the exchange - making further deflation inevitable.² The F.B.I. had already warned that the decision to return would penalise exports, and that markets could only be held by forcing down the level of U.K. prices.³ But Labour had no particular objection to the ultimate establishment of an exchange rate of \$4.86 so long as it could be achieved without further deflation, that is, by an inflation of the U.S. price level.

It is apparent that the major emphasis of the Labour attack was upon the deflationary preparation and consequences of the return to gold, rather than upon the effect over-valuation was

¹ Moggridge, British Monetary Policy..., op. cit., p.II2.

² See W.B. Reddaway, 'Was \$4.86 Inevitable in 1925?', Lloyds Bank Review, No.96, April 1970, where it is convincingly argued that without the fall of the Labour Government, and the speculative rise in the pound which followed, no decision could have been taken to return at an exchange rate of \$4.86.

³ F. Willey (President, F.B.I.), quoted in The Times, April 29th 1925. Conversely, the Daily Telegraph welcomed Churchill's decision because of its effects, inter alia, upon business confidence.

⁴ A summary of other press comment may be found in R.S. Sayers, 'The Return to Gold', in L.S. Pressnell (ed.), Studies in the Industrial Revolution, The Athlone Press, London, 1960, p.315.

⁵ Midland Bank Monthly Review, April-May 1925, "...it was widely supposed that some previous notice of the decision would be given.."

expected to have upon the export trades by rendering them less price competitive. These were the two major consequences of the return to gold. Firstly, the balance of payments effect; the penalisation of the export industries by the choice of too high an exchange rate. Secondly, the deflationary effect resulting from the policies pursued by the authorities with the objective of returning to and remaining on the Gold Standard.¹ Labour, or at least sections of the labour movement, had been unhappy at the deflationary policy which culminated in the revaluation of the currency in 1925. But the emphasis upon the second, monetary, channel is particularly striking, especially given the orthodox view which is of Labour's failure to fully appreciate the impact of monetary policy during the 1920's.²

III

In the pages above, it has been illustrated that opposition to the return to gold went beyond that exhibited by Ernest Bevin. It is now necessary to outline those views he did hold. His opposition to deflation and to the Gold Standard was of long standing. Francis Williams reported Bevin's own claim to have been one of the few critics of the Cunliffe Committee,³ and while I have found no evidence to corroborate this,⁴ Bevin was not averse to publicising the claim.⁵ Whatever the case, by 1921 during the T.U.C. debate on unemployment, Bevin was tutoring the trade union movement on the role of finance in the trade depression. It was wrong to attack the manufacturers for unemployment, he told the delegates, "The real fundamental cause of the present disorder is finance".⁶ It was men like Lord Inchcape,⁷ with their City

1 Susan Howson, Domestic Monetary Management in Britain, 1919-38, Cambridge University Press, Cambridge, 1975, p.30.

2 E.g., Hancock, op. cit., pp.333-4.

3 Francis Williams, Ernest Bevin: Portrait of a Great Englishman, Hutchinson, London, 1952, pp.63-4.

4 Bullock, op. cit., does not repeat Williams's reminiscence, nor does it contain supportive evidence.

5 In his 1925 speech to tinplate workers (for which, see below), Bevin referred to his opposition to deflation while associated with the various committees of the Ministry of Reconstruction.

6 T.U.C. Annual Report, 1921, p.248.

7 A member of the Cunliffe Committee, and shipping magnate.

interests who were responsible for trade depression and unemployment.

Bevin was also quick to join the ranks of those critical of the actual return to gold. In a speech to tinsplate workers on May 9th 1925, Bevin argued that the return to gold could only intensify the unemployment problem.¹ His anger was directed at the bankers:

"..one of the greatest tragedies of modern civilisation is that the producer is more and more being called upon to carry on his back in the manipulation of commerce a heavier parasitic interest.....The bankers have too much power; the Cunliffe Committee paid too little regard to trade; and the Government adopted the view that finance must take first place".²

Indeed, Bevin appears to be asserting the case that Pollard has argued, namely, the sacrifice of industry to the dictates of the City of London.³ Clearly, Bevin was not impressed by the view that the return to gold was itself an employment policy,⁴ rather it had been "one of the great disturbing factors of the normal development in this country".⁵

However, it was wages as well as employment which had been jeopardised by the return to gold. In addressing the 1927 Labour Party Conference on the restoration of the parity, on which decision "the Labour Government was as much committed as anyone else",⁶ Bevin's major concern was with the sacrifice of wages, rather than of employment. The notion that industry had been deliberately placed at a disadvantage became commonplace within the trade union movement as opinions against the Gold Standard hardened during the 1920's. In their first statement of evidence to the

1 This speech may be found at Bevin Papers, CI/I/I2; it was subsequently published as A Review of Trade Conditions and their Effect upon Unemployment. Bullock, op. cit., p.268, summarises its contents.

2 Emphasis in published version.

3 See especially his introduction to The Gold Standard and Employment Policies op. cit.

4 The case argued by Sayers in Pressnell (ed), op. cit.

5 Extract from his speech to tinsplate workers, quoted by Bullock, op. cit., p.268.

6 Labour Party Annual Conference Report, 1927, p.252. This was during a

Macmillan Committee, the T.U.C. were to claim the right to consultation on the Government's monetary policy because of its impact upon industrial conditions.¹ Earlier, Tillett was to describe as an "outrage" the idea that Bank Rate changes could be made without discussion with industry, proclaiming that "industry should govern finance, and not finance industry".²

IV

The proceedings of the Macmillan Committee will be referred to again below, but an important subsidiary topic to the discussion of the Gold Standard and of monetary policy is the relation held to exist by Labour between the return to gold and the General Strike. It will be shown that the alleged connection between the two events is emphasised with increased certainty as the 1920's reached their close.

The forecast that the return to gold would lead to industrial disturbance had been made by a number of critics of Churchill's decision. Attention has already been drawn to the comment made in this regard by the Daily Herald.³ In addition, Sir Alfred Mond, whose criticisms in the Chamber had far exceeded those of Snowden, had asked rhetorically and with considerable foresight whether Britain could afford "to create and stimulate industrial unrest at such a moment as this?"⁴ A year earlier, Keynes had written that the "disturbance to industrial peace can be easily imagined" which would result from the return to gold and its implication of 10 per cent wage reductions.⁵ He repeated his forecast of labour unrest in his commentary on Churchill's announcement.⁶ "Severe

1 Committee on Finance and Industry, Minutes of Evidence, Vol.I, p.311.

2 T.U.C. Annual Report, 1929, p.64. Quoted by Martin Jacques, 'Consequences of the General Strike', in Jeffrey Skelley (ed.) The General Strike, 1926, Lawrence and Wishart, London, 1976, p.386.

3 Above, p.184.

4 183 H.C. Deb 5.s. c.683, May 4th 1925.

5 The Nation and the Athenæum, July 19th 1924.

6 Ibid., May 2nd 1925.

debate on Surtax proposals, a debate which Bevin clearly felt to be a waste of time. These "grand schemes" had their place, but not while the really essential topics: like monetary policy were being ignored.

industrial friction and dislocation", had also been prophesied by the F.B.I. in a statement submitted to the Bank of England during July 1924.¹

But among the mineworkers, no such forecast was made. Herbert Smith, for example, did not mention the return to gold in his Presidential Address to the Miners' Federation at their Annual Conference commencing July 14th 1925. The first mention of the subject in M.F.G.B. circles appears to be in the Statement which the union submitted to the Special T.U.C., held on July 24th.² In this case, the return to gold is listed as a subsidiary factor in the industry's lengthy table of problems, of minor importance compared with say the world shrinkage in coal consumption. Following Snowden's lead, it is the "premature" timing which is criticised, not the decision itself. Similarly, in their evidence to the Royal Commission on the Coal Industry, the M.F.G.B. suggested that the return to gold, with its effect upon coal exports, had contributed to the industry's uncertain outlook.³ More importantly, however, they disputed that the return, together with a number of other minor irritants, could be anything other than temporary in its impact.⁴ The Commission itself did not consider that this part of the Miners' evidence was of sufficient interest to warrant further oral examination.

Even after the General Strike and the Mining Lock-out, the M.F.G.B. still referred to the return to gold as but one of a number of permissive rather than causal factors leading to the dispute. The Gold Standard had not been an end in itself, but was just one stage in the employers' battle to achieve

1 P.R.O., T 160/696/F 2144/I. Quoted by L.J. Hume, 'The Gold Standard and Deflation: Issues and Attitudes in the Nineteen-Twenties', Economica, XXX, 1963, p.241.

2 'Statement submitted to Special Trades Union Congress at Central Hall, Westminster, July 24th 1925', in M.F.G.B., Copies of all Reports, Communications and Minutes received and issued in connection with the recent crisis, 1925.

3 Royal Commission on the Coal Industry, Minutes of Evidence, Vol.IIB, 1926, p.677, para.188.

4 Ibid., p.677, para.190.

"stabilisation", that is, the reduction of wages. Thus, both before and after the General Strike, the miners laid less emphasis upon the return to gold than Stamp had done in his well-known addendum to the Report of the Court of Inquiry into the events of 1925.¹

Equally, Bevin, in discussing the genesis of the General Strike in January 1927, did no more than include the restoration of gold among a number of factors playing havoc with the markets for British coal.² There was no simple monocausal explanation of the crisis in the mining industry, but a number of separate elements - like the Dawes Plan - among which the return to gold was included as an equal partner.

The interpretation of events which led to the return to gold being described as the prime cause of the General Strike was not voiced by Labour until the late 1920's.³ This tendency to place all blame for the crisis upon the return to gold may be explained partly as the movement as a whole had become more critical of the Gold Standard. However, in addition, there is the suggestion that the argument condemning the Gold Standard as the cause of the General Strike was resurrected to counter Conservative election propaganda that the Labour Party, through its alignment with the unions, was in fact aligned with the forces of revolution and disorder. It was a tactical argument, which by interpreting the General Strike as the inevitable result of misguided Conservative policies, placed all blame for the Strike in the hands of the Government. The cause of industrial unrest was not trade unionism, but rested with the Government's abdication of responsibility to the bankers, and the policy of deflation to which they adhered. This

1 Industrial Courts Act, 1919; Report by a Court of Inquiry concerning the Coal Mining Industry Dispute 1925, Cmd.2478, 1925, Addendum to Para.14 by Sir Josiah Stamp, pp.21-24.

2 Bevin's speech, January 1st 1927, to a T.G.W.U. Area Dinner, reported in the union's journal, The Record, January 1927.

3 For example, The Record, May 1929. There are suggestions in the literature that this view may perhaps have gained wider currency. Howson, op. cit., p.56; Bullock, op. cit., p.267.

explains the timing of Labour's attack, although the movement had by then developed somewhat its critique of deflation and its understanding of orthodox monetary policy.

The T.U.C.'s ultimate expression of the view that the return to gold in 1925 had led inexorably the following year to the General Strike may be found in the evidence to Macmillan.¹ However, it is interesting to compare the evidence of the T.U.C. in this regard with that forwarded by the F.B.I.² In its evidence, the F.B.I. appears to go even further than the trade unions, both in attributing the blame for economic distress to the Gold Standard, and in emphasising the connection between the return to gold and the General Strike.³ As Macmillan himself pointed out, much of the Memorandum on the Gold Standard submitted by the F.B.I. takes the form of saying "I told you so",⁴ with regard to that evidence which the Federation had produced for the Bradbury-Chamberlain Committee in 1924.⁵ At the time of these submissions to Macmillan, the employers and unions were perhaps closer together in connection with their desired economic policy than at any other period between the wars.

Labour continued to blame the return to the Gold Standard for the General Strike, and indeed has done so to the present time.⁶ Yet, it is by no means clear that the process involved was widely understood. Bevin's own union journal, for example, explained to its readers that the restoration of the Gold Standard at the old parity had "clipped 10 per cent off (sic) our prices on the world market, and was the basic cause of.....the general strike

1 Committee on Finance and Industry, Minutes of Evidence, Vol.I, p.311.

2 Ibid., pp.186-188 especially.

3 Ibid., p.187, para 6/6.

4 Ibid., p.198, q.3094.

5 The F.B.I. evidence to Bradbury-Chamberlain is re-printed as an appendix to the Federation's evidence to Macmillan, pp.190-1. The most extensive account of employer attitudes to the restoration of the Gold Standard, Hume, op. cit. pp.238-242, appears to overstate their degree of opposition. In 1925, the position of the F.B.I. was, at best, ambivalent.

6 See for example, The History of the T.U.C., 1868-1968: A Pictorial Survey of a Social Revolution, 1968, p.78, 'The Gold Standard Road to the General Strike'.

of 1926".¹ As Cook candidly admitted in 1928, the Gold Standard was, "very little understood by those of us in the Labour Movement who have responsibilities put upon us".²

V

The proximity of views between employers and trade unionists, concerning the wisdom of Churchill's decision to re-establish the convertibility of sterling at the old parity, is apparent in the respective submissions to Macmillan. This shared outlook may also be thought to have existed, although less explicitly, actually in 1925. But the coming together of the views of the trade unions and of the most prominent employers on the Gold Standard was to be made in the pronouncements of the Mond-Turner Conference. At the suggestion of the employers, both sides had signed a memorandum on the subject, which was forwarded to Churchill in April 1928.³ This had called for an enquiry into credit policy, given that:

"..we are not convinced that it is either practicable or desirable that the credit policy of the country should be determined more or less automatically by gold movements as in pre-war days".⁴

It was essential that no further impediments were placed upon British industry in its attempts to recover from the post-war depression. However, Grigg informed Churchill that the call for an enquiry would have to be refused,⁵ and Churchill minuted back that he would see Mond on the matter privately.⁶

The trade unionists and employers taking part in the Mond-Turner talks agreed to seek amendments in the House of Lords to Churchill's bill to amalgamate the note issue, and to pressurise Churchill into granting the enquiry which the Treasury sought to avoid.⁷ The

1 The Record, October 1930.

2 T.U.C., Industrial Conference Report, 1928, p.54. Speech made at 1928 T.U.C. on September 6th 1928.

3 The memorandum, 'The Gold Reserve and its relations with Industry', may be found with its accompanying letter, April 12th 1928, in P.R.O., T 172/1500B. See also above, pp. II5-II6, 122-3.

4 'The Gold Reserve and its relations with Industry'.

5 P.R.O., T 172/1500B, Grigg's minute of April 13th 1928.

6 Ibid., Churchill's minute of April 14th 1928.

7 T.U.C. File: 262.22, Minutes of the 7th Joint Meeting, May 24th 1928.

Treasury position was that whatever the merits or demerits of the decision taken in 1925, the matter was now a closed subject.¹ Similarly, Dalton had told the T.U.C. Industrial Committee, the trade union participants in the detailed discussions with the Mond Group, that "they must stay on the gold standard now they had it".² In purely practical terms, the joint memorandum on the Gold Reserve had little or no effect upon Government policy.³

Yet it is, with the Mond-Turner Unemployment Report, clear indication of the congruence of attitudes on the Gold Standard and monetary policy. The latter report, while admitting that monetary causes could not explain many of the difficulties of British industry, nevertheless states:

"The monetary policy which has been pursued since 1919 has not, whatever its other justifications may have been, assisted industry to maintain or to recover a high degree of prosperity. The manner in which the deflation policy was put into operation hindered and not helped industrial recovery".⁴

While the Mond Group of employers - dominated as they were by Mond himself⁵ - were not representative, certainly not of small employers, it seems clear from the F.B.I. evidence to Macmillan that there was an identity of view between the two sides of industry. However, it must be accepted that on the trade union side only Bevin grasped the significance of the decision to return to gold on its announcement, and thereafter the matter was perhaps only incompletely understood at best.

VI

Despite this last caveat, opposition to gold, to deflation, and

1 P.R.O., CAB 24/203 C.P.104(29), Report of the Interdepartmental Committee on Unemployment, April 2nd 1929, p.105.

2 Report of Meeting of Industrial Committee with Labour Financial Experts to discuss Gold Reserve Memorandum, March 27th 1928. T.U.C. File: 262*02.

3 McDonald and Gospel, op. cit., p.821.

4 Unemployment Report, p.6.

5 At the time of the joint memorandum on the Gold Reserve, Mond announced that the General Strike was "definitely attributable to the manner in which the return to gold was brought about". The Times, April 25th 1928. As noted above, he had been one of the most fervent opponents of Churchill's decision.

the search for a more flexible credit policy, form an important aspect of trade union economic policy during the 1920's. Bevin, for example, was at pains to introduce the question of the raising of Bank Rate into the discussion of unemployment at the 1929 Party Conference, alleging that stability of production was inconsistent with the Gold Standard, and that a one per cent increase in Bank Rate meant an increase of 250,000 in unemployment within six months.¹ Bevin and the T.U.C. leadership also preceded their contemporaries in envisaging the possibility of devaluation. The T.U.C. position before Macmillan, for example, emphasised the need to secure a rise in the international price level, a rise only achievable by concerted international action. But in the absence of this united action, the British Government is called upon to consider devaluation (although no reference is made to leaving the Gold Standard).² As a method of rectifying trade imbalance, the T.U.C. state that devaluation is to be preferred to the introduction of a general tariff.³ But as Bevin admitted in a private letter to Macmillan:

"The more I examine the evidence and the more I look at the problem I cannot really see how it is possible to maintain the gold standard and abolish unemployment at the same time".⁴

At one of the meetings of the Economic Advisory Council, established by Macdonald,⁵ Bevin was to call for a further enquiry into the Gold Standard, and into the possibility of its replacement. He also suggested the practicability of floating exchange rates, by analogy with the 'sliding scales' adopted in wages agreements.⁶

¹ Labour Party Annual Conference Report, 1929, p.185.

² Committee on Finance and Industry, Minutes of Evidence, Vol.II, p.325.
See also 'Report on the Financial Situation', T.U.C. Annual Report, 1931, pp.512-519.

³ Committee on Finance and Industry, Minutes of Evidence, Vol.II, p.325.

⁴ Bevin Papers, 14/6/16, Bevin to Macmillan, January 30th 1931.

⁵ David Marquand, op. cit., p.522, suggests that in the later 1920's, Macdonald himself became vaguely interested in the possibilities of an alternative monetary policy - although he obviously did not carry this very far.

⁶ P.R.O., CAB 58/2, Minutes of 13th Meeting of E.A.C., April 16th 1931. See also Hoggridge, The Return to Gold..., op. cit., p.9.

When Keynes let mention one of his favourite hobby-horses, namely the value of international banking to the British economy, Bevin replied angrily that, "...the deterioration of the conditions of millions of workers was too high a price to pay for the maintenance of a single industry, namely, international banking in London".¹

Given this strength of feeling, and his long background of criticism of the Gold Standard, the Reservation to the Macmillan Report signed by Bevin and by Thomas Allen is somewhat conservative. A planned devaluation does not appear to be proposed, nor is the suggestion actually made to depart from the Gold Standard. The position is rather that the Treasury and the Bank of England should prepare contingency plans for a decision to leave the Gold Standard which may prove inevitable.² Bevin's position was that devaluation would open up an escape-route, but one that could only be employed in "the last resort".³ There was a flexibility in his outlook, and an understanding of the possibilities opened up by devaluation which contrasted with forecasts of catastrophe favoured by more orthodox financial pundits. However, it cannot be gainsaid that when faced with the opportunity of proposing a course of action to which he was logically committed he held back, perhaps for fear of contributing to a run on the pound.⁴

For Bevin there existed the distinction between the desirability or otherwise of a Gold Standard, and the desired rate of exchange for sterling. In his unsuccessful attempt to persuade his colleagues on the Macmillan Committee of the case for devaluation (a course they explicitly rejected, and which as shown above, Bevin would only hint at) he made clear that, in his view, it was the parity

1 F.R.O., CAB 58/2, 13th Meeting of the E.A.C. For Keynes's views on London as an international banking centre, Pollard's introduction to The Gold Standard...between the Wars, op. cit., p.14.

2 Report of the Committee on Finance and Industry, Cmd.3897, 1931, pp.209-210, 240.

3 Bevin Papers, D3/2/5. Handwritten notes on the Gold Standard by Bevin. Not dated, but probably 1930.

4 The accusation of financial irresponsibility was one upon which the Labour leaders were especially sensitive. Of course the irony was that it was not Bevin's views which set off the eventual run on the pound, but rather the rigid orthodoxy of the May Committee.

which had been ill-advised, rather than the decision to re-establish convertibility itself:

"If we had gone on to the Gold Standard at the then ratio, I believe we should have been leading the world today".¹

Instead, the wilful abdication to financial interests had thrown industry into turmoil, threatening both wages and employment. As Donald Winch has pointed out, Bevin's stance was unique among the 'expansionists' or 'anti-deflationists' in arguing that the current parity was inconsistent with any likely amelioration of the unemployment problem.² But in regard to Macmillan, it is striking that he was "content with a cryptic reservation...to the report".³

Similarly, at the critical meeting between the Cabinet Economy Committee and the T.U.C.G.C. on 20th August 1931, Bevin and Citrine did not go so far as to advocate devaluation. While their opposition to Government policy was clear enough, they failed to provide a convincing alternative strategy.⁴ For all that the unions had learned over the previous decade, at the crucial moment their nerve failed. The T.U.C. side did not share the fears of the Government - Snowden apparently affirmed at this meeting that unemployment could reach ten million if Britain left the Gold Standard⁵ - but they failed to follow their own beliefs to the full conclusion.⁶

VII

To complete the discussion of Labour attitudes towards the Gold Standard, it is necessary to consider reactions to the suspension of convertibility which occurred in September 1931. As

1 Macmillan Committee, private session, October 23rd 1930, quoted by Bullock, op. cit., p.428.

2 Winch, op. cit., p.137.

3 Ibid.

4 MacDonald noted in his diary of this meeting, "It was practically a declaration of war.." P.R.O., MacDonald Papers, PRO 30/69/8/1, entry for August 21st 1921, quoted by David Marquand, op. cit., p.620. Marquand contrasts the failure of the T.U.C. at this meeting with Bevin's proposals to the Macmillan Report (p.622), but the cases appear remarkably similar.

5 Citrine, op. cit., pp.285-6.

6 The economic policy of the T.U.C. during 1931 is discussed in detail, below, pp.255-267.

with the decision to re-establish convertibility in 1925, so the Government's decision to renounce it was greeted by a mixed reaction from the shell-shocked labour movement. Again, there were differences between the positions taken up by the political and industrial wings.

Having been established largely to 'save' the pound, on September 20th 1931 the newly formed National Government decided, in the face of continued withdrawals, to leave the Gold Standard and thus permit the pound's devaluation. By so doing, the Government brought to a close an experiment which had lasted for just over six years. The following day, / ^{September} 21st 1931, a short bill, the Gold Standard (Amendment) Bill, was rushed through all its stages in Parliament, helped by Henderson,¹ and in spite of some guerilla activity by the Labour back-benches. Henderson's advice to the Party not to oppose the bill was rejected by over 100 Labour M.P.'s who voted against on Second Reading.² Henderson's conciliatory stance was to be strongly attacked at a meeting of the P.L.P., the following day.³

The behaviour of the Labour back-benchers in opposing the Government's measure to set free the currency needs to be explained. In part, it resulted from the understanding that devaluation implied increased import prices and, therefore, a reduction in the working class standard of living, already diminished by the "Economy" cuts. It was also based upon the premise that the policy of the National Government had been proven bankrupt by the failure to save the pound, the professed reason for the Government's formation. The Economy Regulations and the reductions in State expenditure on

¹ Henderson's speech may be found at 256 H.C. Deb. 5.s. cc.1299-1304. His message to the nation nicely captures his sense of the crisis implied by the decision to leave gold: "The situation confronting us calls for confidence and not despair; for steadiness and not panic. The fundamental strength of our Nation is unimpaired, and if we only remain calm and resolute we shall more speedily and successfully surmount our difficulties". Quoted in most newspapers, including the Daily Herald, September 21st 1931. According to Macdonald's diary entry for September 20th, Henderson agreed to help the Government complete its programme as speedily as possible because of the proximity of the Labour Party Conference. P.R.O., Macdonald Papers, PRO 30/69/8/1.

wages and benefits should be withdrawn since there was no longer a parity to defend. (Both sides had thought of deflation and devaluation as alternatives. Now, the National Government argued merely that the first made the second less arduous). But additionally, the back-benchers' opposition signified their enmity for the National Government itself. Having failed utterly in its major objective - to retain the link with gold - the Government had forfeited the right to hold office. The feeling, always latent, that Labour had been tricked out of power could only have grown. Opposition to the Gold Standard bill was in the hope of demonstrating that there existed only a spurious unity behind the National Government.¹ In a sense, the Gold Standard itself was irrelevant; the real question was MacDonald's alleged treachery, and the dishonesty of the current political coalition on the Government benches.

The Daily Herald, which under Bevin's prompting played an important part in the Labour opposition to gold, welcomed the Government's decision to leave the Gold Standard. The paper, like all sections of the Press, was, however, at pains to persuade its readers that the suspension of convertibility was no cause for alarm. Rather, the National Government had at last taken a wise decision. There was no possibility of a German-style inflation, and the paper emphasised the beneficial effects of suspension for the export trade.²

In its second editorial on the subject, the Daily Herald noted that the Act had but suspended convertibility for a notional six-month period, but prophesied that the nation would never "allow the

¹ For example, Nye Bevan's remarks, 256 H.C. Deb. 5.s. c.1335, September 21st 1931. "[The National Government] thinks that it is unrepresentative of the British electorate. It is considered that at all costs an election must be postponed, because this Government would be kicked out. At any cost this unrepresentative Government must be kept in power..." It is to be recalled that Labour had no expectation of the disaster which was to befall it at the election in October. Ben Pimlott, Labour and the Left in the 1930's, Cambridge University Press, Cambridge, 1977, p.15.

² Daily Herald, September 21st 1931, editorial 'The Right Step'.

² R. Bassett, Nineteen Thirty One: Political Crisis, Macmillan, London, 1958, p.241; David Marquand, op. cit., pp.659-660. At no time did Labour officially divide the house; all divisions were forced by back-benchers.

³ David Marquand, op. cit., p.661.

folly of 1925 to be repeated".¹ The paper was, however, fearful that the City interests were still "hankering to get back" to the Gold Standard as quickly as possible.² Both The Times and the Daily Telegraph had forecast that the U.K. would return to gold once our trade had been brought into balance.³ And The Spectator was to argue that "there is not the slightest doubt that we must set our faces now towards recovering the position that we have again lost",⁴ which implied a return to the Gold Standard at some future date at a parity of \$4.86.

The Daily Herald also spurned the rumours of the formation of a Grand Coalition including Labour. In its report of the P.L.P. meeting on the 22nd of September, it played down the attacks on Henderson, whose conciliatory response to the Government's problems had been widely interpreted as signifying his willingness at least to consider a different Parliamentary arrangement. Instead, the paper reported Henderson "speaking with warmth" on these "cock and bull" stories of coalition.⁵ Its editorial that day vigorously opposed any suggestion of Labour support for the Government, describing the rumours as "absurd".⁶ From this one may infer that the olive branches offered to Henderson, and the widespread rumours of an impending Grand Coalition including Labour, did not appeal to the T.U.C.

Questioned by the Daily Herald,⁷ both Citrine and Bevin welcomed what they saw as the Government's conversion to the policies of the T.U.C. Citrine pointed out that the T.U.C. had foreseen the very circumstances which had arisen, but that their advice had been disregarded by successive Governments. He felt that the step

1 Daily Herald, September 22nd 1931.

2 Ibid., September 25th 1931, editorial 'No Going Back'.

3 The Times, September 21st 1931 (leader column); Daily Telegraph, September 21st 1931 (news column).

4 The Spectator, September 26th 1931.

5 Daily Herald, September 23rd 1931.

6 Ibid.

7 Ibid., September 22nd 1931.

should have been taken weeks previously, before the introduction of the Economy cuts. Bevin, with unusual modesty, eschewed the temptation of saying 'I told you so', which he could have done with much justification.¹ Instead, he affected no surprise, said he had been expecting the move for some time, and announced that it was quite certain that no untoward circumstances would result.

But, as has been shown above, not all sections of the Labour movement regarded the suspension of convertibility and effective devaluation with the equanimity shown by Bevin. The left-wing press also had misgivings. The Clarion - which had been under new management since 1929 - regarded Snowden's decision as a mixed blessing. Having cut wages and benefits, the National Government now intended to reduce real wages still further by going off the Gold Standard and raising the price of imports.² The New Leader, the organ of the I.L.P., was also unhappy, editorialising to the effect that there was no certainty that a reduction in export prices would bring much comfort to British industry, since the world was already glutted with manufactured goods.³ However, the journal also carried an article by H.N. Brailsford, "rejoicing" in the "humiliating defeat" of Gold, and severely critical of Snowden, "the tool and agent of the City".⁴ Brailsford lauded the fact that the restriction placed upon exports by Churchill, with Snowden's active support, had now been removed.

The New Statesman appeared no less middle-headed than it had been in 1925. Its main proposal had been for an International Gold Conference,⁵ proposals for which had come from a number of sources,⁶ but which had run up against opposition particularly from

1 For a further reference to Bevin's reaction, on which occasion he did permit himself a pat on the back, see below, p. 207n.

2 The Clarion, Vol. III, No. 10, October 1931.

3 The New Leader, September 25th 1931.

4 H.N. Brailsford, "Slimming" the Pound: A Policy for Labour', in ibid. See also his earlier call for the overthrow of the Gold Standard, 'The "City" or the Nation? Why Stick to the Gold Standard?', in ibid., September 11th 1931.

5 New Statesman and Nation, September 12th 1931

6 It was a proposal also to be made at the Labour Party Conference. Labour Party Annual Conference Report, 1931, p. 187.

the French. On September 19th, the paper came out to blame Churchill for his "disastrous mistake" in 1925,¹ but still felt that "British policy should now make that final effort to remain on the Gold Standard.." The following week, it pronounced itself not unhappy that the Government had been forced to leave gold, but continued to favour some sort of internationally agreed standard, together with a commitment on Britain's part to devaluation rather than its tacit acceptance.²

The journal was, however, at one with other organs of Left opinion in believing that devaluation and deflation were logical alternatives, that is, that there was no case to be made out for the Economy measures once the currency had been set free. On the other hand, the Labour front-bench had repeatedly accepted the intellectual case for balanced budgets, and their objection to the National Government, as when in power themselves, had been only to the means chosen by which the balance could be achieved.³ The Labour Party's election manifesto in October was to accept that "a balanced Budget was...the first condition of sound national finance".⁴ Similarly, and perhaps more surprisingly, the Daily Herald had on September 23rd called for the Budget to be "revised and balanced in accord with the principle of equality of sacrifice".⁵ During the August 1931 crisis, Bevin and the T.U.C. had, like the Government, worked on the basis that the budgetary imbalance had to be ended.⁶

Another paper which welcomed the suspension of the Gold Standard, but from very different motives from those of say Bevin and the T.U.C., was the Communist Daily Worker. The paper had much enjoyed

1 New Statesman and Nation, September 19th 1931. Cf. ibid., May 9th 1925, for the view that 4.86 was not too high a rate of exchange, further, that "The significance of the actual steps taken...can easily be exaggerated".

2 Ibid., September 26th 1931.

3 See for example, Clynes reported in The Times, September 21st 1931, and Henderson's remarks during the debate on the Gold Standard (Amendment) Bill, 256 H.C. Deb. 5.s. c.1301, that same day.

4 Quoted by Pimlott, op. cit., p.15.

5 Daily Herald, September 23rd 1931, italics added.

6 Below, pp.261, 263-4.

the prophecies of economic catastrophe with which the right-wing press had regaled their readers when discussing the suspension of convertibility and in support of MacDonald's and Snowden's 'patriotism'. Now, with acute irony, the Communists looked forward to the same sort of disasters resulting from the abandonment of gold which the establishment press and politicians had so alarmingly forecast during August and the first weeks of September. Declaring that "CAPITALISM DECLARES BANKRUPTCY", and that the event symbolised "the break-up of British imperialism", the Daily Worker announced feverishly that the collapse of the Gold Standard was but the "forerunner of the collapse of capitalism".¹ While also emphasising the consequent rise in the working class cost of living, the Daily Worker busily anticipated the catastrophe so tantalisingly forecast by the capitalists themselves.

The comparison between the wilder forecasts made in advance, and the acquiescence and indeed welcome which the decision to leave gold actually received is not difficult to make.² Perhaps the most interesting comparison is between the two radio broadcasts given by Snowden, the first on September 11th, the second on September 21st.³ On the first occasion, in explaining the necessity for his Budget measures, Snowden paints an alarming picture of the position Britain would face should the currency no longer be backed by precious metal. His broadcast is replete with terms like "catastrophe", "calamity", "chaos", and "ruin". He argues that a currency un-backed by gold may fall so much in value as to be not worth the paper on which it is printed. There was the example of the German inflation to dangle before his listeners: "That is what 'going off the gold standard' means..."⁴

1 Daily Worker, September 22nd 1931.

2 This is evidenced in the press comment summarised by Charles E. Higbie, 'A Study of the British Press in Selected Political Situations, 1924-1938', University of London, unpublished Ph.D thesis, 1950, pp.164-188.

3 These broadcasts seem to have set the precedent. They were reprinted verbatim in The Listener, and are respectively 'The Second Budget of 1931', in the edition of September 16th 1931, and 'Suspending the Gold Standard', in that of September 30th.

It is difficult to defend Snowden's broadcast, even in the circumstances of the financial crisis, and it is certainly at odds with that which he was to make when convertibility had been suspended ten days later. Announcing the Government's decision, he then reassured his listeners that while, "The circumstances are bound to be disagreeable....they will not be disastrous or catastrophic". His explanation for this apparent change of fortune was that to go off gold with a balanced budget was a very different thing from having devalued say a month earlier, with the budget in deficit. This was sophistical in the sense that the Economy cuts had been designed to prevent not to facilitate the suspension of convertibility. It was additionally the accusation that, left to its devices, Labour would have printed money willy-nilly in order to meet its shortfall on the Budget, and that this in turn would have fuelled hyper-inflation. But even if the latter part of his argument made sense, it has already been shown that the Labour politicians, and indeed the trade unionists, had in fact accepted the need to bring the budget into balance. The Second Labour Government had not fallen over this, but over the proportion of the economies which were to fall upon the unemployed. The position of the Labour front-bench, if not of the T.U.C., had been accurately summarised by the Manchester Guardian, in its editorial on September 19th:

"Mr. Henderson and his colleagues are no more anxious to see the collapse of the pound than is the Government; they would not admit to any lesser readiness to take all necessary steps to preserve it".^I

Indeed, with the exception of mavericks like Brailsford, it was the trade union movement and its organ the Daily Herald, which alone among the sources cited above, looked forward to the
I Manchester Guardian, September 19th 1931.

4 The Economist, September 19th 1931, which itself regarded deliberate devaluation as a "counsel of despair", and which advocated extensive cost reductions, perhaps had this broadcast in mind in referring trenchantly to the "absurd exaggerations" comparing the pound with the German mark.

suspension of convertibility and devaluation with some relish.

Re-affirmation of trade union policy may be found in the short memorandum on the Gold Standard prepared by the T.U.C. Economic Committee in the early part of 1936.¹ The statement begins by noting that an ultimate return to gold still had its advocates, but stressed the continuing trade union opposition to such a move. The objective of policy should be the stabilisation of internal price levels:

"the aim of British monetary policy should be, first, to stabilise wholesale prices at a suitable level in this country, and secondly to seek by international agreement the largest practicable measure of stability in the rates of foreign exchange".²

It will be noted that the T.U.C. admit the desirability of stable exchange rates, but it is argued that these should be based upon "stabilised internal price-levels and not on gold".³

It was the case, however, that these references to the stabilisation of the price level were in fact euphemisms for the stabilisation of wages. Indeed, in its way, this was strangely analogous to the euphemistic use of the word prices rather than wages by proponents of the return to gold in the early 1920's. In this earlier example, as Reddaway has pointed out most effectively, the Bradbury-Chamberlain Committee placed an intellectual shield between themselves and the industrial consequences of their recommendations.⁴ The T.U.C. were thus employing a precedent which had once been used against them. Price stabilisation implied a "wages-truce", a concept Bevin appears to have toyed with; in that

¹ Appendix to T.U.C. Economic Committee Minutes, April 30th 1936. The memorandum is re-printed in T.U.C. Annual Report, 1936, p.213.

² Ibid.

³ Proposals of this kind had first been incorporated into Labour Party policy at the 1931 Conference. See Labour Party Annual Conference Report, 1931, pp.187-195. Bevin did not allow this occasion to pass without reference to his own role as propagandist for these views over past Conferences, and on the Macmillan Committee, (pp.191-2). In their evidence to Macmillan, the T.U.C. call for price stability to be made the basis of economic recovery. Committee on Finance and Industry, Minutes of Evidence, Vol. I, p.312.

⁴ Reddaway, op. cit., p.25.

case the proposed truce being of three-years' duration and to be accompanied by enforced rationalisation.¹

VIII

Britain's return to the Gold Standard, and the consequences of that decision, have proved among the most inviting of topics to a succession of historians. It is therefore somewhat surprising that the attitude of labour has largely escaped attention. In this chapter, it has been intended to show that Labour opposition to the Gold Standard took a more profound basis than might be suggested by reference solely to the Commons debates in both 1925 and 1931. Opposition came from a number of sources including the I.L.P. and the trade union movement, amongst whom Bevin stands out. That the industrial wing of the Labour movement should have been party to some of this criticism is not surprising, since it was they who were in the forefront of the deflation considered necessary to reduce the differential between British and foreign prices;² the decade of deflation necessary to get on and remain on the Gold Standard. What is more surprising is that the differences between the political and industrial wings on the subject of Gold and the rate of exchange do not appear~~d~~ to have narrowed between 1925 and 1931. Rather, the differences had widened in that time, as the trade unions alone began to accept some of the advantages of devaluation and easier credit. Thus, both Snowden in 1925, and Henderson in 1931, were out of step with the movement as a whole. Snowden, because only immediate associates like Graham shared his view that the benefits of exchange stability to the export trade outweighed the disadvantages of both deflation and over-pricing.³ Henderson, perhaps less for his Parliamentary conciliation, and rather more for his sense of crisis and alarm at the failure to

¹ Bevin Papers, D3/2/5, Handwritten notes on the Gold Standard.

² The almost exclusive concern with the U.K./U.S. ratio, which was exhibited by virtually all contributors to the debate, has been criticised by Reddaway, op. cit., p.26: "...the trouble in the coal industry was a direct reflection of the high exchange rate in relation to the mark, rather than to the dollar". Italics in original.

³ For Graham's views that the return to gold would help the export industries, see his article 'The Budget', The New Leader, May 1st 1925.

preserve convertibility.

In discussing Labour opposition to the return to gold in 1925, an opposition also voiced, albeit ineffectually, by the F.B.I., it is not intended to deny the weight of political as well as financial opinion behind Churchill's decision. However, it is argued that Labour opposition went beyond Snowden's half-hearted attack and beyond the official House of Commons amendment which Snowden put down. Certainly Sayers is inaccurate in claiming that the only "real opposition came from a group around Keynes, and there were critical noises in the Beaverbrook Press".¹ Dissident voices were raised by a variety of Labour spokesmen, but these of course were not strong enough to sway Snowden, let alone influence Churchill against a return. The sort of joint approach with the employers which became possible in the late 1920's might have carried more weight, although even had this been possible in 1925, neither side would have made a very faithful ally. The F.B.I. were wavering; the unions for the most part uninterested.

The coming together of employer and trade union attitudes towards the Gold Standard has been an important aspect of this chapter. It was perhaps no coincidence that this occurred with the hardening of the trade union movement against gold, and against the folly perpetrated in 1925. There was a cross-fertilisation of ideas, and there is evidence to suggest that the pronouncements of the Mond-Turner Conference represent the counter-attack by both sides of industry which felt themselves to have been sacrificed to the twin Gods of the City and of Gold.² It was the demand of both employers and unions that the special interests of the banking and financial sectors should no longer claim first call upon the Treasury and the Bank of England. In a sense then, both sides of industry were unhappy at the lead being given by

¹ Sayers, in Pressnell, op. cit., p.316.

² Pollard, 'Trade Union Reactions...', op. cit., p.106. See also above, pp.114, 119, 123.

the respective political parties with which each was most closely aligned. This fact helped underline the 'non-political' nature of the Mond-Turner discussions as a whole.

Finally, it may be worth emphasising what is not claimed in this chapter. It is not asserted that the Labour movement, nor any section of it, nor even Bevin (bearing in mind his reservation to the Macmillan Report), was totally consistent in its opposition to gold, or to an exchange rate of $\$4.86$. The conclusions are far more moderate. It is argued that there was some undercurrent of criticism of gold already apparent in 1925, and that this grew over the following half dozen years, including within the trade unions. This criticism may never have been very sophisticated, but most writers would attribute to it some historical justification. It did lead Bevin and the T.U.C. to take up a position on devaluation in advance of that of Keynes, and showing far greater foresight than either political party. By envisaging the possibility of devaluation, the T.U.C. evidence to Macmillan does demonstrate an ability to 'think the unthinkable'. But it is probably fair to add that the majority of members of the General Council had only the barest understanding of the workings of the monetary system. While the budgetary aspects of deflation were fairly easy to comprehend, the impact of monetary restriction was both complicated and controversial.

The Gold Standard and Free Trade were both part of the Nineteenth Century Liberal view of international trade which retained a strong influence over the Labour movement between the wars. Yet, if there was a subject upon which the T.U.C. came closest to breaking with orthodoxy, it was the Gold Standard. Although it is not possible to distinguish the factors with any accuracy, it would appear from the evidence cited in this chapter that it was the impact of the Gold Standard upon wages which was the crucial element in deciding union attitudes. However, Bevin at least believed

that the Gold Standard was incompatible with full employment. Nevertheless, neither Bevin nor the T.U.C. made the final breakthrough to openly advocate devaluation as an instrument of policy.

It is apparent that the Labour critics of orthodox monetary policy failed to influence the development of Government thinking. That, in the context of the 1920's, is of no great surprise. What is striking is that these critics, in particular the T.U.C., had so little impact upon the Labour front-bench. If the T.U.C. was really dissatisfied with monetary policy, and really wished to impose its beliefs upon Snowden, it should not have distanced itself from potential allies in the I.L.P.

Chapter 7.

TARIFFS, MIGRATION, AND THE EMPIRE.

This chapter is concerned with trade union attitudes towards the British Empire. It focuses upon the two closely related topics of tariffs and emigration. It is shown that the T.U.C. exhibited surprisingly little faith in protection. At the same time, its faith in migration may be considered as misplaced.

Section I describes the background to trade union thinking on tariffs, as well as the state of the British tariff during the first three decades of the century. Section II describes the operation of the Safeguarding of Industries Act, and the willingness of unions to give their consent to safeguarding applications. Particular attention is paid to the controversy which arose in the wool textile industry. Section III briefly discusses 'dumping'.

In Section IV the reasons for trade union opposition to tariffs are analysed. Considered in detail are the position of the I.S.T.C., and the views of Ernest Bevin. Section V is concerned with the 1930 Economic Committee Report which emphasised the value of Empire trade. The ambiguities in the report are discussed. It is suggested that publication of the report marks the T.U.C.'s commitment to a generalised system of trade controls. However, as the material in Section VI makes apparent, the T.U.C. was opposed to tariffs as a method of trade regulation.

Section VII describes the Economic Committee's enquiry into fiscal policy carried out in late 1931 and early 1932. Section VIII discusses employer attitudes to tariffs, and a summary and conclusion form the basis of Section IX.

Section X is concerned exclusively with migration. It describes and analyses the policy of the Government, and of the T.U.C., before comparing the recommendations of the Mond-Turner Unemployment Report with attitudes in the Dominions. It concludes that the emphasis upon migration shown by the report was ill-judged.

Some final comments form Section XI.

I

During the early years of the Twentieth Century, the Labour movement, both political and industrial wings, remained firmly committed to Free Trade. This resulted from the simple opposition to 'taxes on the people's food', and from the Victorian Liberal tradition, which was pre-eminent before World War One, and which remained influential between the wars. Moreover, Labour's internationalism also ran counter to policies of trade barriers and tariffs. This opposition to controls on trade was mirrored in the country as a whole, and their advocacy of protective measures had played a dominant part in the defeat of the Conservatives at the General Elections of 1906, 1923, and 1929. The inter-war period shows a slow but perceptible re-appraisal of trade controls by the trade union movement, although there remained an ultimate commitment to Free Trade. However, the unions did oppose 'dumping' (by nature, somewhat difficult to define), and individual unions did, on occasion, ally themselves with their employers in calls for protection from foreign competition.

During the 1920's, under the system of co-ordinated working between the T.U.C. and the Labour Party, "the tendency has been to leave fiscal questions to the political wing of the movement",¹ where they were nurtured by the devout liberalism of Philip Snowden. Snowden's 1924 Budget has been described as leaving the British tariff "nearer the free traders' ideal than it had been for many years",² and represents the low point of British tariffs between the wars. However, on this question, the two wings were broadly in concert, Milne-Bailey claimed "there is no indication that the Trade Union feeling on this matter has changed".³ Six resolutions reaffirming Free Trade had been passed by Congress in the years 1903-5 and 1917-19. In 1920, a similar motion was

¹ Milne-Bailey to I.F.T.U., October 18th 1927, T.U.C. File: 561.

² Sir Bernard Mallet and C.O. George, British Budgets, 3rd Series, 1921-1933, Macmillan, London, 1933, p.124. Quoted by D.R.E. Abel, A History of British Tariffs, 1923-1942, Heath Cranton, London, 1945, p.20.

³ Milne-Bailey to I.F.T.U., October 18th 1927.

proposed, although without being put to the vote.¹ No further resolution of this kind was to feature upon the agenda of either the T.U.C. or the Labour Party Conference, but the views of the Labour movement in the first half of the 1920's are easily summarised. Protection could not prevent unemployment.² Imperial Preference was a nonsense since it meant taxes on food, and because the Dominions accounted for only one-half of British trade.³

At the commencement of hostilities in 1914, Britain had no protective duties. However, she did have some tariffs for revenue purposes, notably on tea and alcohol. Where possible, the duties on imported goods which were also produced at home (e.g. spirits and beer) were accompanied by corresponding excise duties on domestic production. In fact, customs and excise duties together yielded over 40 per cent of Government revenue in 1914.⁴ Since the 1870's there had been some ideological movement from 'free' to 'fair' trade under the impetus of imperialism, and of Chamberlain's Birmingham-based movement for tariff reform. Elements of imperial preference may be discerned in the last quarter of the Nineteenth Century, and tariff reform was the major issue at the 1906 election.

There had thus been some slight movement towards protection before the introduction of the McKenna Duties in 1915. These were imposed at a rate of 33 $\frac{1}{3}$ per cent on certain articles considered as luxuries, or taking up valuable space in cargo vessels. Their introduction marks the first decisive breach with Free Trade, although their impact was only marginal, and may be linked to the special war-time circumstances.⁵ The Duties had some protective effect, since they were not levied upon home production.

¹ These resolutions were re-printed in a T.U.C. pamphlet, Tariffs and World Trade: An Examination of our Fiscal Policy, 1932, pp.26-7.

² Labour Year Book, 1924, p.220.

³ Ibid., pp.221-2.

⁴ F.C.C. Benham, Great Britain under Protection, Macmillan, New York, 1941, p.29.

⁵ Although they remained in operation when the war was over.

The Safeguarding of Industries Act, which came into operation on October 1st 1921, represents the first new peacetime protective measure for nearly a century. The first section of the act applied to so-called 'key-industries'; again, the level of tariff was $33\frac{1}{3}$ per cent, although still higher on a small group of items. The second part of the act dealt with the prevention of dumping. The duties were amended somewhat over the next decade, but in any case the proportion of goods liable at any time was well under five per cent. The importance of the act so far as the trade unions were concerned was that applications for protection were invited from those industries which considered themselves threatened by foreign competition. Employers turned to their unions in the hope that a joint approach might be made to pressurise the Government into affording protection. As will be shown below, on occasions this placed unions in an ambiguous position between Labour's political opposition to safeguarding, and the unions' understandable concern to protect the livelihoods of their members by all means at their disposal.

There were thus two exceptions to what remained a generally anti-protectionist stance by the unions during the 1920's. In the first place, certain sections of the movement were inclined to support protective duties for their own industries. Secondly, the Labour Party had declared itself against dumping, and, what was not quite the same thing, had expressed itself in favour of the exclusion of foreign goods made under sweated conditions. These two cases may now be looked at in turn.

II

Unions favouring protective measures included the lace workers,^I the glass workers, hosiery workers, and sections of the iron and steel trades. These groups were willing to collaborate with their employers in requesting the implementation of safeguarding duties.

^I Supported by Arthur Hayday, in his capacity as a Nottingham M.P.

However, such requests were by no means always received favourably by the Board of Trade. For example, a request backed by the Goldbeaters' Trade Society (makers of gold leaf) was turned down in 1921, and again in 1926. The procedure was that the industry had to make out a prima facie case for protection, a Court of Enquiry of the Board of Trade had to be held, and the final consent was necessary of both the Board and the Treasury.¹

Pressure was likely to be most effective if a joint approach was made by both sides of an industry, and for this reason employers sought the support of the representative unions. By April 1929, out of eighteen safeguarding applications, only one had been definitely opposed by a trade union, and twelve had been definitely supported. In eight of these cases, safeguarding duties had been imposed.² It appears then that those safeguarding applications which did proceed did so with at least the tacit support of the workers in the industries affected. However, the important question is how many applications would have been made had the employers won the support of the unions, but which were not proceeded with simply because that support was not forthcoming. All employers were aware that no safeguarding application was likely to succeed in the face of opposition from the unions. The National Union of Boot and Shoe Operatives, for example, a union with good relations with their employers, consistently refused to join a campaign for import restriction.³ And, while Fox argues that "the manufacturers therefore won their measure of protection without Union assistance",⁴ this was not granted under the Safeguarding of Industries Act, but as part of the general protection afforded by the Import Duties Act in the very different circumstances of 1932.

The one case of definite trade union opposition to a

¹ Safeguarding of Industries: Procedure and Enquiries, Cmd.2327, 1925.

² Details in 227 H.C. Deb. 5.s. cc.1396-1398, April 30th 1929.

³ Fox, op. cit., pp.456-7.

⁴ Ibid., p.457.

safeguarding application, referred to above, was the first application of the woollen and worsted trade, in 1925. It was the second application from that industry, in 1928-29, which was to result in acute controversy within the unions concerned, and within the wider Labour movement. Under the threat of a wage reduction, the National Association of Unions in the Textile Trade (N.A.U.T.T.) re-appraised their previous policy, and concluded:

"..that unemployment in the Wool Textile Industry has been and is likely to be accentuated by the importation of foreign dress goods, and we are of the opinion that, with certain limitations, the Trade Unions should support the employers in making a further application for safeguarding".¹

No formal agreement was reached with the employers that if the application was approved then the threat of wage reductions would be dropped. However, Milne-Bailey estimated that there may have been a private understanding to that effect. It was "the price that is being paid for a continuance of the present conditions".² The suggestion is strong that the textile unions were willing to drop their opposition to safeguarding when faced with a reduction in wages. But this also implied a concern for employment, since wage reductions were automatically opposed.

The decision of the textile unions was by no means unanimous. Turner's National Union of Textile Workers, and the Dyers' Union, were both pre-dominantly anti-protectionist. The vote to support the employers' application had been taken by fifteen unions to nine (24 unions present, the N.A.U.T.T. consisting of 31 unions). However, in terms of membership represented, the fifteen pro-safeguarding unions totalled but 23,100 employees, while the nine opponents could claim a membership between them of 98,400.³ The Dyers, supported from without by Snowden and other West Riding

¹ Resolution adopted by the Association, December 1st 1928, included in N.A.U.T.T., Safeguarding of Industries: Report of the Executive Committee, December 14th 1928, p.8.

² R.281008, Safeguarding, December 18th 1928, T.U.C. File: 531.

³ P.R.O., MP 55/58 SOI 12. The nine opponents included the Dyers with 21,500 members, and the largest textile union, the National Union of Textile Workers with 65,000 workers.

Labour M.P.'s, led the agitation for a card vote which could overturn the decision in support of tariffs.¹

However, at the Annual Council meeting of the N.A.U.T.T. held on January 12th 1929, a card vote to determine the constitutionality of the previous decision resulted in a defeat for the Dyers by 85,000 to 55,700 (nine unions to six). The association therefore went ahead with its support of the employers' safeguarding application.² What appears to have happened at this second vote is that the National Union of Textile Workers threw their 65,000 votes behind their General Secretary, Arthur Shaw, who was also Secretary of the N.A.U.T.T. This was, of course, on the narrow question of the constitutional propriety of the first decision. For, as a union, the Textile Workers were opposed to protection.

Milne-Bailey considered that while there was no reason for the trade union movement to tie itself rigidly to Free Trade, any more than to the other aspects of laissez-faire, he was unhappy about the particular case of the wool textile industry:

"All the evidence....goes to show that the gross inefficiency and lack of organisation and enterprise themselves is responsible for any failure there may be to compete effectively with foreign countries".³

Furthermore, far from protection affording the opportunity of re-organisation behind a tariff barrier, it would only encourage employers to continue with their old inefficient ways.⁴ Willy Graham also felt that protection was an alternative to the "real cure" proposed by the unions, namely "the domestic re-organisation of the industry".⁵

¹ The group of Labour M.P.'s issued a statement saying that a protective tariff afforded no hope to the West Riding, Daily Telegraph, December 6th 1928. The N.A.U.T.T. decision was also criticised by the Daily Herald, December 7th 1928. In addition, see Snowden's article, 'The "Safeguarding" of the Wool Textile Industry', The Labour Magazine, VII, 9, January 1929.

² P.R.O., BT 55/58 SOI 12.

³ R.281008, Safeguarding, T.U.C. File: 531.

⁴ Ibid.

⁵ W.Graham, 'Labour, Trade Unionism and Safeguarding: Features of the Controversy', The Banker, IX, 36, January 1929, p.22

This example of the wool textile industry illustrates the strength of the Free Trade position within the unions. The industry was facing 'fair' competition, and therefore should not be aided even if it meant wage reductions or redundancies for the workers. While facing trade restrictions abroad, which by expanding that market for overseas producers permitted them the economies of large-scale production, British failings were the failings of management to re-organise and to compete more effectively. Even when faced with the explicit choice between protection and the threat of wage reductions, many trade unionists appear to have favoured the latter. With over one million unemployed, and facing continual pressure upon wages, it is not surprising that some unions did take up their employers' demand for trade restrictions. What is striking is that these unions appear to have been so few in number.

However, the tide of protection was rising.¹ So much so that Bevin requested the General Council to establish a uniform policy for unions faced with appeals from employers for a joint approach for safeguarding. A "very difficult situation" arose, he wrote:

"The fact that no general pronouncement has been made on the Industrial Side as to the policy that should be followed is undoubtedly aggravating the position. Cases have arisen where one section of the workpeople's representatives has been inclined to favour the attitude of the employers whilst another has been opposed".²

But when this letter was considered by the General Council, it was decided that it merited merely an acknowledgement.³ No doubt the fear of political embarrassment played some part, as it had done during the Mond-Turner talks when all discussion of tariffs was dropped.⁴ However, in addition, a 'uniform policy' implied a

¹ For those protective duties operating in 1929, see Abel, *op. cit.*, p.47.

This is an extensive list, but the overall effect was only slight.

² Bevin to Citrine, June 3rd 1930, T.U.C. File: 531.

³ T.U.C. General Council Minutes, July 23rd 1930.

⁴ See above, p.p.125-6.

breach with the unions' hitherto expressed belief that the case should be made out on the individual circumstances applying in the industry concerned. By refusing to establish a set policy, the T.U.C. succeeded in avoiding the possibility of a split on the question of safeguarding.

The position had been highlighted in May 1930, when Tillett and Hicks had taken part in a Free Trade Conference.¹ The appearance of such prominent trade unionists on such a platform resulted in an angry letter from Cook, who demanded to know the attitude of the General Council to the Conference. Voicing a view he could hardly have wished applied to his own public statements, Cook expressed the belief that, "All Trade Union representatives attending such conferences should voice the opinion of the Trade Union Movement".² And, while Cook withdrew the letter the following day, the problem was that while the majority of the trade union movement could no longer be described as Free Traders, they still had not developed a coherent policy of their own. Loyalty to the Labour Party, and the awareness of the divisions within their own ranks, go far to explain the ad hoc nature of union pronouncements on tariffs.

III

Much less need be said regarding the policy on 'dumping'. In the first place, this had referred to the immediate post-war problem of the exchanges, however, concern shifted away from the problem of countries with competitive exchange rates to that of those operating under 'sweated' conditions. It will be seen that the definition of 'dumping' was rather different from one which might be applied today, that is, sales deliberately below cost price.

Sweated goods were, in fact, defined quite strictly as those not manufactured at trade union rates, or at "current" rates in

¹ A short account is in The Times, May 13th 1930.

² Cook to Citrine, May 26th 1930, T.U.C. File: 530.

countries without a trade union movement. However, it needs to be seen that this case was more closely associated with agitation for the ratification of the Washington Hours Convention, than with protection. The development of international standards was, nevertheless, expected to reduce the competitive advantage of foreign industry.¹ Graham had admitted that many in the Labour movement saw the threat of exclusion of sweated goods as a bargaining lever to stimulate higher labour standards in competing countries.² Thus, the internationalism which on the one hand argued against the introduction of trade barriers, could be used as the very element which necessitated their use by a Labour Government. Yet, the fact that Snowden could chair a committee recommending the boycott of goods from countries persistently refusing to enforce minimum international standards suggests that little change in the pattern of trade flows was expected to result.³ The T.U.C. had affirmed that the import of commodities made under inferior labour conditions was detrimental to the unions' objectives in Britain.⁴ But they were wary, lest that opposition to sweating should drift into a more general tariff policy.⁵

IV

In explaining the trade union position on tariffs during the the 1920's, several factors have been enumerated. Firstly, Labour's internationalism - there was considered to be a close connection between tariffs, power blocs, imperialism, and war. Secondly, there was the tradition of Liberalism, which implied not only an intellectual debt, but also an emotional opposition to food taxes. Thirdly, there was the political dimension. Tariffs were a policy of the Tory Party, moreover, they were believed to be an electoral

1 See also above, p.105.

2 Graham, *op. cit.*, pp.23-4.

3 Labour Party, Sweated Imports and International Standards, 1926. This pamphlet was attacked by one delegate to the 1928 T.U.C. as being insufficient to meet the threat Britain was facing. T.U.C. Annual Report, 1928, p.406.

4 T.U.C. Annual Report, 1927, pp.387-8.

5 Herbert Tracey, 'Protection, Prices, and Production', The Labour Magazine, December 1931. Tracey was the T.U.C.'s Publicity Officer. The article expresses a strongly anti-tariff view.

encumbrance. Tawney argued that there was a further factor which also had a permissive effect upon the anti-protectionist stance in the trade unions. That is, that those industries in which trade unionism was most firmly entrenched were just those industries which stood to gain least by protection. Only the Iron and Steel trades faced direct foreign competition in the home market; the other staple trades either worked for the export market, were reliant upon imported materials, or faced no domestic competition from overseas producers. In the sheltered trades, like railways, tariffs merely implied increased costs.¹

On the general question of the Empire, however, the majority of trade unionists retained a sense of commitment. (I choose here to ignore a resolution declaring its "complete opposition to Imperialism", passed at the heady Scarborough Congress in 1925.² The resolution was criticised verbally by Thomas - who castigated it as "absurd" - but even he did not cast the votes of the N.U.R. against it). The conception of Empire was perhaps one of an ultimately equal partnership of free nations, but this was intended to strengthen rather than weaken intra-Imperial links. As Clynes wrote, "Far from wanting to lose our Colonies, we are trying to keep them".³ In fact, both major political parties were compelled to re-assess their conception of Empire by the rise of 'nationalism' in both the white dominions, and in India.

The fact that protection was so closely associated with the policies of the Conservative Party was an important factor in preventing Labour re-evaluating its position. For example, a mildly worded call for an enquiry into the possible advantages of protection, made in 1924, was violently attacked at the T.U.C. by

1 R.H. Tawney, The British Labor Movement, Yale University Press, New Haven, 1925, pp.104-5.

2 T.U.C. Annual Report, 1925, pp.553-555.

3 J.R. Clynes, Memoirs, Hutchinson, London, 1937, Vol.II, p.55.

the mining and cotton unions.¹ But Labour had also to ensure that in its support for Free Trade, it did not present itself to the public as a simple left-wing adjunct of the Liberals. Two Labour publications from the period just after the Great War illustrate this wariness at associating the Party too closely with Free Trade. The argument is that the struggle is not between Free Trade and protection, but between protection and the policies of the Labour Party. Neither Free Trade nor protection could guarantee employment in themselves. However, all things being equal, a policy of Free Trade would prove less injurious to working class interests.²

Within the trade union movement, the controversy over tariff protection was most acute inside the Iron and Steel Trades Confederation (I.S.T.C.). The differences were both ideological, and based upon the separate requirements of sections of the industry - that is, between the 'Heavy' branches, concentrated in Sheffield, and the 'Finishing' branches which were dependent, in part, upon 'cheap' imports. The protectionists within the industry failed, however, to win support from either the T.U.C. or the Government during the 1920's.³ In 1926, for example, the T.U.C. rejected by 2:1 a resolution from the I.S.T.C. calling for the control of imported steel. Criticism of the steelworkers was particularly vehement from the general unions.⁴ This resolution had called for an International Wages Standard (by analogy with the Hours Convention), and had demanded the exclusion of goods produced under conditions unsatisfactory to the labour movements in the producing countries. It was not until 1931, that Congress accepted (by 1.8m to 1.4m votes) an I.S.T.C. resolution providing

1 T.U.C. Annual Report, 1924, pp.482-484.

2 Brougham Villiers, Tariffs and the Worker, 1919; J.R. MacDonald, Labour's Policy versus Protection: The Real Issues of the General Election, 1923.

3 Pugh, op. cit., pp.394, 442, 457-8; Gupta, op. cit., p.69.

4 T.U.C. Annual Report, 1926, pp.394-402.

for import prohibition, "if the nature of the competition and other circumstances justified that course".¹ Even this resolution, the concern of which was to bring the industry under public ownership and subject to industrial planning, was strongly criticised by the miners and by the A.E.U., on the grounds that the clause dealing with import control implied tariff reform.²

In the I.S.T.C., and in the union movement more generally, faith was placed in the powers of re-organisation. The major question was thus whether protective measures would help or hinder that process of re-organisation.³ The policy which evolved in the I.S.T.C. in the late 1920's was that tariffs without re-organisation would be a disaster. Similarly, in 1930, Bevin argued that tariffs might be necessary to protect the re-organisation of basic industries under nationalisation (a form of the 'Infant Industry' case). This was a process of "real safeguarding" - "the infant 'British Steel Authority' would be a sapling worth surrounding by a measure of safeguarding" - but this did not apply to the current inefficient, dis-organised steel industry.⁴ The argument, which Bevin repeated the following year on the E.A.C.,⁵ pre-supposed State ownership and the organisation of the basic trades:

"A lusty and growing publicly-owned industry....deserves shelter until it is strong enough to meet and defeat all its competitors".⁶

In the first few months of the Labour Government, when Thomas had met the T.U.C.G.C. informally to discuss unemployment, and announced that he was agnostic on the question of Free Trade or protection, Bevin replied that "He did not think the British

1 T.U.C. Annual Report, 1931, p.446.

2 Ibid., pp.451-2.

3 In Iron and Steel, as in so many industries, the unions pressed harder for re-organisation than did the employers. Gupta, op. cit., p.150.

4 Ernest Bevin, 'My Signpost to Prosperity', John Bull, July 26th 1930.

5 P.R.O., CAB 58/2, Minutes of the 12th Meeting of the E.A.C., March 12th 1931.

6 Bevin, 'My Signpost to Prosperity', op. cit.

manufacturer had any right to ask for protection for inefficiency".¹

This argument was also to be the one Bevin would employ in his reservation to the Macmillan Report. Before protection could be considered, industries should be re-organised and placed under State supervision. Tariffs might then be preferable to an all-out attack on wages, but their general effectiveness was to be doubted.² Anti-protectionism also remained strong among the Trade Union group of M.P.'s,³ although by June 1931, 52 Labour Members of Parliament - including Ben Turner, but opposed by Tillett and Thorne - could support a bill to restrict imports introduced by a Tory M.P.⁴

V

In 1930, the T.U.C. Economic Committee published a report dealing with economic groups and the world economic situation which was to occasion considerable controversy within the trade union movement.⁵ The report dismisses a policy of isolationism,⁶ and discusses the feasibility of three different economic groupings: a United States of Europe, and Anglo-American Alliance, and a Commonwealth Economic Group. It rejects the first on the grounds that trade between the partners would tend to be competitive not complementary,⁷ and the second because "their economic interests tend to clash rather than coincide".⁸ The conclusion is reached that:

"If the policy of forming economic blocs is pursued by the nations, the most practicable group from our point of view would appear to be consolidation of the British Commonwealth".⁹

While it is striking that this report makes just two

¹ Informal meeting between Thomas and T.U.C.G.C., November 28th 1929, note of proceedings in T.U.C. File: I35.43.

² Report of the Committee on Finance and Industry, Cmd.3897, 1931, p.210. As shown above, p.197, the T.U.C. evidence to Macmillan had also doubted the case for tariffs.

³ Gupta, op. cit., p.157n.

⁴ Leave to introduce this 'Standards of Labour Bill' was granted by 164 votes to 129. 253 H.C. Deb. 5.s. cc.1749-1758, June 17th 1931. "The Labour Party's faith in free trade has been severely shaken as the result.." reported The Times, the following day.

⁵ Trades Union Congress and the Imperial Conference, 1930: A report...on questions relating to Industrial policy in connection with the Imperial Conference, 1930. This is re-printed in T.U.C. Annual Report, 1930, pp.208-217, from which all references are taken.

recommendations - for an imperial economic secretariat, and for regular imperial economic conferences - and that these were part of the process of 'consolidating' the Empire,¹ the report makes little sense unless general trade restrictions were to be imposed. Raising tariffs against outsiders was the most practicable way of achieving this 'consolidation'. Yet, while the report may have been a realistic assessment of the prevailing currents in world trade, if not of attitudes in the dominions, the policy to which it was lending support was by no means clear. As the Daily Herald was forced to admit in the face of criticism of the report, it was "not exactly a triumph of clarity".²

However, its ambiguities were not sufficient to protect the report from damaging criticism by the Free Traders on the Labour Party's International Committee:

"The T.U.C. Report...contains some proposals which are quite impracticable, and some which, although ambiguously stated, would be disastrous".³

The T.U.C. policy, it was argued, contravened the declared positions of the Labour Party, the I.F.T.U., and the League of Nations.

For, to the Free Traders in the Labour Party, it mattered little

1 T.U.C. Annual Report, 1930, pp.211-212. The recommendation for a secretariat was adopted by Willy Graham. Janeway, op. cit., p.159. In late September 1930, the T.U.C. made a joint approach with the employers to the Government in furtherance of this call for the provision of intra-Imperial consultative machinery. This 'Joint Memorandum of the F.B.I. and the T.U.C. on Commonwealth Trade, Economic Secretariat, etc, submitted to the Prime Minister on Wednesday, September 24th 1930', was published as part of a T.U.C. pamphlet, Commonwealth Trade: A new policy, 1930, pp.42-4. In discussing the functions of a Commonwealth Trade Conference it refers to "reciprocal arrangements", which can only be a euphemism for tariffs. At the meeting of the T.U.C. Economic Committee, January 27th 1931, dissatisfaction was expressed at the lack of consideration paid by the Government to this joint statement.

2 Daily Herald, September 3rd 1930.

3 Labour Party, International Department, No.413a, July 1930: International and Imperial Advisory Committees: 'Imperial Economic Policy', copy in P.R.O. T 172/1689. For membership of this committee, see Gupta, op. cit., p.152n.

6 T.U.C. Annual Report, 1930, p.209.

7 Two years earlier, Bevin - the driving force of the Economic Committee Report - had successfully moved a resolution calling on the T.U.C. to have as its object, "Europe becoming an economic entity". Bevin's support for a United States of Europe resulted from the impression made on him by the size of the captive market in the U.S.A. T.U.C. Annual Report, 1927, pp.391-6

8 T.U.C. Annual Report, 1930, p.210.

9 Ibid., p.211.

if trade was regulated by tariff or through State Import Boards. Regulation by quota was no less regulation than regulation by price. And, while the T.U.C. Economic Committee Report had not explicitly lent support to any one form of trade restriction, if Britain was to be part of an Imperial economic unit, mutually advantageous trade regulation could only mean "stomach taxes".¹ In the Daily Herald, however, the drift was made apparent:

"The modern world needs neither Free Trade, nor trade strangled by tariffs. It needs regulated trade".²

What is less clear is the degree to which trade unionists appreciated that the proximate method of regulation, that is, either tariff or quota, would have an identical impact upon the domestic price level. The effect of a quota is to increase the domestic price paid just as surely as does a tariff.

The Economic Committee Report was an embarrassment to the T.U.C., not only because of the schism it effected between the Labour Party Free Traders and the unions - a split gleefully seized upon by the Conservatives³ - but also because of the use of the report by the Daily Express. The premature airing of the report by that paper, and by the Daily Mail, led to the Express dubbing the Economic Committee as the "T.U.C. Crusaders".⁴ The paper argued that the report "meant Empire Free Trade or nothing else", although claiming that the resulting outcry signified that "...we must leave our trade union friends- in the support trenches".⁵ Discussion of the report at Congress in September, permitted Beaverbrook to repeat the treatment.⁶

As a result of the leak, the General Council decided to prepare an explanatory addendum to the report, which went out of

1 A phrase used by Holmes of the Agricultural Workers' Union in rejecting all forms of protection. British Commonwealth Labour Conference (B.C.L.C.), Report, 1930, p.18. This report was not published. A copy is in the Labour Party Library.

2 Daily Herald, September 3rd 1930.

3 See for example, Chamberlain's speech reported in The Times, July 21st 1930.

4 Daily Express, May 28th 1930. The headline 'TRADE UNION BOMBHELL: ECONOMIC REPORT ON EMPIRE FREE TRADE', was quite misleading, although the paper's report adheres fairly faithfully to the facts.

its way to reject Empire Free Trade.¹ This addendum affirmed:

"..the question of Tariffs was not in any way raised in the Memorandum and it has not even been considered by the Economic Committee. The propaganda for so-called 'Empire Free Trade' has neither occasioned nor influenced the discussions of the Committee".²

But while the Economic Committee Report was not a programme for Empire Free Trade, their policy did "imply either tariffs or some alternative form of protection".³ In the addendum, the Committee offer no opinion of tariffs relative to any other method of regulating commerce, but it is apparent that such intervention is not ruled out.⁴ What the T.U.C. was considering for the first time was a policy of general trade barriers.

As argued above, support for a Commonwealth trading area was not the same thing as support for Empire Free Trade. Not least, was it "constitutionally impossible for the United Kingdom government to make tariff policy for the....Dominions".⁵ While Empire Free Trade would doubtless have appealed to Britain, it was anathema to the Dominions, with their own manufacturing industries to foster away from British competition. The prospects of Empire Free Trade "were poor enough in Mr. Chamberlain's time; when Lords Beaverbrook and Rothermere were sponsoring the idea, they were quite hopeless".⁶

But while the report may not have been as the Beaverbrook press described it, it was a crucial document in the development of union thinking on the Empire. It marks the support of a system

1 T.U.C. General Council Minutes, May 28th 1930.

2 T.U.C. Annual Report, 1930, p.212.

3 New Statesman, July 5th 1930.

4 T.U.C. Annual Report, 1930, p.216.

5 Ian M. Drummond, British Economic Policy and the Empire 1919-1939, George Allen and Unwin, London, 1972, p.33.

6 Benham, op. cit., p.58.

5 Daily Express, May 29th 1930.

6 Particularly noteworthy are two cartoons. The first (September 4th 1930) shows the T.U.C. marching in step with Beaverbrook to the evident shock of Snowden, Lloyd George, Thomas, Macdonald, and Maxton. The second, (September 6th 1930) shows the T.U.C. and the bankers dancing the Beaverbrook tune, while the Labour Party collapses in disarray.

of economic blocs,¹ and the movement from a position of support for specific and narrowly defined trade restrictions to one of more general and extensive application. It was, however, not a report which justified the use of tariffs. At the British Commonwealth Labour Conference in July 1930, while the main focus of Dominion response to Bevin's speech was on tariffs, he had argued that tariffs had played no part in the thinking of the Economic Committee. Repeating the view he voiced throughout 1930, Bevin admitted:

"There might be something to be said for tariffs against sweated industries or to meet an economic attack, but not to bolster up decaying Victorian methods in Industry".²

The Economic Committee Report came up for debate at the 1930 Congress. It was an extensive and sometimes ill-tempered debate, at the end of which a motion to refer back the report - a motion supported by both Free Traders and anti-imperialists - was defeated by 1.9 million votes to 1.4 million.³ This vote may be regarded as trade unionism's first vote for a deliberate, generalised system of import controls.

The highlights of the debate were the two speeches made by Bevin. In them he ridiculed Empire Free Trade,⁴ asserting that this was not the matter under discussion.⁵ What the General Council had done was to face up realistically to trends in the world economy.⁶ He disputed that tariffs could solve the unemployment problem, on the other hand Free Trade was not consistent with public ownership.⁷ He was not advocating tariffs, merely facing facts, "What is Free Trade?...2,000,000 unemployed is the Eldorado

1 As Lovell and Roberts, *op. cit.*, p.114, point out, support for co-operation among the countries of the Commonwealth was open to attack from the left on anti-imperialist grounds.

2 B.C.L.C. Report, 1930, p.15.

3 T.U.C. Annual Report, 1930, p.287.

4 Ibid., p.258.

5 Ibid., p.284.

6 Ibid., pp.257-8.

7 Ibid., p.259.

in the working of a Free Trade and monetary system".¹

VI

Whatever the economic justification, there remained in the view of the T.U.C. a distinction between support for trade regulation (presumably by a barrage of physical controls) and support for tariffs. By late 1930, it may be said that trade regulation was accepted by the unions as a necessary weapon in the armoury of a Labour Government. Tariffs, however, were simply an inefficient and counter-productive method of regulation. While the T.U.C. was prepared to investigate tariffs with an open mind, it remained unconvinced of their usefulness.² On the Macmillan Committee, Bevin and Allen had been "more apprehensive" than their fellow signatories regarding the effects of a tariff.³

As an alternative to cuts in Government spending, in the crisis of August 1931 the General Council discussed but made no recommendation upon a revenue tariff - a measure which Keynes had proposed earlier in the year, and which was also considered by the Cabinet Economy Committee. Yet contradictorily, the view that tariffs were inefficient gained strength from the 1931 Election campaign. The Daily Herald denounced tariffs as "always a folly, at the moment - a double and treble folly",⁴ and Bevin wrote in the journal of the T.G.W.U. that "...anyone who advocates tariffs today simply writes on his programme 'I am incompetent to deal with any of the nation's problems'..."⁵ Support for a revenue tariff as an alternative means of balancing the budget during the crisis did not prevent Henderson from proclaiming that he stood at the election "as an unqualified free trader".⁶

At the 1931 Congress, the T.U.C.'s resolution on Planned Economic Development included a call for "regulated trading

1 T.U.C. Annual Report, 1930, p.283.

2 Committee on Finance and Industry, Minutes of Evidence, Vol.II, p.325.

In contrast to the position during the Mond-Turner talks, the T.U.C. also agreed to discuss tariffs with the F.B.I. Report of Meeting of Joint Committee on Finance and Industry, May 15th 1930, T.U.C. File: 263.14. According to The Times, August 26th 1930, but for the leak in the T.U.C. draft, the report on Empire trade would have been made jointly.

3 Report of the Committee on Finance and Industry, Cmd.3897, 1931, p.210.

relationships",¹ although it was protested that this had nothing to do with tariffs and the one speaker who introduced that subject was quickly brought to order by the Chairman. Yet, it may be stated that the unions' faith in Free Trade was at an end. The following year, the Labour Party Conference denounced "all existing Tariffs, quotas, and embargoes" in favour of Export and Import Boards, the resolution being accepted by the Executive without any discussion.² And, by mid-1933, the T.U.C. in an appreciation of Britain's place in the world economy could argue:

"..this country cannot be expected to act alone in removing tariff and other restrictions, nor can we assent to any reversion to a laissez-faire conception of free trade".³

On the other hand, while the 1930 Economic Committee Report had accepted the existence of conflicting trading blocs, at the Ottawa Conference Citrine and Bromley were shocked by the narrow "petty bargaining" approach which was rife.⁴ The Dominion countries were blamed for the Conference's emphasis upon tariffs and preferences. But while Citrine and Bromley's surprise at the Ottawa proceedings is instructive, their appearance at the Conference as Industrial Advisers is perhaps of more interest in signifying new ground in terms of Government-union consultation.⁵ Nevertheless, the British unions were unhappy at the trend towards economic nationalism. Bevin contrasted Britain's reliance upon exports and the policy of economic autarchy as trying to "reconcile the irreconcilable".⁶

1 T.U.C. Annual Report, 1931, p.406.

2 Labour Party Annual Conference Report, 1932, p.238.

3 Statement on the London World Economic Conference, T.U.C. Annual Report, 1933, p.212.

4 P.R.O., CAB 21/364, 'Memorandum by Industrial Advisers representing the British Trades Union Congress', August 8th 1932. See also W.M. Citrine, 'What of Ottawa?' The New Clarion, June 18th 1932.

5 Of note in this regard are the minutes of the National Joint Council, April 26th 1932, at which the movement's political wing expressed their "Friendly apprehension, based on an appreciation of the difficulties.." faced by Citrine and Bromley as advisers to the British Government at Ottawa.

6 Ernest Bevin, The Britain I want to see, 1934, p.4.

4 Daily Herald, September 26th 1931.

5 The Record, October 1931.

6 Speech at Burnley, Manchester Guardian, October 21st 1931, quoted by Abel, op. cit., p.93.

VII

With the collapse of the second Labour Government, the new National administration had brought Free Trade to a close. At at the height of the crisis, the Abnormal Importations (Customs Duties Act had been rushed through Parliament in three days. For, with the coming to power of a Conservative-dominated National Government, large import orders had been made by traders and manufacturers in order to beat the tariffs which they believed to be inevitable. (An effect analogous to that of proposed legislation to curtail immigration in the 1960's). More importantly, in February 1932 was passed the Import Duties Act. Excluded from the act were food and raw materials, together with Empire products - largely covered, in any case, by the first two categories - moreover, most nominal rates of duty were fairly low (ten per cent). However, the country was now in a position where domestic tariffs were the rule, rather than the somewhat grudgingly bestowed exception.

The 1931 Congress had mandated the General Council to investigate and report on the whole problem of fiscal policy.¹ This work was undertaken by the Economic Committee in the winter of 1931-2. The Committee's report, Tariffs and World Trade, is based on the analysis that "The historic conflict between Cobdenite Free Trade and Nationalist Protection belongs...to a past age".² It emphasises that it is economic co-operation between the various nations which alone points the way to a solution of the world's difficulties.³

In regard to the policy of the T.U.C. over the previous two years, the report affirms that consideration of a tariff at the time of the 1931 crisis was a "special case"⁴ and not to be

1 T.U.C. Annual Report, 1931, p.519. This was part of the 'Report on the Financial Situation of August 1931'. By accepting the Report, Congress also accepted the General Council's call for an enquiry.

2 Tariffs and World Trade: An Examination of our Fiscal Policy, 1932, p.21.

3 Ibid., p.2.

4 Ibid., p.2.

confused with the general question of protection. What the report is claiming is that the T.U.C. had only considered a revenue tariff as an attempt at avoiding the reductions in Government spending, and because the alternative strategy of planned devaluation had met with no support.¹ Consequent upon the enforced leaving of the Gold Standard, this argument had now lost all force. The report also recalls the controversy which had met the Economic Committee's own earlier statement by commenting of Empire Free Trade that it, "cannot be taken seriously by anyone in touch with realities".²

The Committee's report has four main strands. It is opposed to pure laissez-faire: "We do not agree, even in theory, that the results of human control must be inferior to those of a more or less automatic mechanism".³ It notes that the regulation of foreign trade is presupposed by the comprehensive planning of the economy to which the T.U.C. was committed. However, the policy of economic nationalism is expressly repudiated, and the movement's international outlook emphasised. Perhaps less convincingly, the report refuses to express an opinion of the new fiscal policy initiated by the National Government. But, looking at the experience of tariffs in other countries, the report is doubtful that British practice will be more successful.⁴ It is stated that the specific method of regulating trade is a matter determined by circumstances. But warning is given that tariffs:

"..are a protective device we should adopt with the greatest reluctance. A tariff may be started honestly, but we are very sceptical about its remaining honest either in its objects

¹ Referring to the term 'revenue tariff', Taylor has commented acidly that the "word revenue..[was]..thrown in, like safeguarding before it, to conceal the fact that the tariff would be a tariff". A.J.P. Taylor, English History 1914-1945, Oxford University Press, London, 1965, p.290. This is somewhat unfair, given that the motive behind protective and revenue measures is different. The more common subterfuge was by some reference to international labour standards. E.g., above, pp.221-2, 226n.

² Tariffs and World Trade, op. cit., p.10.

³ Ibid., p.22.

⁴ Ibid., p.25.

or its administration".¹

The report is then a summary of trade union attitudes towards protection, rather than a policy programme. Elvin of the Clerks' Union was unhappy at this lack of "concrete proposals".² On the other hand, Ebby Edwards who had succeeded Cook as Secretary of the M.F.G.B. felt that the report failed to express sufficiently the Socialist's antipathy for economic nationalism. This, he argued, should overshadow the "pros and cons of free trade or tariffs".³ The Labour Party, in their comments, appear to have desired a more critical examination of the policies of the Government, although they proclaimed similar sentiments to the T.U.C. regarding the advantages of economic planning and of international co-operation.⁴

VIII

Before summarising trade union policy on tariffs as it evolved during the 1920's and 1930's, it may be as well to say something about attitudes on the employers' side. And, just as the threat of internal dissension cast a shadow over trade union discussion, so it had a similar effect upon the employers. Within the F.B.I., the position of the cotton interests in particular ensured that no discussion of tariffs was possible during the 1920's, despite the personal preferences of Dudley Docker, the Federation's founder.⁵ While a survey carried out in the summer of 1930 demonstrated that 96 per cent of the F.B.I. membership replying favoured a change from the system of Free Trade,⁶ until this time, "the F.B.I.'s leaders believed that any action with regard to tariff policy would irrevocably split the membership and thus destroy the

¹ Tariffs and World Trade, *op. cit.*, p.24.

² Elvin to Citrine, June 3rd 1932, T.U.C. File: 530·I. Members of the General Council had been invited to comment upon a draft of the report. Elvin was one of seven to do so. He was to press for a fuller report with "definite recommendations", at the next meeting of the G.C., but gained only one supporter. T.U.C. General Council Minutes, June 22nd 1932. Elvin did succeed with a resolution to the 1932 Congress calling for an investigation of tariffs, but this was a pyrrhic victory since the investigation was shelved. T.U.C. Annual Report, 1932, p.287.

³ Edwards to Citrine, June 9th 1932, T.U.C. File: 530·I.

⁴ Middleton to Milne-Bailey, June 8th 1932, T.U.C. File: 530·I.

⁵ Sir Charles Tennyson, Stars and Markets, Chatto and Windus, London, 1957, pp.142-3.

⁶ Blank, *op. cit.*, p.26.

organisation".¹ This at least was not a threat the T.U.C. faced, despite the very real differences between unions which did exist on this question.

It was not until March 1931, with the publication of the pamphlet Industry and the Nation, did the F.B.I. come out in favour of tariff protection. From a subsequent booklet, the argument of the F.B.I. can be discerned. It is that the classical solution regarding the effects of impediments to trade is not applicable in a situation of less than full employment. If a tariff were applied scientifically, it could be used to encourage employment in productive enterprises.² Moreover, support for a tariff was linked to the process of rationalisation. Such a process, it is stated, implied a reduction in labour requirements unless a sufficiently large volume of output could be marketed. But this was impossible under Free Trade when world prices were falling, unless domestic production was accompanied by a "more or less continuous scaling down of money wages".³ And, while sliding-scale agreements could do something in this respect, such a degree of flexibility was unlikely to be achieved.

It is therefore argued that tariffs are essential if the rationalisation policy is to be made effective without generating still further unemployment. The employers are claiming that tariff protection forms an essential adjunct to rationalisation. Yet, from the passage quoted above,⁴ it is apparent that Milne-Bailey at least feared that tariffs would prevent rationalisation by sheltering inefficient domestic producers from foreign competition. This, however, is a matter upon which economic theory can provide no definite opinion. It is much more a question of entrepreneurial motivation, about which, not surprisingly, the employers and the unions took different views. What is clear, is that the employers after 1930 accepted the case for tariffs as an employment policy.

¹ Blank, *op. cit.*, p.27.

² F.B.I., The Passing of Free Trade, 1931, p.32.

³ *Ibid.*, p.34. Italics in original.

⁴ Above, p.219.

IX

Drummond has written, that as the 1920's proceeded, "Labour leaders increasingly suspected that tariffs would mean jobs, and that dearer food for the employed might be better than no food for the unemployed".¹ This is misleading. There was no consistent Labour or trade union policy, and rather a mixture of attitudes. In fact, Free Trade retained much of its hold over Labour during the 1920's, and when a re-appraisal was made, tariffs were not favoured as a method of protection. So long as the T.U.C. sought a revival of foreign trade to lead recovery, it also sought a general reduction of tariffs and trade barriers. For while it was argued that the introduction of a British tariff might prove a bargaining counter with which to arrange a general reduction, this was not a proposition holding sway over the trade unions in the 1920's. Crucially, protection presupposed a domestic solution to the depression, and insofar as the major unemployment problems were concentrated in Britain's export trades, the primary effect of the tariff upon employment was unlikely to have been substantial.

However, it is apparent that individual unions did on occasion lobby for particular measures of protection. Moreover, there was an awareness that Free Trade was part of the intellectual baggage hung over from laissez-faire. In defending the 1930 Economic Committee report on the World Economic Situation, Bevin remarked that as a socialist he had never believed that "an inflexible Free Trade attitude is synonymous with Socialism".² The view most frequently expressed was that trade unionists were practical men, not bound by outmoded political dogma.³ It was appreciated that

¹ Drummond, op. cit., p.32.

² T.U.C. Annual Report, 1930, p.259. Bevin repeated this view two years later, "I do not think Free Trade and Protection is a thing that a Socialist can get over-enthusiastic about". Ibid., 1932, p.374.

³ For example, Citrine's remarks in ibid., 1931, p.459.

there was a contradiction between propounding intervention in domestic economic activity and leaving international trade to the vagaries of market forces. Replying to the 1930 debate, Bevin noted that trade unionists were not prepared to countenance a Free Trade in wages.^I

On the other hand, it is idle to suggest that the debts to Liberalism were so easily renounced, and anti-imperialist and internationalist pressures reduced the room for manoeuvre still further. Moreover, the simple cost of living argument was also one which had exerted very considerable influence. Finally, the unions were wary of creating a split between themselves and the party in Parliament. The P.L.P.'s opposition to tariffs was not likely to be reduced either by Snowden's stewardship, nor by the expectation that such opposition would prove electorally advantageous.

But while what has been described thus far in this chapter amounted to a moderate re-appraisal of the case for protection by the T.U.C., it was a re-appraisal nonetheless. This had a number of elements, although the change in trade union attitudes which did evolve was never clear-cut. With the exception of the open controversy over the 1930 Economic Committee Report, little fundamental re-thinking was done, or at least it produced only a minimum of pamphlet literature. The movement was divided, both by the varying degree of commitment to the values of Nineteenth Century political economy, and by the circumstances of particular industries. Thus, the acceptance of tariffs in the 1930's was, above all, a tacit acceptance.

In the re-assessment of tariffs by the trade union movement must be included the willingness of at least some unions to join with their respective employers in seeking protection to meet

I T.U.C. Annual Report, 1930, p.283.

particular difficulties. There was also the argument that industries taken under public ownership and subject to reorganisation might need protection against foreign competition during the early stages of that reorganisation. (However, the preferred method of protection seems to have been by quota, not by tariff). Thirdly, there was the 1930 Report on international trading relationships, which implied a more generalised system of import controls - although this was not stated openly. Moreover, by the 1930's, it was appreciated among some trade unionists that Britain had no bargaining power while she remained committed to Free Trade, but that as the largest single market for imports she could exert considerable influence in arranging preferential agreements once tariffs had been accepted. Broadly, this was what occurred after 1932, and it was less difficult for trade unionists to come to terms with this change as the objective remained mutual reduction in trade barriers, and because it did not imply acceptance of the primary case for protection.

In regard to the 1930 Report, it may be noted that an attempt on the General Council to delete from the addendum the sentence stating, "In particular circumstances when it is desired to help a specific trade, a tariff may be justifiable..." was defeated by 17 votes to 5.¹ With some allowance for absentees, these five votes give an indication of the number of out-and-out Free Traders on the G.C. at this time. On the other hand, as noted above,² the final block vote at Congress on the Report as a whole resulted in a victory for the platform of less than half a million votes.

When, two years later, Congress debated Tariffs and World Trade, the motion to refer back was defeated by 2,125,000 to 934,000, a majority for the General Council nearly three times that of 1930.³ But, while it may be appealing to attribute this much larger

¹ T.U.C. General Council Minutes, June 25th 1930.

² Above, p.230.

³ T.U.C. Annual Report, 1932, p.387.

majority to a shift in union opinion, the particular controversy which surrounded the 1930 proposals - and their use by the propagandists of Empire Free Trade - must be recalled. Nevertheless, if the 1930 Report was somewhat anomalous, the analysis of world markets from which it derived was sound from a British viewpoint. The entire industrialised world was engaged in a bitter struggle for the present markets, and it was incumbent upon Britain to find new markets for her goods. The only markets which were capable of expansion were Russia (a continuing focus of T.U.C. demands throughout the inter-war period) and the British Empire. It was this analysis which drew the T.U.C. towards the Empire in the years 1928-1932.

It may be argued that the T.U.C. remained strikingly un-impressed with the claims of trade protection as a means of alleviating unemployment, avoiding wage reductions, and ending trade depression. It was the dismantling of barriers to international trade which featured in union pronouncements during the 1920's. It was only as the movement became less optimistic about an upturn in exports that protection - if not tariffs - was viewed with more favour. While it was protested that consideration of a revenue tariff in August 1931 was a 'special case', it was indicative of a new pragmatism with which the old shibboleths were examined. And it is surely instructive that the passing of Free Trade in late 1931 and early 1932 excited so little passion among trade unionists.

It has been shown that the employers, under the threat of internal dissension, felt unable to pronounce collectively upon tariffs until the crisis years of the early 1930's. The trade union movement, similarly divided, followed a not dissimilar path. However, the strength of the anti-protectionists - in particular in the political wing - prevented the development of policy to the same degree of unanimity. Moreover, even those like Bevin, who had broken the philosophical ties with Free Trade, were far

from convinced protectionists. (Bevin's members did not stand to benefit directly from tariffs, and indeed would have faced higher prices).

While, after 1932, Labour came to terms with tariffs, protection made only moderate headway among the members of the T.U.C. between the wars. The commitment to Free Trade was weakened, but during the 1920's there was little or no consideration of the U.K. as the only country still following that general policy. As a viable alternative to domestic unemployment and to domestic pressure on wages, protection was considered with suspicion. Only a minority of unions were convinced of the relevance of tariffs to their own industries. Over the period protectionism made some advance, what is striking is that it was so minimal.

X

In the earlier chapter on the Mond-Turner Unemployment Report, attention was drawn to the emphasis placed in that document upon emigration as part of an overall cure for British unemployment.¹ It was suggested that much of the pressure on this question had come from the employers,² but that they had met a receptive response from the union side, especially from Bevin. The Report had called for greatly increased State aid to assist emigration, the encouragement of group emigration schemes, and the capitalisation of expectations under the State Insurance schemes to encourage would-be emigrants.³ Also advocated was a Joint Committee of Dominion Governments and Dominion trade union movements to co-ordinate "policy regarding the conditions of emigration and the employment of emigrants".⁴ Since such a scheme exceeded greatly anything which

1 Above, pp.II8-9, I24.

2 As Minister of Health in 1921, Mond had already taken the view that migration afforded a permanent answer to the unemployment problem in Britain. Drummond, op. cit., pp.78-9.

3 Unemployment Report, pp.II-I2.

4 Ibid., p.II. Such a committee was not likely to prove very productive, given the opposition in the Dominions to migration on principle.

either wing of the Labour movement had previously supported, and perhaps more importantly, since with hindsight the proposals seem hopelessly unrealistic and unrelated to actual developments in the Dominions, further analysis than was given in the earlier chapter may be desirable. But the basic problem for all migration proposals was the same: after the Quota restrictions imposed by the United States only the Dominions remained as possible recipients of large numbers of immigrants. Yet the Dominions too were suffering from the unemployment which motivated British emigration plans.

The British Government's policy of encouraging migration had been accepted by the Dominion Prime Ministers (South Africa excepted) in 1921, had been embodied in the Empire Settlement Act 1922, and had been reaffirmed by the Imperial Economic Conference in 1923.¹ The Empire Settlement Act had permitted Government expenditure on schemes of assisted migration of up to £3 million in any financial year, so long as at least 50 per cent of the costs of any scheme came from sources other than the British Exchequer. (That is, either from Dominion Governments, or from private organisations at home or abroad) The Act only applied to settlement in Canada, Australia, and New Zealand, and in the first ten years of its operation just over 400,000 people emigrated under its provisions.² During this same time, unassisted settlers far outnumbered those helped by the Act.

Organised labour in Britain regarded migration schemes with some suspicion. Migration constituted "no remedy for unemployment", but those schemes which did exist should be under the full control of the State, which should be responsive to trade union representations.³ In part at least, this opposition can be explained on historical grounds. The exporting of paupers had long been a favourite policy of the hated Poor Law Guardians. Emigration provided a 'safety-valve' which militated against an attack upon the causes of poverty. On

¹ See Ian M. Drummond, Imperial Economic Policy 1917-1939: Studies in Expansion and Protection, George Allen and Unwin, London, 1974, Ch.2.

² Report of the Overseas Settlement Committee, Cmd.4391, 1933, Table III, p.13.

³ T.U.C. to I.F.T.U., June 23rd 1925, T.U.C. File: 904.

the other hand, there was no opposition to the notion of a developing white Commonwealth. Land schemes were not regarded with disfavour. They did not threaten labour standards in the Dominions, and "there was a romanticism about the land which afflicted both Conservative and Labour politicians at the time".¹ However, in operation, schemes of land settlement contributed very little to the overall totals of emigration, and many of the schemes were disastrous failures.

The joint committee established by the T.U.C. and the Labour Party in 1925 to investigate aspects of unemployment, including migration, had made a number of proposals.² These included the extension of training schemes for emigrants, improved Government assistance for settlers, and Commonwealth development. The demand was made for the protection of labour standards in the recipient country, and for reciprocal social insurance measures.³ It was interpreted that the development of Britain and the Commonwealth were inextricably bound up together,⁴ a view which it should have been apparent was no longer shared by the self-governing Dominions. The extent of any programme of emigration is not made explicit, but it was argued:

"It may well be, however, that, in addition to exporting capital for development purposes, we shall need to 'export' producers, i.e. emigrants, if the development policy is to be made effective".⁵

The phraseology was particularly disingenuous. The rationale behind emigration was not of course to stimulate Empire development, although it may have had this effect, but rather to reduce unemployment in Britain. Government agencies also attempted to mask the reasons for emigration,⁶ and British representatives to the British Common-

¹ Drummond, Imperial Economic Policy, *op. cit.*, p.133.

² Joint Committee on Unemployment, Land Reform and Emigration. See above, pp.52-3. George Lansbury - one of the committee members - was a former emigrant himself.

³ On the Dole - or Off! *op. cit.*, p.18. It was a concern of the British Government that welfare measures like unemployment and health insurance were deterring would-be migrants. Reciprocity was a problem simply because the Dominions made different types of welfare provision. See also below, p.245

⁴ Ibid., p.19.

⁵ Ibid., p.16.

wealth Labour Conference held in London in July 1928, "asked the Labour Movements of other countries to remember that it was the workless, and not the unemployable, who generally sought to find a living in other countries".¹ But for the Dominions - increasingly concerned with their own unemployment problem - the distinction was not particularly relevant.

Thus, on the eve of the Mond-Turner Conference, the T.U.C. may be said to have come to terms with migration. It was not a phenomenon which was particularly liked, rather it was a fact of life in the 1920's, and one on which there would be no opposition given the right safeguards. Given that the home authorities appeared to be able to do nothing to reduce unemployment, the opportunity of a new life in a different part of the world could not be denied those who wished to depart. On the other hand, nothing should be done to pressurise the workless into migrating - either through a more stringent administration of unemployment benefits, or through the false or misleading propaganda of shipping companies and private emigration agencies. The policy may be characterised in the following manner. There was no need for emigration if only the Government would take the appropriate economic measures. However, in the absence of these measures, the trade union movement had no objection to emigration so long as it was carried out in an orderly and regulated way, and so long as it did not provide a medium for undercutting labour standards in the Dominions.²

Where the Mond-Turner Unemployment Report differs is in envisaging migration as an integral part of an overall unemployment programme. A particular feature of the report is the demand that migrants should capitalise the value of their expectations under the State

¹ T.U.C. Annual Report, 1928, p.271.

² This policy remained consistent during the middle years of the 1920's. See inter al. T.U.C. Annual Report, 1924, pp.190-2, 467-9; Labour Party Annual Conference Report, 1928, pp.303-312.

⁶ E.g., below, p. 245.

Insurance schemes.¹ The effect of such schemes upon emigration had been a concern of the Government, and in 1926 the Maclean Committee had been established to investigate the problem. The Committee concluded that the two main causes discouraging emigration were bad trade conditions and the restrictions on the number of assisted passages imposed by Dominion Governments.² However, it was accepted that welfare measures did have some effect (in particular, Unemployment Insurance), and the committee recommended the development of reciprocal arrangements with the Dominions, and the provision of a lump payment of one year's pension to those small number of emigrants receiving a contributory pension. But the committee felt unable to recommend a lump payment to the unemployed, and certainly not the sort of scheme as the Mond-Turner group were to propose. Lump sum payments to the unemployed would imperil the financial well-being of the U.I. Fund. They would also make it appear to the Dominion Governments that migration was aimed specifically at the workless.³

The Mond-Turner proposals for the capitalisation of insurance expectations received no encouragement from the Government. Partly this resulted from the dramatic decrease in migration as the slump of the early 1930's took effect, and the Dominions closed their doors. However, Government was also opposed to the 'improper' use of the Unemployment Fund that was implied by such a scheme, and which, by analogy, could lead the State into all sorts of expenditures which were considered neither necessary nor desirable.⁴ So far as the unions were concerned, proposals to allow the emigrant to capitalise his expectations implied a fairly rigorous acceptance of the 'insurance principle' of social welfare, which in

¹ Unemployment Report, p.12.

² Report to the Secretary of State for Dominion Affairs of the Inter-Departmental Committee appointed to consider the effect on Migration of Schemes of Social Insurance, Cmd.2608, 1926, p.25.

³ Ibid., p.23.

⁴ Report of the Inter-departmental Committee on Migration Policy, Cmd.4689, 1934, Appendix IX, pp.92-3. By this time, the proposals were almost wholly academic.

other contexts they were only too willing to deny. What the proposals really illustrate is the commitment to emigration as a 'cure' for unemployment. They demonstrate the unions' desire to break down 'artificial' barriers to emigration, while at the same time ensuring no reductions in the standards of those unemployed workers who did not wish to start a new life overseas.

The emphasis upon emigration in the Unemployment Report may be thought misplaced, not so much because it goes further than previous trade union commitments, nor because the Government was unlikely to look favourably upon certain aspects of the scheme. Rather, because the prospects for such a scheme were so bleak, given the attitude of the Dominions who were to play host to those whom Britain no longer required. There is much force in this argument, although it must be recalled that the report was prepared in the winter of 1928-29, that is, a year or more before the dramatic foreclosure of emigration. Clearly, the parties to the Mond-Turner talks were not likely to be blessed with that degree of prescience. Nevertheless there was a lack of realism regarding the attitude of Dominion Governments (and of Dominion trade unionists) regarding the future of large-scale emigration.

And the British Labour movement had enjoyed repeated opportunities to ~~gauge~~^{gauge} the strength of opposition to migration in the Dominions from the proceedings of the British Commonwealth Labour Conferences.¹ These Conferences were not a great success, beset as they were by internal wrangling,² but they were dominated by the question of migration. Imperfect as was the forum, the gap between British

¹ Gupta, op. cit., pp.86-90 also discusses these Conferences, and British attitudes to migration. For the genesis of the B.C.L.C., see Ibid., p.56.

² Given the differences on migration, and on tariffs, these Conferences were bound to be unsatisfactory. But there were other problems. South Africa's racial policies created tensions between her delegates and those from India, and Australia seems to have distrusted the whole idea from the beginning. These internal squabbles added to the inherent difficulties of any intra-Imperial body in the pre-jet era. But the Labour Conferences had no organisation, and their deliberations did not lead to resolutions binding on any of the parties. Many of these internal weaknesses are discussed in an undated, unsigned memorandum in Labour Party Archives, BCLC 28/7.

aspirations on migration and what the Labour movements in the Dominions would accept should have become immediately apparent.

As early as 1924, in informal conference, British trade unionists and Labour politicians could describe grandly the "vast acreage of land overseas" (Millett), "townships and settlements" (Lansbury) and refer to "tam[ing] the wilderness" (Cramp). Albeit mildly, the outnumbered Australians felt it incumbent upon them to point out some of the difficulties to their enthusiastic hosts.¹ Cramp had even gone so far as to suggest that if the standard of living was to be maintained in Britain, then "many people must go overseas". The New Zealanders, who did not attend this informal conference, had a letter placed before it stating "We object to immigration at the present time".² And in Canada too, opposition to migration was mounting within labour groups, and once again the British movement was informed.³ So even at this time, there was little excuse for British Labour to be in ignorance of views in the Dominions.

The following year (1925), when the full Conference was first held, an open row between Britain and the Dominions over migration was avoided by discussing the matter without regard to a formal resolution, although as noted above, resolutions were not binding in any case. On this occasion, it was the speech of the Australian delegate which should have given ample warning that the Dominions would not accept immigration on the scale the British appeared to have in mind.⁴

At the second B.C.L.C. in 1928, Canada and Australia explained

¹ Labour Party Archives, Box: British Commonwealth Labour Conference: Correspondence 1923-24, File marked 'Report'. Report of the Informal Conference held at the offices of the I.S.T.C., September 17th 1924. There were eight Britons present, two Australians, two from Northern Ireland, one Rhodesian, one Canadian, and one representative from British Guiana. This one-day informal conference replaced the full conference planned, which was postponed because of elections in South Africa and New Zealand, and because of Labour victories in Australia.

² Labour Party Archives, BCLC/24/7/26 includes a copy of the letter, Nash to Henderson, February 17th 1923.

³ Labour Party Archives, BCLC/24/4/1, Richardson to Macdonald, April 10th 1923; BCLC/24/4/17, Trades and Labor Congress of Canada to Bramley, January 25th 1924.

⁴ B.C.L.C. Report, 1925, pp.94-98.

why the labour movements in those countries were forced to support a restrictive policy. At the same time, and wholly superfluously, the British representatives argued the case for freedom of migration within the Empire. A.V. Alexander found the fanciful argument that, "emigration was not a domestic matter, but should be regarded from the standpoint of human brotherhood and international Socialism".¹

At the 1925 Conference, each country had been requested to fill in a questionnaire on a variety of subjects, including migration. It may be remarked that the T.U.C. reply on migration shows far less enthusiasm than might have been expected both from the comments of the British representatives at the 1928 B.C.L.C., and indeed from the Mond-Turner Unemployment Report which was to be published within a year.² In answer to the questionnaire, the T.U.C. seem to be proposing agricultural settlement and development, it being hoped that such settlement would satisfy the opposition of Labour groups in the Dominions. This opposition is openly admitted:

"It is certain....that organised Labour in Australia, Canada, and New Zealand views all immigration schemes with distrust".³

It is therefore not possible to argue that British support of migration schemes in the late 1920's was made in ignorance of Dominion attitudes. The emphasis upon rural settlement demonstrates that some attempt was made to meet Dominion objections. Yet, in fact, British Labour's support for land settlement showed little knowledge of conditions in the Dominions, nor of the unhappy experience of such programmes. What British Labour failed to appreciate was that Australia was already one of the most highly urbanised countries in the world, and that the Australian workers

¹ B.C.L.C. Report, 1928 (folio copy).

² Gupta, op. cit., p.90, also notes the differences between this statement and the Mond-Turner Unemployment Report.

³ Labour Party Archives, BCLC/28/2/48, Agenda for 1928 Conference.

feared the "drift of immigrants who failed at farming from the land to the towns".¹ The emphasis upon rural settlement did not meet Dominion objections simply because trade unionists in the Dominions knew how short-lived most of such schemes proved.²

Coming after publication of the Mond-Turner Unemployment Report, the third B.C.L.C. held in 1930 is perhaps of less interest. Certainly at this Conference the opposition of the Australians to further immigration could scarcely have been put in plainer language.³ In February 1930, the new Australian Labour Government had introduced drastic restriction upon the already declining migration totals.⁴ Yet, the old illusions died hard; late into 1930, Lansbury was still arguing for a vast scheme of land settlement in Australia.⁵

Thus, if it may be argued that the emphasis in Mond-Turner on the place of migration in the programme against unemployment was greater than that shown by trade union statements in the early and middle 1920's,⁶ it might almost appear that as migration became increasingly unpopular in the Dominions, so the British movement came to place a greater faith in it. British trade unions could clearly not have been wholly in ignorance of Dominion opinion,⁷ and this could perhaps point to the conclusion that this aspect of the Mond-Turner report was one on which the T.U.C. compromised in deference to Mond's own beliefs. However, there is no evidence that this was the case; no suggestion that the T.U.C. felt embarrassed by this section of the report. The recommendations of Mond-Turner seem simply to ignore the fact that Dominion

1 As John Beard finally admitted, B.C.L.C. Report, 1930.

2 For an earlier example where agricultural settlement is argued to meet the objections of Dominion labour, see Herbert Tracey, 'Immigration: A Labour View', The Labour Magazine, October 1923.

3 U.K. migrants were of course still to be preferred to Latins or Asians. "Organised scabbing", was how one Australian delegate described the immigration of peoples from Southern Europe. B.C.L.C. Report, 1930.

4 Drummond, British Economic Policy..., op. cit., pp. 84-85.

5 Ibid., p. 85.

6 A view also taken by Gupta, op. cit., p. 90.

7 Short notices regarding the pressure to end immigration into Australia had appeared in the T.U.C.'s own publication, The Industrial Review, in its issues of January and May 1928.

Governments had a veto over all migration proposals.¹ Either Mond himself, or the union side, or a combination of both, exhibited quite unrealistic expectations in proposing an expansion of emigration from the United Kingdom. On the union side at least, these expectations should have been dashed at successive proceedings of the British Commonwealth Labour Conference.

In the T.U.C.'s defence, one may note that this lack of realism had been exhibited by the Industrial Transference Board in expressing their "astonishment, to find how disappointingly slow had been the rate of settlement of British people in Australia and Canada."² The failure to estimate the degree of opposition to migration encountered in the Dominions was not a failure exclusive to the T.U.C. The strong Empire lobby ensured that migration was still being discussed by the British Government, and Dominion Governments were less antagonistic to migration than their respective union movements. Moreover, while the emphasis in Mond-Turner upon emigration may have been futile, it was surely not as futile as it must have appeared say three or four years later. After all, the 1920's unlike its successor was a decade of substantial net emigration. The Mond-Turner report preceded the collapse of emigration schemes, a collapse resulting directly from the international slump, and which the signatories of the Mond-Turner report can hardly be blamed for failing to prophesy.

Empire Migration, like Empire Free Trade - they were "collateral dreams"³ - rested upon the myth, to which British politicians conveniently subscribed, that the interests of Britain and the Dominions were consistently complementary. Trade Unionists with a high regard for the Empire, like Bevin and Thomas, were no more able to see through this myth than most Government commentators. In fact, only Australia had proved very receptive to British emigration schemes. "South Africa was consistently recalcitrant, Canada lukewarm, and New Zealand cautious".⁴ And, by the late 1920's, Australia's willingness to co-operate was coming to a close. The Mond-Turner

Unemployment Report shows the T.U.C. favouring emigration to an unprecedented degree, at a time when the prospects for emigration were becoming increasingly bleak. The Mond-Turner proposals simply flew in the face of all that the unions had been told by organised labour in the Dominions over the previous five or six years. Throughout the 1920's British Labour had given emigration far more attention than it warranted. The T.U.C. may, however, perhaps be excused its failure to foresee the utter collapse of the migration policy in the 1930's.

XI

In this chapter has been described the attitude of the T.U.C. towards the British Empire, towards protection, and towards migration. In particular in the period 1928-1932, the trade unions looked to the Empire as a means of combatting Britain's economic distress. Development schemes would draw forth British capital goods; Empire markets would welcome British manufactures; and Empire employers would welcome British workers. And, in the increasingly competitive world market place, it was perhaps no surprise that Britain should have looked to the Empire in this way. Yet the T.U.C. was peculiarly insensitive to the demands and the aspirations of the Empire countries themselves. For this reason above all, T.U.C. proposals on Empire trade and on migration were unlikely to be realised.

1 A point made by the Overseas Settlement Department, P.R.O., CAB 24/203, C.P.104, p.79.

2 Industrial Transference Board Report, Cmd.3156, 1928, p.55.

3 Drummond, Imperial Economic Policy..., op. cit., p.133.

4 Ibid.

Chapter 8.

POLICY AND POLITICS: ASPECTS OF THE T.U.C. RESPONSE TO
UNEMPLOYMENT IN THE 1930's.

This chapter discusses the T.U.C.'s response to unemployment in the 1930's. It does this by focusing upon a number of different problems, analysing their relationship with unemployment, and describing the T.U.C.'s own position. A number of elements, common to the T.U.C.'s various policies, are shown to emerge. There is an inevitable selectivity in the treatment of the different problems, but it is hoped to have covered the major issues.

Section I is concerned with the three reports issued by the T.U.C. Economic Committee during 1931. Using these reports, the T.U.C.'s alternative policy to the Government during the August crisis is subject to detailed criticism. It is argued that the form of the policy was determined by the desire to protect wages and social benefits.

Section II describes the impact of the American New Deal upon the T.U.C. It is shown that it was the immediate, practical effects of the New Deal upon wages and trade union membership which fired the T.U.C.'s imagination. This discussion of the New Deal leads into Section III, which describes union policy on public works in the 1930's, and on the Special Areas legislation. It is shown that public works were re-introduced into the list of union demands. This did not result simply from the example of the New Deal, but American policy did lend authority to the call for a public works programme.

Section IV is concerned with the consequences to employment of disarmament. The T.U.C.'s agitation is shown to have been an utter failure, although this was of direct importance to only a small number of unions. An analogy is drawn between policy on disarmament and policy on rationalisation. It is concluded that disarmament had a higher priority than the unconditional protection of jobs.

Section V deals similarly with the employment consequences of

re-armament. The T.U.C.'s position in this connection was one of almost total impotence. The attitude towards dilution of the most important union concerned - the A.E.U. - is considered in some detail. It is argued that the aim of the Engineers was actually to minimise the expansion of employment, in part at least because of the favourable impact this would have on wages.

As an addendum to the description of the A.E.U.'s opposition to dilution, Section VI discusses in brief the various special interests which were present in the evolution of T.U.C. policies to meet unemployment. It is claimed that, while the resolution of these special interests in the formulation of policy must have been affected by the changing relative fortunes of the various unions, specific examples are not easy to find.

In the final part of the chapter, Section VII, there are discussed the major themes which unite the topics of this chapter. In the main, there was a continuation of the policies of the 1920's, although there was a greater appreciation of the regional nature of the unemployment problem. The effect of policy on wages was a determining factor of the response to unemployment, but the T.U.C. remained largely powerless to influence events (save in the negative case of 1931).

It is, in particular, the comparison between the policies advocated by the T.U.C. and those proposed by the Labour Government during 1931, which has been most readily used by historians to illustrate the alleged relative economic wisdom of the trade union movement between the wars.¹ And two writers have placed special emphasis upon the report which the T.U.C. issued in September 1931, which dealt with the previous month's political and economic crisis.² Pollard has described this report in the following terms:

"..the most authoritative official pronouncement on unemployment that the labour movement was to produce...With all its weaknesses....immeasurably superior in its economic understanding to anything that emanated from the Treasury or its orthodox economic supporters".³

And Bullock, while "not wish[ing] to maintain that the alternative proposals made by the General Council offered a solution to the Government's problem",⁴ nevertheless uses the report to attack those who have perceived a selfish motive behind the T.U.C.'s steadfastness in the face of the financial crisis.⁵

What follows in this section of the chapter is an analysis of the three reports issued by the T.U.C. in 1931, and less fulsome conclusions are reached as to their degree of economic sophistication, and to their relevance to the 1931 crisis. Furthermore, while it can be argued that the T.U.C. policies did, to some extent, represent a more progressive approach to economic problems, it is simply not the case that such policies existed as a coherent, radical alternative to the policies of the Government during the previous two years, or indeed during the previous decade.

¹ Lovell and Roberts, *op. cit.*, p.119; Pollard, 'Trade Union Reactions...' *op. cit.*, p.108; Bullock, *op. cit.*, p.488; Janeway, *op. cit.*, p.297; Pelling, *op. cit.*, pp.194-5. The last named may perhaps be taken as representative: "the T.U.C.'s principal spokesmen had a far clearer grasp of economic realities than had either Macdonald or Snowden, and in retrospect we can see that their attitude was justified".

² 'Report on the Financial Situation of August, 1931', T.U.C. *Annual Report*, 1931, App.C, pp.512-519.

³ Pollard, 'Trade Union Reactions...' *op. cit.*, p.102.

⁴ Bullock, *op. cit.*, p.488.

⁵ For which interpretation see, in particular, Bassett, *op. cit.*

Although during the 1930's the unions were prone to present themselves in the most favourable light with regard to what were considered as the failures of the second Labour Government, the historical evidence suggests that such an interpretation was exaggerated. While the collapse of the Government, MacDonald's 'betrayal', and the subsequent election disaster, may have made it all the more necessary in the years following for the movement to distance itself from the events of August 1931, this became all too easily distorted into the unjustified claim that the T.U.C. General Council had been in possession of an alternative strategy to which MacDonald could have turned had he been so motivated.

The first report presented by the T.U.C. Economic Committee¹ during 1931 was issued in March, and deals with the effect of wage reductions.² It may be regarded as the union movement's reply to the programme of the N.C.E.O. which had been published shortly before.³ The T.U.C. argued that the effect of wage reductions was both to embitter industrial relations, and, by reducing purchasing power, to engender still more unemployment. In foreign markets, it was suggested that British under-cutting would simply result in a further round of wage reductions by our competitors. Thus, wage reductions were ineffective in attempting to gain export markets,

1 The T.U.C. Economic Committee had been originally established to concern itself with international economic policy, although it soon took on more general economic issues; Jacques, *op. cit.*, p.133. Its first meeting was in April 1929, but its most active period was in the years 1930-32, during which time it met over 30 times. In the middle and later years of the 1930's the Committee's importance was much reduced. It met, for example, only four times between the Congresses of 1935 and 1936, and in the following year it met only twice. Its downgrading was signified by the absence of both Bevin and Citrine after 1936, and despite developing wider interests than those in the international field for which it had been set up, it cannot be said that the Committee as a driving force in developing trade union economic policy except in its earliest years. The Committee spent little time discussing the problem of unemployment, except in the long-running but peripheral debate on compensation (redundancy payments).

2 'Short Statement on Economic Policy', T.U.C. Annual Report, 1931, pp.260-2.

and actually counter-productive in the home market. Wages were viewed as an element in the demand for goods, not in the demand for labour. What was needed was not wage reductions but greater efficiency, brought about by the public control of industry. Domestic policy should be designed to bring about "improved industrial organisation",¹ which meant not merely rationalisation (this word is not used), but the replacement of private enterprise and private profit-making by production for public service. Private ownership of the means of production was at the heart of the current dislocation of industry and trade. Beyond the power of any one Government, what was required was a "world economic policy", a "common policy dealing with raw materials, production, markets, and credit".²

Now it may be admitted that this was a short statement, intended as a reply to employers' calls for wage cuts. The Statement itself pleads that its remarks are intended only to "indicate the general lines" of its desired policy.³ Nonetheless, there is little here to suggest any great understanding of either the domestic or international depression. One may perhaps discern some elements of an aggregate demand approach in the analysis of wages, but it is hardly necessary to do so. If unions between the wars did not exist to protect wage-levels, it is difficult to see what they did exist for. And, in its domestic programme, there seems little to distinguish the Statement from the "usual Socialist philosophy" which Bevin was to dismiss so haughtily later in the year.⁴ Bevin must, however, be excused any direct responsibility for either of the first two Statements discussed here, as he had temporarily resigned from the Economic Committee for the whole of the year

1 T.U.C. Annual Report, 1931, p.261.

2 Ibid., p.262.

3 Ibid.

4 Ibid., p.464.

3 N.C.E.O., The Industrial Situation, 1931, copies of which were sent to the Party leaders, M.P.'s, and the Press. The pamphlet may be found at P.R.O., BF 56/43/CIA 1870.

1930-31, presumably because of the pressure of his other commitments.¹ The Statement does show some response to the special problems apparent after 1929, by the re-introduction of the international element. It was this international dimension, present in all T.U.C. statements on the economy in the early 1920's, which had been downgraded somewhat during the later years of that decade. And, by referring to a "world economic policy", the Statement goes much of the way to retrieve the movement from the controversy which had enveloped it the previous year, when the Economic Committee had favourably described the possibility of an integrated Empire economic bloc.² Nevertheless, the chances of reaching an agreed world policy may be regarded as no higher than they had been to enforce Empire Free Trade upon the Dominions.

The second of the three Economic Committee statements is more positive,³ being less a case against wage reductions, and more explicitly a programme for industrial recovery. It is held that the future for British exports is by no means uniformly bleak, but that British industry needs to adapt to present and future foreign demands. In addition to these rather pious hopes, what is said to be required is a reversal in the downward trend of primary product prices by the combined action of the leading central banks. However, should international action not prove forthcoming, measures should be taken to raise Britain's internal price level, either by devaluation or by other (unspecified) mechanisms. It is held that this would, to a great extent, reverse the ill-effects engendered by the return to gold in 1925. Although the unions had grouched somewhat inconsequentially about deflation throughout the 1920's, this emphasis upon monetary disorder and upon measures to remedy

1 T.U.C. Economic Committee Minutes, October 15th 1930. Misleadingly, Davin's name appears as a member of the committee in the T.U.C. Annual Report, 1931, p.260, and according to the General Council Minutes for October 22nd 1930, his resignation was rejected. However, he was not present at any of the meetings of the Economic Committee until September 1st 1931.

2 See above, pp.226-231.

3 'The Unemployment Situation', T.U.C. Annual Report, 1931, pp.262-265.

it may be traced to the Mond-Turner discussions. It may be noted, however, that the T.U.C. was not proposing immediate devaluation, rather that it was an option which remained open. But in going that far, it may be admitted they were showing greater flexibility than any other organised body in the country. Pollard has argued that it was in regard to deficit finance that union leaders of the early 1930's failed "to break the final thought barrier".¹ There seem few signs that they came close to this. It was, in fact, with regard to devaluation that the T.U.C. led in its thinking, and it was in this regard, as will be shown below, that it failed at the crucial moment to break with orthodoxy.

The statement goes on to argue, however, that monetary measures alone would not prove sufficient to bring about recovery. Industry must be re-organised on the most efficient lines, and public service replace the profit motive. The trade unions must be allowed to enter into the planning of economic policy. No longer should this be the "prerogative of capitalists and financiers".²

So the policy of the trade unions may be summed up in three tenets. Firstly, an absolute and unwavering rejection of any policy of wage cutting. Secondly, international economic co-operation, in the absence of which Britain should consider a number of alternatives open to her, including raising the bank price for gold. Thirdly, a policy for the re-organisation of British industry on more efficient, and what is assumed to be related, public service lines. Public ownership was the key to the efficient reconstruction of industry. As to the usefulness of public works, the first of the three T.U.C. statements makes no mention of them, the second refers to them neutrally:

"It may be that a boldly planned scheme of national development on a sufficiently large scale would provide the necessary stimulus [for a revival of trade], or it may be

¹ Pollard, 'Trade Union Reactions...' *op. cit.*, p.108.
² T.U.C. Annual Report, 1931, p.264.

that we must wait until accumulated stocks of goods are cleared off the market".¹

It is difficult to believe from this extract that the unions were proposing a public works solution to unemployment, much less one financed from a Government budgetary deficit.

The more extensive and closely argued T.U.C. evidence to the Macmillan Committee exhibited the major themes outlined above. Stabilisation of the price level, re-organisation of the industrial base along public service lines, rejection of wage reductions, and the consideration of a unilateral devaluation which may prove unavoidable. It was in this evidence that the T.U.C. stated that while it did not totally reject a general tariff on ideological grounds, the preferred course was for devaluation.²

The Statement on the Unemployment Situation was prepared to take the place of a General Council-sponsored resolution on the subject which was to have gone before Congress. The general line of this resolution was to have followed the policy of unflinching opposition to wage-cutting, and proposed an international conference on monetary policy to find measures for raising the level of world wholesale prices. In fact, both of these points were actually included in the Statement, and it is therefore difficult to understand why, "in view of the present economic situation",³ a resolution on the subject was considered as unsuitable. It may have been that a G.C. resolution on unemployment was felt to unnecessarily embarrass the Government, although in these circumstances it is ironic that by the time Congress met in Bristol in September, the Government had fallen as a direct result of T.U.C. opposition to its policies. Whatever the case, no resolution specifically dealing with unemployment was placed on the Congress agenda from any source.

Turning now to the T.U.C.'s 'Report on the Financial Situation

1 T.U.C. Annual Report, 1931, p.264.

2 Ibid., p.285. See also above, p.197.

3 T.U.C. Economic Committee Minutes, June 23rd 1931.

of August, 1931', it is therein argued that the crisis which had overtaken the Labour Government had been the culmination of the deflationary economic pressures of the previous decade. However, the immediate blame rested with the policy of U.K. banking interests in borrowing short and lending long, and the complications which had been induced following the collapse of the Credit Anstalt.¹ The crisis had resulted from banking policy, not from fears regarding the state of Britain's Balance of Payments or Government finance.

The report discusses briefly the meeting between the T.U.C. and the Government Ministers on August 20th, it being held that the application of the Government's programme of economies could only worsen the position.² By cutting wages and reducing expenditure the level of demand was bound to fall, with an immediate increase in the numbers unemployed.

There are then laid out the T.U.C.'s alternative proposals to the list of economies prepared by the Government. Firstly, in place of the cuts in unemployment benefit and increased insurance contributions, it is suggested that the Government should make recourse to the scheme for unemployment benefits which the T.U.C. had proposed to the Royal Commission on Unemployment Insurance.³ Benefits should not be cut, but finance for them found through a graduated levy (or income tax) on all profits and earnings. The running deficit on the Unemployment Fund should, in effect, be met by the middle-class, rather than by industry and the unemployed.⁴ However, it had of course already been shown, at the time of the establishment of the Royal Commission, that such a scheme as the T.U.C. proposed was very far from the Government's mind. As further measures to balance the budget, the T.U.C. argued for suspension of the Sinking Fund, and the introduction of new taxes on un-earned income. Finally, it was admitted that the T.U.C. had discussed a

¹ T.U.C. Annual Report, 1931, p.512.

² Ibid., p.513.

³ For which, see below pp.368-9.

⁴ The distributional consequences of the T.U.C. proposals to the Royal Commission are explained below, pp.369-370.

revenue tariff, but that previous decisions of Congress prevented the General Council from making an announcement one way or the other.^I

There are two striking aspects of these T.U.C. counter-proposals. Firstly, they presupposed what it has been commonly assumed that the T.U.C. wished to deny, namely, that it was necessary to preserve the value of sterling and that the way to do this was by balancing Government expenditures and receipts. Secondly, they were an open defence of benefits and wage-levels. Where the T.U.C. and the Government differed was in their preferred means of balancing the budget, whether by reducing Government outlays or increasing Government receipts.

The Government's view was that the problem was the budget deficit, and foreign perceptions of that deficit. It therefore argued that the only course open was to carry out the specific measures on Unemployment Insurance demanded by the bankers. If the object was to protect sterling by raising foreign loans, then only those measures acceptable to international banking opinion were really relevant. In this manner, the Government could argue that the deficit and the means to correct it were crucially connected. However, the demand for cuts in unemployment benefits was actually a domestic demand, and when the cuts were introduced by the National Government they failed in their objective of halting the flow of capital.

The T.U.C. position was that the crisis was, crudely, a Bankers' Ramp. There was no case for cuts in unemployment benefits, which were being urged as part of a quite distinct offensive on wage levels. The T.U.C.'s commitment to party unity - which may explain, in part, the ambiguous attitude towards devaluation - could not override an attack upon the Dole, which in turn implied an

I According to Citrine's account the General Council was evenly split on the question of a tariff. Citrine also related that he was dissuaded from introducing his own advocacy of the revenue tariff into the conversation with the Cabinet sub-committee on August 20th by Bevin, despite the latter's own commitment to the proposal. Citrine, op. cit., pp.284, 285.

attack on wages. The stand in 1931, as in 1926, was on the defence of wage standards. Moreover, the T.U.C. was able to put forward alternative means of balancing the budget although, like the Government's own proposals, it is not apparent that these dealt with the immediate financial crisis.

At a different level, it could be suggested that because of multiplier effects the deflationary impact of balancing the budget could be, to some extent, vitiated by increasing taxation rather than by reducing expenditures. This was especially true since what was really under discussion was a series of transfer payments between the relatively well-to-do and the unemployed. However, there is no evidence that the T.U.C. argued in this way. In a sense, by implicitly accepting the premises upon which the Government was working, the T.U.C. re-enforced not weakened the intellectual case for Snowden's economy proposals. Conversely, the fact that the T.U.C. also addressed itself to the problems of balancing the budget made it easier for Henderson and the Cabinet rebels to follow the T.U.C.'s lead. A different view has been taken by Pelling:

"It was this capacity to master the economic problem from a national point of view that enabled Bevin and his colleagues....to convince the faltering members of the Labour Party....that the attitude of the General Council was the correct one".^I

In fact, neither argument may be taken too far. It may be doubted that Henderson's opposition to Snowden's proposals owed much to the strength of the T.U.C.'s alternative programme. His major concern was the simple split between Government and unions. Nor does it seem likely that he became intellectually committed to the T.U.C.'s proposals. But, insofar as these considerations played a part, it cannot but have helped that the T.U.C. also had in mind

I Pelling, op. cit., p.195.

the preservation of the value of sterling, and measures by which the Government deficit might be remedied.

In the face of the exchange crisis, the Government had possible recourse to three alternative policies. It could follow the advice (or 'demands') it was receiving from its political opponents and from the Bank of England. It could devalue (probably, but not necessarily, involving actual suspension of gold convertibility), or it could attempt to impose physical controls upon the export of capital. In these circumstances, it can be seen that the alternative policy proposed by the T.U.C. was not totally germane to the Government's problem. If the crisis was a crisis of confidence, then any method of balancing the budget which did not secure confidence served no useful purpose.¹ If the parity or the Gold Standard did not need to be saved, then there was no immediate case for economies at all. If the parity was to be protected, then in the longer run deflation and tariffs may be considered as alternative means of preventing Balance of Payments crises. Yet, it has been shown that the T.U.C. did not propose a tariff, even for avowedly 'revenue' purposes. In the short run, tariffs were also irrelevant. On the revenue side they did not meet the supposed qualification that foreign confidence be restored. From the point of view of 'protection', they did nothing to counter the immediate problem of capital movements.

It may be repeated that the Government and the T.U.C. were not at odds concerning the need to balance Government spending.² It was not this which brought about the fall of MacDonald's Ministry, but rather the share of sacrifice to be borne by the

¹ Although on this count the Government were totally misled in regard to the effect of Dole cuts on international confidence.

² For evidence of agreement on balancing the budget see above, p. 204. Bevin accepted that this was necessary "owing to the delicate nature of the world of exchange", and had called for a conversion operation on Government debt to achieve the balance. The Record, July 1931. See also the Daily Herald editorial for August 10th 1931 for that paper's acceptance of the case for 'economy' measures, and that for September 28th 1931 which repeats that Labour stood for a balanced budget, but one balanced equitably.

unemployed, and the consequential impact upon wages. As the Statement continued:

"Unemployment Benefits are being attacked not merely for the money that can thereby be saved, but principally because the benefits are regarded as a protection to wage rates. Cuts in benefits are held to be a prelude to the much more important all-round cuts in wages that are deemed necessary".¹

Quite explicitly, the T.U.C. counter-proposals were aimed at the protection of wage-rates.² T.U.C. policy was consistent in its defence of wages and benefits, and in suggesting alternative means of balancing the budget. Moreover, on the basis of a Keynesian approach to economic aggregates, this defence of wages may gain in authority. While it is not apparent that T.U.C. proposals were really addressed to the specific problem of the outflow of capital, they were consistent with a trade union movement which suspected that the Gold Standard was not sacrosanct, but which refrained from open criticism out of party loyalty. On a matter as central to the unions as unemployment benefits, however, conflict was inevitable.

Party loyalty may thus explain the continued ambivalence regarding devaluation. For while the T.U.C. did not share the lasting commitment to the parity, endemic to almost all other sections of opinion, the open advocacy of devaluation was not part of T.U.C. policy. Indeed, the counter-proposals to the Government are based on the assumption that devaluation could be avoided, that the parity should be maintained, and that the method of achieving this object was by balancing the budget. However, this was obviously the Government's objective, not that of the T.U.C. The General Council had concluded - in its evidence to Macmillan - that

¹ T.U.C. Annual Report, 1931, p.517.

² See also the evidence cited below, pp.350-I.

devaluation might prove inevitable.¹ Bevin and others were convinced that the more lurid predictions of the consequences of that devaluation would not be realised.

In this discussion, it has been necessary to keep separate two distinct issues. Firstly, the underlying unemployment problem of the early 1930's, upon which trade unionists made recourse to their instinctual expansionism. Secondly, the political and financial crisis of August 1931, in regard to which T.U.C. policy was argued to be consistent with the overall objective of protecting wages. Concerning the underlying problem, apart from a definite rejection of wage-cutting, it must be doubted that the T.U.C. articulated anything approaching a coherent programme in the face of depression. Elithe generalisations about international co-operation, together with unspecified measures of reorganisation and nationalisation, cannot be regarded as a serious short-term employment policy. Indeed, while the T.U.C. had begun to construct well-produced and well-argued policy documents, its 'proto-Keynesianism'² barely went further than opposition to wage-cuts. It need hardly be said that trade unionists did not require a Keynesian rationale to realise that it was their task to protect pay, to agitate for increased social expenditure, and to demand that the State should generate higher levels of employment. Generally, as has been illustrated above, the unions put their faith in the hoped-for supersession of private enterprise by public control, rather than in the New Liberalism of Keynes.

On the budgetary position, it may be noted that Labour had never called openly for budget deficits, even when most faith had been held in the equilibrating impact of Government expenditures, in the early 1920's. The need to balance the budget was never seriously questioned by the T.U.C. in 1931, which suggests that

¹ Above, p.197.

² "Proto-Keynesian" is the epithet used by Mackay et al., op. cit., above, p.36.

the supposed commitment to some form of counter-cyclical balancing of Government orders was either less strong or less well understood than has been assumed. Only on devaluation had the T.U.C. evolved a position at odds with contemporary orthodoxy, and with a striking relevance to the August 1931 crisis. Yet, like Bevin in his Reservation to the Macmillan Report, the T.U.C. failed to do more than claim that devaluation remained within the policy framework.

In 1931, the T.U.C.'s approach to economic problems was based upon two central precepts. Firstly, that no solution to the unemployment problem could be found through wage reductions; secondly, that no solution would be tenable which did not include large measures of public control of industry. The degree of economic 'wisdom' embodied in these two ideas remains a matter of controversy; when the first appeared threatened by a Labour Government, the T.U.C. acted positively and with confidence to make its position clear.

Some more general remarks may be appended on the attitude of trade unionists towards Keynes. Citrine later wrote that he had been very impressed with Keynes's attack on the return to gold, and that he regarded Keynes as the country's "foremost economist",¹ but it is difficult to know what degree of hindsight is embodied in these statements. Certainly, Keynes's criticisms of the Gold Standard were not heeded in 1925, when they might have had some real effect.

In terms of their respective alternatives to the orthodox responses followed by the second Labour Government, the fact that the T.U.C. was committed to a socialist reconstruction of industry as the basis for recovery clearly differentiated trade unionists from Keynesian thinking. This distinction had been stressed by Keynes and Henderson in asserting that Lloyd George's 1929 programme was not socialist.² Thus, while they may have shared a belief in an expansionist policy, Keynes and Bevin were not in any sense party

¹ Citrine, *op. cit.*, pp.136-8, 240.

² J.M. Keynes and H.H. Henderson, Can Lloyd George Do It? London, 1929, pp.32-3.

to the same set of proposals. Bevin's commitment to socialist solutions was in no way diminished by his association with Keynes on the Macmillan Committee and the Economic Advisory Council. Leaving Bevin aside, Keynes's Liberal allegiances inevitably made his views suspect to the more obsessively loyal Labour supporters in the trade unions.

It has been claimed that, "Bevin....had learnt a great deal about the need for economic expansion, rather than deflation, from J.M. Keynes..."¹ but while his views may have become more economically sophisticated, it is doubtful that they added to his resolution against wage-cutting. In fact, on the issue of devaluation, it was Bevin who failed to convince Keynes,² and it may be doubted, intuitively, that their relationship was ever personally close. T.U.C. policy was quite different from that of Keynes, and while any attack upon deflation was welcome to the unions, it seems most unlikely that Keynes's influence in the determination of union attitudes was anything but the most superficial. Indeed, insofar as wage inflexibility was the first step in Keynesian economics, the stronger influence may have run from Bevin to Keynes and not vice versa.

II

The second topic to be covered in this chapter is the impact of the American New Deal upon the T.U.C.³ Lovell and Roberts have written that the New Deal made a "profound impression" upon the leadership of British trade unions; what attracted them to the Roosevelt programme "...was simply that it was their own policy also, only in this case it was actually being implemented by the Government of a major industrial nation".⁴ They lay emphasis upon the public expenditure aspect of the American experiment, and upon its commitment to existing wage levels. They do point out, however,

1 Pelling, op. cit., p.195.

2 Winch, op. cit., p.137.

3 It should be made clear that what is really under discussion here is the early New Deal - notably the National Industrial Recovery Act (N.I.R.A.), which included a clause legalising collective bargaining.

4 Lovell and Roberts, op. cit., p.130.

that British unions, while desiring the application of like measures in the United Kingdom, nevertheless regarded them as "essentially an emergency programme", which was not seen as obviating the long-term goals of public ownership and planning.¹

Four questions seem to emerge. What aspects of the New Deal did most impress the trade unions? In what ways, if any, did it affect their policies and propaganda? Was a British New Deal regarded as politically feasible? And finally, to what extent can trade union economic policy before 1933 be said to presage the New Deal developments? Before attempting to answer these questions, it may be desirable to discuss in more detail the response of the 1933 T.U.C., held at Brighton, to events across the Atlantic.

In his Presidential Address, A.G. Walkden of the Railway Clerks had suggested of the New Deal:

"Fundamental to the programme is the Trade Union principle of the shorter working week and the raising of wages, with the object of redistributing employment and increasing consumers' purchasing power".²

In Walkden's view, Roosevelt had "given emphasis and authority to our ceaseless protests against wage cutting as a method of meeting the crisis."³ To remedy unemployment, the Roosevelt programme involved the shorter working week, and measures to increase purchasing power to mop up the increased production which modern techniques made possible.

In addition to the wages elements, the other major feature which impressed Walkden was the focus upon measures of public works. It is noteworthy that he describes the New Deal as socialist. The Roosevelt Administration, he said:

"..has taken decisive steps to show that economic individualism, both in theory and in practice, is played out....More clearly

¹ Lovell and Roberts, *op. cit.*, p.131.

² T.U.C. Annual Report, 1933, p.71.

³ Ibid.

than ever it is now seen that economic salvation lies in Socialist reconstruction and the re-organisation of industry as a public service".¹

While it is not fully apparent that he appreciated the stimulatory effects of counter-cyclical public works expenditure, Walkden was struck by the strategic role attributed to the State as a planning agency. In this he foreshadowed the more general impetus given to 'planning' by the New Deal on both sides of the Atlantic.²

But despite these references to the New Deal, the main concern of Walkden's speech was the rise of the European dictatorships.³ The Labour Correspondent of The Times took this view, although he referred to a "restrained eulogy" of the New Deal programme.⁴ He outlined four reasons for the T.U.C. approval of Roosevelt's policies: the recognition of trade unionism, the practice of union-employer co-operation,⁵ the raising of wages, and the shortening of the working week. And it was the immediate, practical effects on wages, hours, and recognition, which most impressed the T.U.C. leaders.

On the Tuesday of Congress, the assembly heard the traditional, fraternal addresses of the two American delegates. It was the first of these speakers, Thomas Burke, who was the real enthusiast for Roosevelt's measures. He referred to the N.I.R.A. as a "direct national attack on unemployment", and claimed that it represented, "the greatest adventure in the systematic planning and control of industrial operation", ever conducted by a democratic Government.⁶

1 T.U.C. Annual Report, 1933, p.71.

2 An impetus noted by Henry Pelling, America and the British Left: From Bright to Bevan, Adam and Charles Black, London, 1956, p.133.

3 A view supported by reference to the report of his speech in the Daily Herald, September 5th 1933. Most contemporary reports give the firm impression that Congress was dominated by events in Europe rather than by the New Deal. For example, the T.U.C.-backed The New Clarion, concentrated on the General Council report on Fascism and dictatorship to the complete exclusion of the New Deal emergency resolution discussed below.

4 The Times, September 5th 1933.

5 Later in the week, Nye Bevan was to accuse that Congress had congratulated Roosevelt, "because he was carrying out a policy of class collaboration in America". T.U.C. Annual Report, 1933, p328.

6 T.U.C. Annual Report, 1933, pp.251, 250.

However, his real praise was reserved for the impact of the New Deal upon wages, and upon trade union rights. His speech is replete with references to the opportunities for trade unionism assured by the labour codes, and to the improvement in the wages position. As he affirmed to the T.U.C., trade union membership in America was rising rapidly, and this, and a reference to the ban on company unionism, can hardly have failed to impress British trade unionists.

For, in Britain, the membership affiliated to the T.U.C. was at its inter-war low,¹ and the 'Non-Political' unions had still not been defeated. The news that the New Deal had resulted in America in a "stronger movement, numerically, morally, spiritually and in every way",² a movement whose "members were serving in the machinery set up under the Industrial Recovery Act",³ contrasted with over a decade of British failure in both these areas. What was described to them was the introduction of reduced hours, Government planning, public works, and not least, the doctrine of high wages⁴ and a revitalised trade union movement playing its full part in the development of national policy. No trade union movement could fail to be struck by the big gains in membership which the New Deal had brought about.⁵

Following the two American addresses, Citrine immediately proposed an emergency resolution on behalf of the General Council, giving welcome to the Roosevelt experiment.⁶ This G.C. resolution may be worth citing in its entirety:

"This Congress records its strongest protest against the continued failure of the present Government to take effective

1 See the figures in Appendix Table A.

2 T.U.C. Annual Report, 1933, p.253.

3 Ibid., p.254.

4 Burke claimed that the doctrine of high wages was now "public policy". Ibid., p.254. The T.U.C. could scarcely oppose such a development.

5 E.A. Radice, 'America's New Deal - I', The New Clarion, January 6th 1934, considered that it was the increased membership of the American unions which was the main explanation of that support the New Deal had received from British Labour.

6 The resolution had begun life at the meeting of the T.U.C. Finance and General Purposes Committee, on August 29th, gaining the consent of the General Council on September 1st.

measures against unemployment, to support the proposal for the 40-hour week and the construction of useful public works, and to produce a positive policy for promoting the recovery of industry and trade.

Whilst reaffirming belief that social ownership and control furnishes the only adequate and lasting solution to the problems, Congress appreciates the significance of the vigorous efforts now being made by President Roosevelt towards the stimulation and regulation of industry by means of the Industrial Recovery Act and allied legislation; it welcomes the recognition given in that legislation, and in the 'codes of fair practice' promulgated thereunder, to the trade union policy of reducing working hours as a means of diminishing unemployment and of raising wages as a means of increasing purchasing power.

Congress congratulates the American trade unions upon their energetic assertion of the workers' right to bargain collectively through their own independent organisations. Congress expresses the earnest hope that with the co-operation of the trade unions President Roosevelt will be able to overcome the difficulties involved in this decisive departure from the traditional individualism of American industry.

Congress further trusts that the present British Government will pursue a similar policy by taking immediate steps to initiate useful public works, financed by the use of the national credit; to enact a maximum working week of 40 hours without reduction of wages; to prohibit child labour under 16 years of age, and to raise the school-leaving age to 16.

Further, that the Government will set an example to employers by raising wages in the public services, beginning with the restoration of the 'economy' cuts in wages,

salaries, and social services; to make more liberal provision for pensioning aged workers; and generally to take all possible measures for increasing the purchasing power of the masses, and for planning the economic life of the nation in the interests of the whole people".¹

Citrine's speech in support of this resolution shows him balancing advocacy of the American programme with the measures of public ownership which in the longer term Congress considered to be essential. If reorganising capitalist industry could not provide the complete answer, it was still an answer which the millions of British unemployed would welcome.² Citrine was quick to point out that Roosevelt was applying principles which had long been preached by the T.U.C. The problem was one of under-consumption, the lack of working-class purchasing power, and overlong hours of labour. While public works help/^{ed} balance the trade cycle, it was perhaps the provisions on wages and hours which attracted more of Citrine's attention.

Later speakers emphasised that Congress in supporting Roosevelt was not detracting from its belief in the virtues of public ownership. And the fact that the T.U.C. did not give up socialism for New Deal capitalism has permitted one writer to conclude that the position of the T.U.C. was not so very different from that of most other sections of left-wing opinion in Britain, which regarded the New Deal with suspicion and hostility.³ There is some value in this judgement, but it is idle to deny the very real differences between the reactions of the T.U.C. and the Labour Party. To the T.U.C., any measures to alleviate unemployment were welcome, especially those which contrasted markedly with British

¹ T.U.C. Annual Report, 1933, pp.261-2.

² Ibid., p.264.

³ Barbara C. Malament, 'British Labour and Roosevelt's New Deal: The Response of the Left and the Unions', Journal of British Studies, Spring, 1978, p.166.

policy, and which had as their effects increases in wages and trade union membership. But it is quite apparent that there was no ideological conversion away from nationalisation. It was the practical improvements to labour conditions which appealed to the pragmatists in the T.U.C. Ideological opposition to the New Deal, of the kind exhibited by the Labour Party, was foreign to the whole nature of the T.U.C. during the 1930's. But this did not imply a change in the long-term objectives.

What distinguished the T.U.C. from the Labour Party was that the trade unionists were genuinely excited by the New Deal. This interest is illustrated by the number of articles concerned with it appearing in the movement's new journal Labour.¹ The fact that these articles deal with specific aspects of the Industrial Recovery programme, rather than with the New Deal as a whole, has been taken to evidence the pragmatic nature of the T.U.C. interest.²

Yet it is not quite fair to the T.U.C. to interpret their reaction to the New Deal entirely in terms of its effects on union membership, collective bargaining, and the level of wages. The unions did believe that the Roosevelt programme was actually T.U.C. policy, but being introduced by a sovereign democratic Government. And it did have a demonstration effect, the resolution welcoming the New Deal showing some signs of the T.U.C.'s conversion to an "unorthodox, expansive policy", which Pollard has argued was the result of the Roosevelt experiment.³ It was the expansionism of the American policy which contrasted so visibly with the deflationary impact of so much British Government had done over the previous thirteen years, although it had now embarked upon a policy of cheap money.

In a striking proclamation of the expansionist case, the Daily

¹ First issue September 1933; formed by an amalgamation of Labour Magazine, Labour Bulletin, and The Industrial Review.

² Malament, op. cit., p.163. She notes that Labour carried no less than 35 articles and editorials on the New Deal between 1933 and 1937.

³ Pollard, 'Trade Union Reactions...' op. cit., p.112.

Herald had written:

"Mr. Roosevelt and his lieutenants have understood that the most essential step to the restoration of prosperity is the raising of wages and the increase of purchasing power...The way to prosperity is the way of more spending; the way to more spending is the way of higher wages".¹

But in the reaction to the New Deal it is impossible to ignore the continual references to public ownership as the only permanent cure for economic instability.² In the eyes of the T.U.C., Roosevelt's policy implied such desiderata as improved earnings, and an increased role for the trade unions, which were necessary to a solution, but which would ultimately prove insufficient within a capitalistic system of production. However effective were the measures of the New Deal, they did not obviate the case for socialism, which alone could bring an end to the capitalist cycle of boom and slump.

The T.U.C. of course appreciated that a British New Deal was most unlikely. But Pugh and Bromley as members of the 'Next Five Years Group', must have been strongly influenced by the American programme,³ And Bevin's reference in My Plan for 3,000,000 Workless to a National Employment Board to advise the Government may have been influenced by American experience in the Industrial Recovery Board.⁴ The New Deal demonstrated that many of the policies favoured by the British trade union movement could be implemented by a Government which had sufficient will to do so.

III

One of the features of the T.U.C. resolution welcoming the New

1 Daily Herald, September 2nd 1933.

2 A year earlier the T.U.C. had completed its policy on nationalisation by publishing its 'Report on the Public Control and Regulation of Industry and Trade', T.U.C. Annual Report, 1932, pp.206-219.

3 Pelling, America and the British Left, op. cit., pp.135-6.

4 Bevin, My Plan, op. cit., pp.18-19.

Deal is the reference to public works. It has been shown earlier how Labour's faith in public works had dwindled after 1924.¹ In the 1930's, they enjoyed a return to favour, although the attitude of the labour movement remained somewhat muddled and contradictory.

The disavowal of a public works solution to unemployment is apparent in Labour and the Nation, a publication which promised "a prudent and economical administration of the nation's income",² and in the reaction to Lloyd George's Liberal programme.³ Yet paradoxically, the Second Labour Government was responsible for putting in hand a considerable scheme of public works - an issue on which Snowden was repeatedly defeated by departmental Ministers.⁴ Nevertheless, as shown above, neither the T.U.C. nor the Government was committed to budgetary imbalance, and For Socialism and Peace, the Labour Party's 1934 manifesto is also still wedded to a balanced budget.⁵ The following year, an electioneering pamphlet discussing the money expended on work schemes between 1929 and 1931 insisted that the projects had been useful, and would have been initiated sooner or later: "there was to be no digging of holes and filling them up again".⁶

The strongest single call for public works may perhaps be found in the joint resolution of the I.F.T.U. and the Labour and Socialist International (L.S.I.) in January 1931 on 'Unemployment and the Economic Crisis'.⁷ This had called for "the greatest possible increase in public expenditure for productive work in times of crisis", noting that stability of employment was all the more feasible the larger the share of Government in the economy. On the other hand,

1 Above, pp.41-2.

2 Labour and the Nation, 2nd ed. 1929, p.39.

3 Above, pp.128, 131n.

4 David Marquand, op. cit., p.574.

5 Andrew Oldfield, 'The Labour Party and Planning - 1934, or 1918?', Bulletin of the Society for the Study of Labour History, No.25, Autumn 1972, p.44.

6 The Record of the Second Labour Government, 1935, p.5.

7 Reprinted in T.U.C. Annual Report, 1931, p.129.

the reduction of public spending, "like the reduction of wages, to which it forms a supplement", only aggravated the crisis by reducing purchasing power. This resolution, together with a broader policy statement of the I.F.T.U. alone a year later,¹ has been used to criticise Pollard's view that the New Deal converted the T.U.C. to deficit-financed public works.² It is affirmed that the scale and method of financing public works in the United States "had no impact on Labour" in Britain.³ Both of these views appear open to further criticism.

Pollard's emphasis upon the public works element in the New Deal resolution is at odds with the view of The Economist. That journal advised that the T.U.C. cease its agitation on wages and hours, and instead concentrate upon its demand for public works expenditures. Understandably attracted to Roosevelt's wages programme, the T.U.C. were in danger of neglecting the much more justifiable case for public works.⁴ And, as was shown above, it does seem to have been the impact of the New Deal upon wages - in itself an essential part of the expansionist argument - which most fired the T.U.C.'s imagination.

On the other hand, it cannot be claimed that the public works side of the New Deal had no influence over the movement in Britain. In July 1933, Milne-Bailey had prepared a statement on public works for Citrine and Walkden in their capacity as Industrial Advisers to the London World Economic Conference. In this he called for loan-financed public works as a stimulus to economic recovery:

"The policy we are urging is being put into operation by the United States, and is receiving increasing support from leading economists in this country...President Roosevelt has

1 T.U.C. Annual Report, 1932, p.125.

2 Pollard, 'Trade Union Reactions..' op. cit., p.112.

3 Malament, op. cit., p.141. See p.160n for her criticism of Pollard.

4 The Economist, September 9th 1933.

given an unmistakable lead and we strongly urge the government to reconsider the whole matter".¹

Milne-Bailey's views appear to have undergone a change between 1930 and 1932. In the earlier year, in a memorandum on unemployment he had looked to rationalisation, and defended Thomas's inaction on the grounds that only vast expenditures could generate short-term jobs. If the finance was raised by taxation, the net effect would be much lower, and might even be less than had no schemes been undertaken in the first place.² Yet, by 1932, he was pressing for public works "from the point of view of reflation rather than of giving useful employment".³ What was important was the stimulus given to the forces of recovery, rather than the specific measures of public work carried out. Cheap money was not sufficient if industry would not make use of the credit available. What was needed was, at the same time as the credit expansion, a programme of loan-financed public works. Milne-Bailey proposed the expenditure of some £100 million, affirming that this would mean the creation of new resources in a manner which might lead to a general improvement in trade.⁴ These views of course pre-date the New Deal, and Milne-Bailey's opinions were not necessarily representative. But the response to the American measures shows that public works had regained the position in the policy of the labour movement that they had held in the early 1920's. In May 1932, Citrine had written that the policy of Labour on public works remained that which had been pursued in office by the Second Labour Government.⁵ A comparison of that statement and the resolution on the New Deal sixteen-months later illustrates the shift in opinion

1 T.U.C.G.C., World Monetary and Economic Conference, 1933, Industrial Advisors, Public Works, July 18th 1933, T.U.C. File: 135.06.

2 Memorandum on Unemployment, February 4th 1930, T.U.C. File: 135.43.

3 Milne-Bailey to Citrine, November 14th 1932, T.U.C. File: 135.06.

4 Unemployment Relief and Public Works, November 12th 1932, T.U.C. File: 135.06.

5 Citrine to Schevenels, General-Secretary of I.F.T.U., May 3rd 1932, T.U.C. File: 135.06. The I.F.T.U. had sent out a circular requesting information on the attitude taken to Work Creation Programmes in various countries.

which had occurred in the interim. While references to deficit finance may be hard to find, "great schemes of public works" were to be part of Bevin's comprehensive plan to right the economy announced in his 1937 Presidential Address.¹

The understanding of reflationary measures was at best incomplete. But trade unionists were expansionists by instinct, and the American example lent authority to views which stood at the heart of trade unionism. Moreover, no special 'Keynesian' insights were necessary to acknowledge that the reverse policy of deflation had shown a deleterious impact upon both wages and employment.² While public works were by no means the sole trade union proposal on unemployment during the 1930's,³ they did receive an added impetus from the programme of the New Deal.

The example of the New Deal may also be linked to the National Government's Special Areas legislation. This legislation may have been an "expedient", but it resulted from the pressure of public opinion upon the Government which forced it to be seen to be doing something.⁴ The trade union movement had played an important part in this moulding of public opinion.

The T.U.C. accepted the case for special additional provision for areas suffering disproportionately from unemployment, but argued that the fundamental problem was national and required a national solution.⁵ The general attitude was that the appointment of the Special Areas Commissioners would prove beneficial, but insufficient.⁶ As a regional policy, the Government's programme was paltry; what was required was an expansion of the Commissioners' powers, and of

1 T.U.C. Annual Report, 1937, p.76.

2 E.g., T.U.C. Annual Report, 1932, p.280, in the resolution on unemployment, "reducing wages and social services has aggravated the problem", National Joint Council, Workless: A Social Tragedy, 1933, p.5, "Economania has increased Unemployment".

3 The 1938 T.U.C. resolution on unemployment proposed by the General Council, for example, puts forward a programme of international co-operation, planning, re-organisation, together with no reductions in Government expenditure. T.U.C. Annual Report, 1938, pp.342-3.

4 Aldcroft, op. cit., p.104.

5 T.U.C. Annual Report, 1935, Appendix E, 'Report on the Depressed Areas', pp.481-489.

6 Ibid., p.482.

the funds at their disposal.¹ There was also criticism of the somewhat arbitrary and severely restrictive manner in which the boundaries of the areas to benefit from the special legislation had been drawn.

The T.U.C. held that there was a strong case for an expansion of public works in the Special Areas,² and a resolution to the 1936 Congress called for an extensive programme of public utility projects in those parts of the country.³ But despite the increasing awareness of the long-term structural difficulties of the staple trades, there was still a presumption that national economic solutions were paramount. Thus Greenwood, in a major speech on unemployment, could dispute that the distressed areas represented a special problem.⁴

IV

In the following two sections of this chapter T.U.C. policy on armaments and employment is considered. In the first place, two conflicting aims of the movement in the early 1930's are discussed, these being to further the process of disarmament, and to protect the livelihoods of trade union members. Secondly, are considered certain aspects of trade union policy on re-armament in the middle and late 1930's. The development of Labour defence policy over the decade will not be traced, however, although it may be noted that, despite the work of Dalton and Bevin, the policies of the movement on defence matters changed less rapidly than is sometimes assumed. Only from 1935 did the T.U.C. accept that support for the League of Nations might presuppose military involvement, and it was not until 1937 that the P.L.P. dropped opposition to the Government's re-armament programme. As will be

1 T.U.C. Annual Report, 1935, pp.483-4.

2 Ibid., p.489.

3 Ibid., 1936, p.296.

4 304 H.C. Deb. 5.s. c.184, July 9th 1935. Greenwood's speech was re-printed in a somewhat mis-titled pamphlet, Unemployment and the Distressed Areas: Labour's Smashing Indictment of the "National" Government, 1935. The remark referred to in the text appears on p.II.

shown, during the early 1930's fears regarding employment were made secondary to the overriding desire to reduce defence expenditure on pacifist grounds; this reflected the prevailing electoral mood. Both in regard to disarmament and re-armament, it can be claimed that employment was one objective of the trade unions. But employment was only acceptable if it also fulfilled other Labour conditions.

During the 1920's there had been some agitation regarding the consequences to employment of disarmament. This had centred upon the reduction to a 'care-and-maintenance' basis of the Royal Dockyards at Pembroke and Rosyth. These reductions were made explicitly on grounds of economy, and the Government estimated the number of redundancies at 4,500, although to some extent the transfer of work must have improved employment opportunities elsewhere.¹ The T.U.C. had protested against the decision to close the dockyards, and a deputation had met Baldwin.² But the Government went ahead with the closures, and during 1929-30, the Joint Disarmament Committee of the T.U.C. and Labour Party was to discuss the alternative uses which could be made of the dockyard facilities at the two sites.³

It was soon after the second Macdonald Government took office that the Boilermakers' Society opened a campaign calling for alternative work for those made redundant through the reduction in the building of warships.⁴ Disarmament created unemployment in a relatively small number of supply industries, notably shipbuilding, ship-repairing, and among dock labour, but also including general and electrical engineering, and the coal, iron and steel, chemical,

¹ Estimate of redundancies in P.R.O., CAB 24/I75 C.P.422, Appendix II. Savings at the two sites was estimated at £328,000 p.a.

² T.U.C. Annual Report, 1925, pp.503-507, for the protest resolution; ibid., 1926, pp.133-138 for transcript of the deputation to Baldwin. A short House of Commons debate was held, 189 H.C. Deb. 5.s. cc.855-936, December 11th 1925.

³ T.U.C. File: 619.61. For this joint committee see below, pp. 282-6.

⁴ P.R.O., BT 56/4/GIA/E 175.

transport, and gun-making industries. However, the Government's reply to the Boilermakers' campaign was that nothing could be done to help private yards, although consideration would be given to the yards for which the State had direct responsibility, a policy adumbrated in Labour and the Nation.¹ In fact, the Government ~~was~~^{was} quite unwilling to introduce special schemes in relation to the unemployment resulting from disarmament, and the Civil Service replies to the various letters expressing anxiety in this regard refer only to Thomas's general attempts to foster export trade, a significant change in emphasis from Labour's manifesto.

In August 1929, a deputation of Tyneside trade unionists met with the Prime Minister, making clear their strong support for disarmament, but pressing for three courses of action to alleviate the resulting unemployment.² These were, a Government subsidy to enable Cunard to build two liners, the re-enactment of the Trade Facilities legislation, and the abolition of all overtime on Government work. And in October, the A.E.U. put their demands before Snowden, including the expansion of trade with Russia in a list which included trade facilities, the cessation of systematic overtime, the provision of alternative work, and the ordering of new vessels.³ Trade Facilities and the potential of Russian trade were closely aligned in T.U.C. thinking,⁴ and Government representatives frequently saw fit to warn the unions not to be seduced by Russian propaganda with regard to such orders which might be forthcoming.⁵

Six days after this meeting between Snowden and the A.E.U., a Joint Disarmament Committee was established by the T.U.C., the

¹ But compare the answers of Thomas, 231 H.C. Deb. 5.s. cc.334-5, October 31st 1929, and Alexander, *ibid.*, cc.619-620, November 4th 1931, with Labour and the Nation, rev. ed. 1929, p.45.

² P.R.O., H1 56/4/CIA/E 209.

³ P.R.O., T 172/1687.

⁴ E.g., the emergency resolution in T.U.C. Annual Report, 1929, pp.254-5. In turn, trade facilities and Russian trade were particularly associated with the depression in the engineering and shipbuilding industries.

⁵ E.g. Tom Johnson, Report of Interview, June 25th 1931, T.U.C. File: 619.63. "only 10 per cent orders and 90 per cent propaganda", was the characteristically blunt assessment made by Bevin of Russian trade. T.U.C. Annual Report, 1930, p.283.

Labour Party and the P.L.P.¹ This committee drew up a memorandum on the economic consequences of disarmament.² It has as its basis the view that some proportion of the moneys saved by disarmament should be directed to the benefit of the workers concerned. This could be achieved by the provision of alternative work, by direct Government action, or by monetary compensation. Six elements in all may be discerned from the committee's memorandum:

- a) The diversion of work for Colonial Development projects to the areas adversely affected by disarmament.
- b) The re-introduction of the Trade Facilities Act.
- c) Increased Anglo-Soviet trade.
- d) The cessation of sales of old tonnage to foreign shipowners.
- e) Permission to be granted to the Royal Dockyards to tender for private work.
- f) In the event of the above proposals failing to have the desired effect, monetary compensation to be paid for redundancy.

The most novel of these policies was the first concerning the location of new work. However, this was something less than a fully-fledged regional policy, representing the demand for the amendment of the Colonial Development Grant procedure. Such an amendment argued the Treasury report on the committee's recommendations could result in little improvement of the unemployment problem; the Treasury did not believe that the T.U.C. took the proposal very seriously.³ The overall Treasury view was that little disarmament was actually being carried out in any case, but nevertheless none of the T.U.C. suggestions could be entertained.

The conclusions of the Treasury report were communicated to the

¹ Minutes of this committee in T.U.C. File: I35-93M. The committee was established at the instigation of Bevin, following representations from dock workers in the T.G.W.U. Bevin to Citrine, October 22nd 1929, Bevin Papers, 102/3/27; T.U.C. General Council Minutes, October 23rd 1929. The T.U.C. members of the joint committee were Bevin, Bromley, and Hill.

² This memorandum forms an appendix to P.R.O., CAB 24/210 C.P.55.

³ P.R.O., CAB 24/210 C.P.55, February 10th 1930.

Joint Disarmament Committee which, obviously angered by the Treasury's negativism, fired off a letter expressing "grave dissatisfaction".¹ As a direct result, the Cabinet established its own three-man committee on the Economic Consequences of Disarmament, and this held ten meetings, five of them jointly with the T.U.C.-Labour Party side. But the Government seems to have been largely content to argue that naval construction was not to be greatly reduced, and that as a result the impact upon unemployment would be minimal. True though this may have been in aggregate terms, the Joint Disarmament Committee was concerned with the much more pronounced effect upon unemployment in particular localities, and upon particular trades. In a sense, the committee was forced to consider regional policies, and calls for the re-enactment of Trade Facilities were fitted into this developing emphasis. As the Cabinet Committee noted, the joint committee:

"..refrained from pressing for the re-introduction of the Trade Facilities Scheme...,for general purposes....[but rather] in the special interests of the shipbuilding industry".²

Another regional policy introduced by the joint committee was that of a Necessitous Areas Grant - Government grants to local authorities for public works. This idea had replaced that of private compensation for unemployment. That is, instead of individual redundancy payments, savings from disarmament should be channelled back to the local authorities in the areas concerned so that redundant workers could be re-employed on municipal schemes. But this proposal too was rejected by the Cabinet, avowedly on administrative grounds, notably the difficulty of defining which areas would benefit from the grants.³ Expanding on the reasons for

¹ This letter may be found at P.R.O., CAB 24/211 C.P.106, March 17th 1930.

² P.R.O. CAB 24/214 C.P.261, July 28th 1930.

³ P.R.O. CAB 24/220 C.P.61, February 25th 1931. This conclusion was conveyed to the joint committee on March 19th 1931.

the rejection, the Secretary for War explicitly rejected regional policies when writing to the secretary of the joint committee,

E.P. Harries:

"..unemployment, due to whatever cause, must be dealt with on uniform lines throughout the country".¹

And, at the last joint meeting between the two sides in March 1931, Shaw had affirmed that the Government were in no position to carry out the policy foreshadowed by Labour and the Nation under which unemployment would be a national charge, and every unemployed person would be afforded adequate relief.²

The case for Trade Facilities for shipbuilding,³ had been put to Snowden by the Joint Disarmament Committee in July 1930.⁴ Snowden accepted the committee's contention that the general Government argument against Trade Facilities (that they would protect inefficient concerns)⁵ was not applicable because shipbuilding remained one of the country's more efficient industries. However, he believed that the problem was two-fold: Did shipbuilding need the help of Trade Facilities, and would such expenditure prove remunerative? There was, he suggested, no point in building ships for which no purchaser could be found. At this time, during 1930, the T.U.C. could not accept the case of the Government, and of both shipbuilding employers and shipowners, that credits were not desirable because of the over-capacity which was already apparent. For the moment, the T.U.C. argued that it was better that such orders as there were should come to Britain rather than to her overseas competitors. Over-capacity in itself did not imply that all new orders would cease.

1 Shaw to Harries, April 16th 1931, reprinted in T.U.C. Annual Report, 1931, pp.56-7.

2 P.R.O., CAB 27/416.

3 Trade facilities are explained briefly above, p.113. They had been an election pledge of the Liberals, but not of the Labour Party. However, according to Fairplay: Weekly Shipping Journal, May 23rd 1929, p.424, Thomas had "let it be known that....[Labour]...will re-introduce the Trade Facilities Act".

4 Transcript in P.R.O., T 172/1697.

5 The general argument that Trade Facilities would prevent rationalisation and protect inefficiency had been put by Thomas, 230 H.C. Deb. 5.s. cc.804-5, July 19th 1929.

However, by 1932, while still agitating for Trade Facilities for the shipbuilding industry, this was made subject to the proviso that "the proposed vessel or vessels are definitely required".¹ Since Government both disliked Trade Facilities, and believed that further tonnage was not required, this proviso was an effective submission to the views of the owners and of the Government. The T.U.C. was no more successful with regard to its demand for a ban on the sale of old tonnage. There was opposition to any restrictions within the Board of Trade,² and from Snowden who wanted to minimise all public expense.³

Despite the ill-tempered nature of the meetings between the Joint Disarmament Committee and the Government - which was evidence of the strained relations more generally between Government and Party - the concern over the unemployment resulting from disarmament proved very short-lived. The major problem was actually to persuade Government to carry out some disarmament. During 1932, the T.U.C. called for "drastic reduction and limitation of expenditure on armaments",⁴ and in a deputation to Simon and MacDonald the T.U.C. representatives emphasised their anxiety at the lack of progress being made at Geneva.⁵ The very absence of visible disarmament made concern over displacement somewhat irrelevant, and no mention of it was made at this meeting, or at a subsequent one two years later by the National Joint Council.⁶

A report on unemployment and disarmament was published, however, by the League of Nations Union,⁷ and this was heavily influenced by the T.U.C.⁸ The T.U.C. had three members (Elvin, Hayday, and

1 Memorandum in regard to Re-introduction of Trade Facilities for Shipbuilding, Group B 6/2, June 8th 1932, T.U.C. File: 6I9.63.

2 Bevin Papers, D3/9/15, Harries to Hill, July 11th 1930.

3 T.U.C. File: I35.44, Harries to Citrine, January 2nd 1931.

4 For the lengthy debate critical of the failure to make progress at the world Disarmament Conference, T.U.C. Annual Report, 1932, pp.346-358.

5 P.R.O., MacDonald Papers, PRO 30/69/1/516, Transcript of meeting of November 3rd 1932.

6 P.R.O., MacDonald Papers, PRO 30/69/1/517, Transcript of meeting of May 14th 1934. This meeting had a very different tone from its predecessor two years earlier. The concern of the N.J.C. was with peace and security, not with disarmament per se.

7 William Stephen Sanders, Disarmament and the Displaced Worker, League of Nations Union, August 1932.

8 According to Hayday, T.U.C. Annual Report, 1932, p.357.

Findlay) on the Labour Advisory Committee of the League of Nations Union, and the publication of the report seems to have been a victory for them over the parent body, which feared that the emphasis upon the special treatment of unemployment resulting from disarmament might hinder the process of disarmament itself.¹

It cannot be said then that displacement resulting from disarmament was a major concern of the T.U.C. over the inter-war period as a whole. In effect, it was a temporary problem (temporary - because disarmament itself was only barely carried out by British Governments), but one on which the T.U.C. was pressed by those unions most closely involved, the A.E.U., the T.G.W.U., and the Boilermakers' Society. There was at least a potential clash between Labour's ideals and the sectoral interests of a small number of unions.

Moreover, it was an area in which cause and effect could, to some degree, be identified. In this regard, one may perhaps see an analogy with the T.U.C. policy over the unemployment resulting from rationalisation.² Both disarmament (such as it was) and rationalisation were policies which the T.U.C. supposed resulted in benefits for the community as a whole. In those circumstances, the community owed a special responsibility to the immediate victims of these policies. In the case of disarmament, this implied that those losing their employment had first call upon the savings which the Government had made. However, the logic of this argument was lost on Governments which admitted no special responsibility for the victims of rationalisation, and which engaged in disarmament avowedly to save money, not from moral principle. But the analogy between disarmament and rationalisation was appreciated by the Government. In the letter from Shaw to Harries cited above, the notion of a

¹ Churchill College, Cambridge, Bevin Papers, I/4, L of N.U.L.A.C./7, July 21st 1932.

² See above, pp.154-5, 165-7.

Necessitous Areas Grant for boroughs affected by disarmament was explicitly rejected because other areas, with perhaps higher rates of unemployment, would claim that their problems were "to some extent attributable to the policy of the Government in matters such as industrial reorganisation".¹ And, from a different viewpoint, Cook referred bitterly to the compensation plans being prepared for the "few thousand" victims of disarmament, when nothing was done to help those in the mining villages who were the victims of rationalisation.²

But it cannot be said that the T.U.C. proved successful in its agitation on behalf of those losing their livelihoods. The Labour Government rejected all six of the proposals placed before it by the Joint Disarmament Committee. And, with the fall of that Ministry, the overriding aim of the movement was to encourage the work of the Geneva Conference; the policy was to achieve some measure of disarmament and then worry about the consequences for employment.³

However, the agitation does say something about the prevailing trade union attitudes. Most importantly, disarmament had a higher priority than the absolute protection of jobs. At no time is the moral (and indeed the economic) justification for disarmament questioned, despite the failure to persuade government of the special measures necessary to alleviate hardship in traditional arms-producing areas. Support for disarmament was not conditional upon the treatment of the consequent redundancies. The knowledge that this was the case no doubt strengthened the hand of the Government in rejecting the proposals of the Joint Disarmament Committee; certainly the Government's refusal to introduce at least some of the memorandum

1 Shaw to Harries, April 16th 1931, T.U.C. Annual Report, 1931, pp.56-7.

2 Labour Party Annual Conference Report, 1930, p.225. The analogy between rationalisation and disarmament with regard to the provision of redundancy payments is also stated by Norman Angell and Harold Wright, Can Governments Cure Unemployment? J.M. Dent and Sons, London, 1931, pp.138-9, and by Stephens, op. cit., p.12.

3 For example, see Disarm! Disarm! Disarm!: World Labour's Demands to the World Disarmament Conference, published by the Joint Disarmament Committee in December 1931, and based on the declarations of the I.F.T.U. and L.S.I.

was in the face of some bitter criticism from the trade union side.

Two other matters of importance emerge from this discussion of disarmament. Firstly, it marks a further step in the policy of the unions to seek redundancy payments if alternative employment could not be secured. Although only pressed half-heartedly with regard to disarmament, as shown earlier some agreements were successfully negotiated in connection with rationalisation.¹ In the post-war era, these agreements have become a major concern of the trade union movement, but their development can be traced from the late 1920's.

The second matter of significance rests on the belief that one may find in the policy of the Joint Disarmament Committee the vestiges of a regional unemployment policy.² This had been implicit in certain policies of the 1920's - in public works for example, or in calling for increased Russian Trade, which had special relevance to the heavy engineering sector - but it can be suggested that these were still very much subsidiary to a national attack on unemployment. Labour had, however, accepted that mining was a 'special' problem,³ and the establishment of the Industrial Transference Board in 1928 had signified that the State also

1 See above, p.154.

2 Labour was to openly embrace regional policy in connection with the Special Areas legislation, above, pp.279-280.

3 The 'surplus' of miners was accepted on all sides to be of the order of 200,000 men. See M.F.G.B., Annual Conference Report, 1929, Appendix XI, 'Case Presented to the Secretary for Mines, November 9th 1928', pp.266-269, for evidence that the M.F.G.B. agreed with this figure of 200,000, and their acceptance of transfer and migration schemes. As shown above, p.125, the Mond-Turner Unemployment Report had referred to transference schemes, as did Labour and the Nation, rev. ed., p.27. In a letter to the T.U.C., Cook had proposed further measures to persuade people to leave distressed areas, "where there is no hope of industrial development". Cook to Citrine, March 2nd 1931, T.U.C. File: 157-83U. The M.F.G.B. held out no demand for the introduction of new jobs into the mining areas, although they did have a 'special' employment policy consisting of a call for the repeal of the 8 Hours Act, the introduction of a national pensions scheme for miners, and the restriction of entry into the industry. In the longer run, they looked to an increased demand for coal from the development of new coal-based products.

recognised the existence of regionalised unemployment.¹ However, transference held out no hope of regional recovery. Moreover, as has been shown, with regard to both rationalisation and disarmament the second Labour Government had proved adamant that it would institute no special measures to deal with the resulting unemployment.

Disarmament, although not it must be noted unilateral disarmament, was a unifying passion of the trade union and labour movement for at least fifteen years after the Armistice. In this section of the chapter it has been illustrated that this passion took precedence over the worries which existed regarding the unemployment which it might engender. It has also been shown that the movement failed to persuade a Labour Government of the case to make special provision for workers made redundant in the armaments and related industries. Ironically, the problem would have proved far more acute had the movement not equally failed to persuade successive Administrations of the case for extending the process of disarmament. The failure to influence policy in this regard ensured that the failure to gain alternative work or compensation was not to the disadvantage of large numbers of workers.

V

In turning now to the very different problems resulting from re-armament, it should be repeated that there is no intention of describing the somewhat tortuous path by which the British Labour movement finally came to support the re-armament proposals of the National Government.² Rather, the intention is to describe the trade union response to the policies to be carried out in support of the agreed re-armament strategy. It will be seen that the role of the

1 S.R. Dennison, 'State Control of Industrial Location', Manchester School, No.2, 1937, p.147.

2 See for example, John F. Naylor, Labour's International Policy: The Labour Party in the 1930's, Weidenfeld and Nicolson, London, 1969. Developments on the trade union side of the movement are discussed extensively in Bullock, op. cit.

T.U.C. as such was severely restricted, this being the approach favoured by both the Government and by the individual unions. As it was, it was only with considerable misgiving that Chamberlain consented to two meetings with the T.U.C. on the subject of re-armament in March and May, 1938. The first of these meetings was, in fact, the first official visit to Downing Street which the General Council had made since 1926.¹

Indeed, opposition from the Ministry of Labour had been effective in preventing a meeting between Citrine and the Minister of Defence (Inskip) in 1936.² In respect of the re-armament programme, Baldwin had expressed a desire to co-operate with industry; given "good will" there was no reason to believe that trade union standards would be threatened.³ However, negotiation on matters like dilution should not be conducted nationally, but "faced and settled by the industries themselves".⁴ Among trade unionists, only George Hicks leading the Building workers appears to have countenanced negotiation on these matters through the T.U.C.⁵

Ernest Brown, the Minister of Labour, warned the Cabinet that trade union support for specific amendments to agreements they had negotiated might be difficult to enlist, especially if the unions feared that any re-armament boom would be short-lived, to be followed by further unemployment for their members.⁶ Dis-satisfaction with other aspects of the policy of the National Government, notably the embargo placed upon arms to Spain, was to prove an important barrier between trade unionists and the Government. The unions were, however, unabused by the criticism emanating from the left-wing of the Labour Party which held that re-armament could not be entrusted

1 Lovell and Roberts, *op. cit.*, p.141.

2 P.R.O., CAB 21/644.

3 309 H.C. Deb. 5.s. cc.1839-1840, March 9th 1936.

4 *Ibid.*, c.1840.

5 *Ibid.*, cc.2019-2026. Hicks called for "extensive consultations" with the "general trade union movement", (c.2023), and his speech may be taken as arguing firstly that the Government should not opt out of collective bargaining, and secondly that trade unions and the T.U.C. should reach some sort of agreement with the State on dilution.

6 P.R.O., CAB 24/261 C.P.96, Defence Programme - Labour Issues Involved, Memorandum by the Minister of Labour, 26th(?) March 1936.

to the National Government, since it was itself semi-fascistic in nature.

The general policy of the Government then was to leave labour issues to be settled by unions and employers in the localities, and the T.U.C., not wishing to appear to infringe the prerogatives of skilled unions, was prepared to accept this. It also meant that until 1938, the Government itself was able to keep out of negotiations over the labour issues brought about by its re-armament policy. Furthermore, the Ministry of Labour clearly believed that compromise over trade union rules could more successfully be attained in the localities, and with the workers themselves, than with national officials, or still worse with the T.U.C. General Council. The Government, therefore, was appealing over the top of the leadership of the trade unions, and looking to district officials and the workforce itself to find an accommodation. In addition, dilution would be easier to enforce given that there were local shortages of skilled labour at the same time as there was a national glut, as evidenced by the continuing unemployment among engineering workers, for example. In a ⁵fascinating memorandum drawn up for Inskip by the Ministry of Labour, it was argued that consultation with the T.U.C. over re-armament would be a "gesture" and a "mistaken intervention".¹ The T.U.C. would only produce unrealistic demands, and in any case the individual unions were far more important:

"The Ministry of Labour is in daily touch throughout the country with activities in the various industries and, for all practical purposes, the Trades Union Congress General Council never has to be taken into account".²

As a whole, it was made very difficult for the union movement to press its views on the general questions of transference, dilution, women workers, and the training of unskilled men. And by

I P.R.O., CAB 21/702, Memorandum by F.W. Leggett, April 1936.
 2 Ibid., italics added.

eschewing national discussions, the Government was also able to place restraints upon the policy to be applied by individual unions. When, in March 1938, Inskip was about to meet finally with representatives of the engineering unions on the then accelerating re-armament programme, he confided to a colleague that he would:

"..do no more than put the general position before them, appeal for their hearty co-operation, and invite them to join with the employers in finding a solution".¹

But this somewhat contemptuous attitude towards the trade unions was made increasingly difficult to uphold by the A.E.U.'s developing antagonism towards all aspects of the Government's re-armament programme. On the other hand, this antagonism underlined the Government's correct assumption that the problems of dilution could be better dealt with from its point of view in individual factories, rather than by national negotiation.

Nationally, it was open to the A.E.U. to argue that their unemployed members should first gain employment, before it was necessary to consider dilution or the introduction of extra shifts.² However, their refusal to fall in line with Government requirements owed much to their opposition to the Government's foreign policy; to its appeasement of Hitler, while refusing arms to Spain. This was made clear when the A.E.U. did eventually meet Inskip in April 1938.³ At the Blackpool T.U.C. of that year, one A.E.U. leader claimed that he had told Inskip that if the embargo on Spain was lifted, then the Government could have all the dilution it wanted - an admission which surprised Citrine.⁴ In addition to

I Inskip to Lord Swinton, March 18th 1938, in P.R.O., CAB 2I/702. Inskip and Chamberlain were to meet the T.U.C. on March 23rd, and a day later to meet the engineers. However, in the event, the A.E.U. claimed that the meeting had been set at too short notice, and only the Confederation of Shipbuilding and Engineering Unions attended. They were lectured for forty minutes only, and no questions were asked; the transcript is also in CAB 2I/702. That Inskip did not approach his task in too subtle a fashion when he did finally meet the A.E.U. is suggested by one A.E.U. leader's description of that meeting: "..he appeared to be treating us as a lot of children, waving a little flag and asking us to support the Government". T.U.C. Annual Report, 1938, p.301.

2 See, for example, The Times, May 17th 1938.

3 Meeting of April 4th 1938, transcript in P.R.O., CAB 2I/703.

4 T.U.C. Annual Report, 1938, pp.302, 312.

this opposition to the Government's conduct of foreign affairs, the A.E.U., doubtless recalling the profiteering of 1914-18, also expressed anxiety at the level of profit being made on defence contracts. But a further prime reason for the A.E.U. position was the knowledge that local shortages of labour placed upward pressure on wages. Dilution, by lessening the shortages, weakened the union's bargaining position. And the Engineers' experience of Government pledges (notably the Treasury Agreements of March 1915), during and after the Great War, can only have added to their unwillingness to compromise.

A meeting was, however, arranged between the engineering workers and the employers, and this was held in May 1938.¹ The main argument used by the union in their claim that there was no case for dilution was based upon the continuing unemployment of A.E.U. members. There was no overall shortage of skilled personnel; what was needed was the more efficient utilisation of the supply of labour that was available. However, since - as will be shown below - the Government had deliberately fostered the development of armaments work in the depressed areas, it is difficult to see how, short of enforced transference, this apparent shortage of skilled labour could have been overcome.² The simple fact was that the Engineers could not be persuaded to unilaterally reduce their bargaining strength. Nor could their fears be assuaged regarding the difficulty of re-negotiating restrictions and privileges once they had been dropped, albeit as temporary concessions. Within a week of the conference with the employers, the A.E.U. had adopted a resolution proclaiming that any form of dilution was unnecessary.³ And, as the year progressed, press comment became increasingly critical of the Government's failure to cultivate trade union support for its re-armament policies.⁴

Indeed, the Government's failure to win over the Engineers must

¹ An account of this meeting was published as Proceedings of a Special Conference between Engineering and Allied Employers' National Federation and Various Trade Unions, May 25th 1938: National Defence Programme.

² Taking work to the workers was effected by sub-contracting armament orders, although the opportunities for this were limited. M.M. Postan, British War Production, H.M.S.O. and Longmans, Green, London, 1952, pp.96-98.

³ The Times, June 1st 1938.

be counted as the major failure of its approach to the labour problems associated with re-armament. In a war-economy, or in an economy preparing against war, the bargaining position of skilled engineers is much strengthened. In this regard, the decision to miss out the leadership of the A.E.U. between 1936 and 1938, and for the Government to opt out of the negotiations during this time, led to a backlog of distrust which only became clear as the re-armament programme reached a peak during 1938. The decision to miss out the T.U.C. is, however, more easily explained. The fact was, as both the Government and the T.U.C. were aware, that the T.U.C. had simply no power to negotiate industrial issues on behalf of member unions. The willingness of the T.U.C. to meet Government representatives was itself severely criticised by the Engineers at the 1938 Congress.¹ The T.U.C. could no more commit the Engineers to measures of dilution than it could send arms to Spain or end the policy of appeasement. On neither the broad questions of foreign policy, nor on the specifics of the re-armament programme, did the T.U.C. exert anything but the most superficial influence. The influence within the Labour Party may have been greater, but the influence of the Labour Party on the Government was minimal.

Reference must be made to the Government's policy of according preference in the placing of defence contracts to areas of high unemployment (including, but not confined to, the Special Areas).² Such preference was, however, only given on a ceteris paribus basis. In addition to labour supply, Government also took note of factors such as housing, ease of access, and the vulnerability of factories to enemy aircraft.³ A case in point was the decision to build a War Office Ordnance Depot in Shropshire and not in Wigan,

¹ T.U.C. Annual Report, 1938, pp.301-2.

² P.R.O., CAB 21/645 for details. A full list of towns to be favoured by this preferential status by March 1936 may be found at 309 H.C. Deb. 5.s. cc.1535-1537, March 5th 1936.

³ P.R.O., CAB 21/662. See also Statement relating to Defence, Cmd.5107, 1936, p.16, "both vulnerability of site and the needs of the Special Areas will receive attention".

⁴ E.g. Manchester Guardian, September 7th 1938.

because of the former's better rail links; a decision the Ministry of Labour fought hard to have overturned.¹ Despite these qualifications, it was claimed that a total of £175 million of work had been allocated to areas of high unemployment in defence contracts by the outbreak of war.² This was a vast sum by comparison with the paltry expenditures which had been made under the Special Areas legislation, or the earlier public works expenditures of the St. Davids Committee.³ Even accepting that the net expenditure in the Special Areas must have been much less than £175 million, and that the leakages on any multiplier must have been very high, nevertheless the re-armament programme's concentration in areas of high unemployment represents a large share of the State's investment in jobs in the depressed regions. The Labour Party report which castigated the preferential policy as a "meaningless mockery" was ill-judged given the neglect from which the depressed areas had suffered so long.⁴

In favouring the Special Areas, however, the State also succeeded in minimising the dislocation to private industry which the demands of the re-armament programme might otherwise have brought about. But in any case, the Special Areas were more distant from enemy airfields than alternative sites in the Midlands and the South-East. Thus, even without a policy discriminating in their favour, the Special Areas would still have received many of the defence contracts for this reason alone. The needs of the depressed regions co-incided with prudent national defence.

To summarise this section of the chapter, it has been shown how small a part was played by the T.U.C. in regard to the industrial aspects of re-armament. The ultimately successful efforts

1 P.R.O., CAB 21/663, especially the letter from Brown to Inskip, December 15th 1938.

2 P.R.O., PREM I/365, brief prepared by the Ministry of Labour for the Prime Minister with regard to a T.U.C. deputation, July 26th 1939.

3 But note that total defence expenditure in any one year never rose above 7 per cent of National Income. W.K. Hancock and M.M. Gowing, British War Economy, H.M.S.O. and Longmans, Green, London, 2nd ed. 1953, Table I(a), p.75.

4 Labour and the Distressed Areas; a Programme of Immediate Action, 1937, p.10. This pamphlet proposes an avowedly regional policy for the depressed areas.

of leading members of the T.U.C. to influence defence policy within the Labour Party was combined with an impotence with regard to the re-negotiation of labour rules and standards. Neither individual unions nor the Government were willing to allow a role to the T.U.C. In alerting the country to the threat posed by European dictatorships, and in opposing the appeasement of those dictators, the T.U.C. played a full part. However, in the actual process of preparing the country against war the T.U.C.'s impact was negligible. Cold-shouldered by the Government, and with no control over the Engineers, the T.U.C. was almost without influence on either of the main parties. The judgement of the Ministry of Labour, outlined above, was not mistaken; in practice, the General Council was irrelevant and could be safely ignored.

Relating re-armament with trade union policies on employment, it has been shown that the Government discriminated in favour of the depressed areas, although reasons have been suggested for believing that many defence projects would have gone to these areas, even without the preferential policy. In particular, their relative security from aerial attack was to their great advantage compared with the South-East and the Midlands. Since the Government had itself taken this step to help the areas of high unemployment, the policy of re-armament affected trade union employment policies only on the question of dilution. (It was additionally open to the labour movement to criticise particular decisions on the location of armaments factories etc. on the grounds that employment in the depressed areas should have taken precedence over factors like ease of road and rail access).

It would, however, be too charitable to interpret A.E.U. opposition to dilution entirely on the grounds that some portion of its membership were still seeking employment at their trade. It has been shown that opposition to the foreign policy of the National Government played a part. Still more potent was the fear that

restrictions once dropped, would never be regained. But, in fact, the A.E.U. policy was actually to keep down employment, by restricting both entry and the definition of skilled work, and thus mopping up the growing demand for skilled labour in the form of higher wages. And in this aim, the A.E.U. was largely successful.^I It was still at this time a craft union, and the battle against dilution was a battle for craft exclusiveness. For the Engineers, their hard-won status and privileges still took precedence over the employment of the semi-skilled, of the unskilled, and of women. The implications of this for wages were of course very favourable.

VI

The behaviour of the A.E.U., in response to the greatly improved negotiating strength which the rearmament boom brought in its train for that union, has implications for the entire analysis of trade union attitudes towards unemployment. Throughout this thesis, there have been examples of specific unions taking up particular policy positions in accord with the particular employment problems faced in the industries which they organised. Some distinction between the sheltered and unsheltered trades in regard to tariffs was noted, for example. The Boilermakers responded to the chronic problems of the shipbuilding industry to the degree of accepting the case for employment subsidies, with all its connotations for wages. J.H. Thomas's attitude towards the 1925-26 mining crisis seems to have been closely determined by a desire to protect railwaymen.

The Miners themselves underwrote the policy of transference, which had implications for employment and wages in the trades to which labour was transferred. They also claimed to have effected some moderation, peculiar to mineworkers, of the regulations

^I A Relaxation of Customs Agreement was eventually negotiated between the A.E.U. and the employers in August 1939 following the mediation of the Ministry of Labour. However, its operation was introduced only with great caution. Hancock and Gowing, op. cit., p.146; Postan, op. cit., pp.99-100.

governing eligibility to Unemployment Insurance.¹ Bevin, as head of a transport union, was a particular advocate of road development. Those unions affected most by disarmament sought special measures to meet the unemployment of a small number of men in specific trades and localities. The general support for rationalisation did not extend to the A.E.U. - which may well have feared an erosion of the monopoly skills of its members.

But this is not to say that T.U.C. policy on unemployment evolved as an exact compromise between the claims of the skilled and the unskilled, or between those unions suffering from the impact of unemployment to a greater or lesser degree. T.U.C. proposals in the field of monetary policy, for example, owed far more to Bevin's promptings than to the attitudes of the Miners' Federation, the union said to have suffered most from the return to gold. In the development of T.U.C. policy as a whole, it is easier to assert that differences in unemployment, and the rise of general unionism, must have affected attitudes than to describe particular instances. Attitudes towards tariffs, for example, transcended the simple calculation of benefits to particular trades. Advocacy of rationalisation was a phenomenon of the 1920's, that is, before the relative expansion of unionisation of the unskilled in the T.G.W.U. and N.U.G.M.W. If the period around 1925 witnessed the most open and vocal expression of T.U.C. concern over the unemployment issue, the 'dominant' left-wingers did not lead unions which were in a particularly depressed state.

Thus, while T.U.C. policy must have respected the different, and in some cases opposing, interests of the affiliated unions, it did not slavishly follow the fluctuations in their relative fortunes. It was shown, for example, that Public Works - a policy of particular advantage to the unions of general labourers - were afforded a much reduced place in trade union proposals, not as the I.M.F.G.B., Annual Conference Report, 1928, p.215.

result of changes in the relative strength of the various unions, but after the experience of the 1924 Labour Government. Moreover, no one union enjoyed a veto over particular proposals, evidenced, for example, by the support given to rationalisation despite the Engineers, and by the eventual establishment of Unemployed Associations in spite of the opposition of the mining and textile unions.

Like the Engineers in their struggle against dilution, it is apparent that all unions had their own interests to protect and advance in their response to the problems brought about by unemployment. But while the varying threats to membership and to bargaining strength, and the changing balance in the T.U.C. itself, must have affected attitudes, T.U.C. policy did not evolve so mechanistically that specific examples of this process fall easily into place.

VII

In considering unemployment policy in the 1930's, this chapter has covered a number of different topics. In the first place was discussed the 1931 crisis, or more strictly, the T.U.C.'s proposals to the Government, and the T.U.C. policy for the underlying unemployment problem. Secondly, the impact of Roosevelt's New Deal upon the T.U.C. was considered, and this led into a more general analysis of trade union thinking on public works. Reference was also made to the Special Areas legislation. The remaining two topics were concerned with the armaments industry. Firstly, the unemployment resulting from that disarmament which occurred in the early 1930's. Secondly, the consequences for employment of the re-armament programme at the end of the decade.

There seem to be a number of conclusions which emerge from these different problems. Broadly, despite the changing situation faced in the 1930's, there was a continuation of old policies.

However, the regional nature of the unemployment problem did receive fresh attention, and public works enjoyed new favour. Nevertheless, the T.U.C. had little influence upon Government policy. Overall, the impact of particular policies on wages was the major determinant of trade union attitudes.

That the T.U.C. had little influence over Government policy between the wars is not a novel conclusion. It may help, however, to run through the successive failures chronicled in this chapter. Of these failures, the most dramatic in its consequences was that of August 1931, when the T.U.C. failed to convince more than a minority of the Cabinet against the list of economies which had been prepared. But failure also describes the impact of T.U.C. thinking on disarmament, on compensation or alternative work schemes for the victims of disarmament, and with regard to the industrial conditions under which re-armament would take place. Perhaps the most notable of these was in regard to the disarmament/unemployment issue, since this was essentially a trivial matter, but one on which the unions felt very strongly, and since there was a Labour Government in office. This issue symbolised the T.U.C.'s impotence during 1929-31, an impotence which, as argued earlier,¹ resulted in part from the freedom of action which the unions themselves had ceded to the Parliamentary leadership during the 1920's.

The economic policy of the T.U.C. during 1931 was the subject of detailed examination. In the January of that year, the Economic Committee had regarded as "urgent" the development of the T.U.C.'s own policy on industrial and economic matters.² This reflected the growing demand from employers for wage cuts, and the gap being forged between the unions and the Government. But the policy which had emerged by early Autumn was consistent on only one central

¹ Above, p. 26.

² T.U.C. Economic Committee Minutes, January 14th 1931.

issue: the absolute rejection of wage flexibility. The T.U.C. shared a commitment to budgetary orthodoxy with the Government, although the T.U.C.'s position on devaluation was notably in advance of most sections of opinion. This is not to say that the split in the Party resulted from an intellectual failure on the part of the T.U.C., on the contrary, the T.U.C. was remarkably clear-headed on the question of benefits and wages. But there was a sense in which the joint commitment to a balanced budget (and, by implication, to 'saving' the pound) strengthened rather than weakened the case for Snowden's proposals.

The ambiguity about devaluation - the subject upon which the T.U.C. policy was marked by superior insights - prevented the unions from developing a truly alternative programme to that of the Government. Additionally, the commitment to budgetary orthodoxy ruled out a public works solution to the underlying unemployment problem. In 1933, in response to the New Deal, the T.U.C. did call for public works financed by Government deficit, and public works were restored to their place in Labour's list of demands. But, with the exception of 1933, a commitment to budgetary imbalance is notably absent from the discussion of the continuing levels of unemployment. Thus, even after the example of the New Deal, the T.U.C.'s unemployment policy did not rely upon the stimulus afforded by public works, although there was clearly some understanding of the process involved before Roosevelt took office.

It has been argued that the topics covered in this chapter illustrate that the union reaction to particular programmes or policies was determined, in large part, by the impact upon wages. Thus, while it need not be doubted that the T.U.C. regarded Snowden's programme of economies as profoundly misguided, it was the effect upon wages which was uppermost. The union movement regarded the battle against benefit cuts as intrinsically a battle

to protect the standards of those in employment. The desire to protect wages was then responsible for the T.U.C.'s re-entrance into the political sphere, and for the consequent fall of the Government.

The beneficial effects upon wages, and upon the numbers of trade union members, were argued to have brought about the fulsome T.U.C. response to the New Deal. And, in their desire to protect their craft status, the A.E.U.'s attitude towards the re-armament boom in effect put wages before employment. The wages element was crucial. In 1931, it had been the defence of living standards which fired the T.U.C. In the reaction to the New Deal, and in the A.E.U.'s policy on dilution, it was the prospect of wage increases which was the determining factor.

Chapter 9.

T.U.C. RELATIONS WITH THE UNEMPLOYED.

This chapter is concerned with the links between the T.U.C. and the unemployed. There are two main topics. In the first half of the chapter, discussion centres upon relations between the T.U.C. and the National Unemployed Workers' Movement - a body closely connected to the Communist Party, and the most important single organisation of the unemployed between the wars. The second half is concerned with the T.U.C.'s own efforts to make social provision for the unemployed in the 1930's.

Section I outlines the isolation imposed upon the N.U.W.M. by the T.U.C. throughout most of the inter-war period. It is argued that this isolation resulted from the conjunction of the N.U.W.M.'s economic success and its political failure.

Section II describes that T.U.C.-N.U.W.M. collaboration which did take place in the early 1920's. It is shown that the General Council retained firm control over joint activities. Relations between the two bodies over the remainder of the period are briefly summarised in Section III. The attempts made by the N.U.W.M. to take part in the T.U.C. Demonstrations of 1933 and 1936 are described. The consistent opposition of the T.U.C. to marches by the unemployed forms the subject of Section IV.

Section V discusses the T.U.C.'s motives in founding its own Unemployed Associations. It is again emphasised that there was little industrial motivation. The reactions of the various unions to the first proposals to form U.A.'s in the late 1920's are described in Section VI, while their successful establishment in the 1930's is described in Section VII. The Associations' number, location, membership, and main problems are also analysed.

In Section VIII is discussed the T.U.C. attitude towards the voluntary schemes for the unemployed, organised by the National Council of Social Service.

In Section IX it is concluded, contrary to the view usually taken, that the T.U.C. Unemployed Associations were successful in

terms of the limited goals which were set for them.

Section X draws together the main strands of both halves of the chapter. It is emphasised that the threat posed to union standards by the unemployed remained only a potential threat. There was thus no immediate economic motive for the T.U.C. to establish close relations with the unemployed.

For most of the inter-war period the Trades Union Congress imposed an almost impregnable barrier, at least at the centre, between itself and the Communist-organised National Unemployed Workers' Movement.¹ Militancy and agitation by the workless were eschewed, and the claim made by the N.U.W.M. to represent the unemployed was denied. On the other hand, except during the 'Class-against-Class' period, the N.U.W.M. actively sought T.U.C. support, and regarded its absence as an important cause of the Movement's failure to exert greater influence.

From the T.U.C.'s viewpoint, there was a potential conflict between its economic and its political objectives. To protect wages, it was necessary that the unemployed should neither blackleg, nor accept jobs at less than the recognised rate. But, after 1926, there could be no dealings with the Communists. Ironically, it was the N.U.W.M.'s apparent success, despite its ostracism, in adding to Labour's defensive power by preventing blacklegging and undercutting, and placing upward pressure on benefits, which made it unnecessary for the T.U.C. to collaborate.² Moreover, the T.U.C. had a further political objective: to ensure that the majority of the working-class remained faithful to the Labour Party. The failures of the N.U.W.M. and of the C.P. in this regard again explain the T.U.C.'s lack of interest in the unemployed - excepting perhaps the years 1931-2, when the N.U.W.M.'s militant policies appeared to be successful in

I The degree of C.P. dominance of the Movement, founded in April 1921, has continued to be a matter of controversy. Both at the centre, and more particularly in the localities, the N.U.W.M. was free from day-to-day political interference - interference which was strongly disliked by both Hamington and McShane. However, an example of clear C.P. direction was the 1934 Hunger March, organised at the behest of the 'United Front' movement, and indeed in 1938 Hamington was removed from the Central Committee of the C.P. for opposing Party direction of the N.U.W.M. (Royden Harrison, 'New Light on the Police and the Hunger Marchers', Bulletin of the Society for the Study of Labour History, No. 37, Autumn 1978, p.20; Henry Pelling, The British Communist Party: A Historical Profile, Adam and Charles Black, London, 1958, p.102.). On the other hand, it must be remembered that the majority of N.U.W.M. members had little interest in the Communist Party. Given that those who joined the Movement were but a small minority of the unemployed, it is striking how few then went on to join the C.P.

2 As noted above, pp. 21-2, the actual impact of the N.U.W.M. is more difficult to establish.

increasing its membership.¹ Thus, both the N.U.W.M.'s successes and its failures only served to consolidate the isolation imposed upon it by the T.U.C. If the Movement succeeded in preventing blacklegging, and achieved some amelioration in benefit conditions at the local level, then the threat posed to wage standards by the unemployed was reduced, and the pressure upon the T.U.C. to intervene reduced. And, so long as it failed to recruit more than the barest fraction to the C.P., there was no threat either to the Labour Party's hold over the working class, and again the T.U.C. could avoid involvement in unemployed agitation.

II

The isolation of the N.U.W.M. by the T.U.C. dates from the middle-1920's. However, before this time the two organisations had enjoyed a formal link, the Joint Advisory Committee on Unemployment, and had together arranged a number of joint demonstrations.² In this section of the chapter it is intended to describe both the results and the limits of this period of co-operation.

The first demonstration (or rather series of demonstrations throughout the country) jointly organised by the N.U.W.M. and the T.U.C. took place on January 7th 1923. This, the first 'Unemployed Sunday', had been hurriedly arranged over Christmas and the New Year, and was part of the agitation to have Parliament reconvened to discuss unemployment. It was thus complementary to Labour's Parliamentary strategy, although it may be doubted that the recall of Parliament was seriously expected. Scotland Yard estimated the turn-out at between 8-9,000,³ a not unsatisfactory total given the haste with which the demonstration had been arranged. A T.U.C. deputation was permitted to meet Bonar Law six days later.⁴

¹ See below, p.328.

² This joint committee is discussed, somewhat inaccurately, in Hannington, *op. cit.*, pp.120-133.

³ P.R.O., CAB 24/158 C.P.15, Report on Revolutionary Organisations in the U.K. No.188, January 11th 1923. This figure - which, given the source, is unlikely to be an over-estimate - refers only to the Trafalgar Square demonstration.

⁴ Verbatim records of this even-tempered meeting, P.R.O., CAB 24/158 C.P.20; T.U.C. Annual Report, 1923, pp.84-95.

To keep up the momentum of the joint demonstrations, a deputation from the N.U.W.M. met the General Council's Unemployment sub-committee on January 24th to outline three proposals:¹

- a) Closer co-operation between the T.U.C. and the N.U.W.M.
- b) The establishment of more local unemployed associations under the N.U.W.M.
- c) Affiliation of the N.U.W.M. to the T.U.C.

The N.U.W.M. side emphasised the role they could play in channelling men into trade unionism. However, they were forced to admit "some amount of antagonism" which they faced in areas where opposing unemployed associations had been founded by Trades Councils or by local Labour Parties.² But reassurance was forthcoming from the T.U.C. side, which included Smillie, Mayday, and Tillett:

"They were convinced that the movement was a necessary organisation and one that the Congress must help and collaborate with in some measure. Outside agencies were at work to exploit the unemployed to the detriment of trade union membership and trade unionism. The Unemployed Workers' movement with the aid of the General Council could successfully combat the work of such agencies."³

However, the report adopted by the T.U.C. side, and ratified by the General Council, went only a short way towards satisfying the the N.U.W.M.'s demands.⁴ Closer co-operation was to be established, but through the medium of an advisory joint committee. This committee was not to be authorised to issue any statement claiming to represent the views of the G.C. without prior approval. It could, however, prepare plans for joint action. Local joint committees were also to be the means of fostering co-operation in the localities, rather than the establishment of more N.U.W.M. branches.

¹ T.U.C. Annual Report, 1923, pp.184-5.

² Report of Deputation by N.U.W.M., T.U.C. File: I35-II.

³ Ibid.

⁴ T.U.C. Annual Report, 1923, pp.184-5.

But on the question of affiliation of the N.U.W.M. no compromise was possible. The rejection of the Movement's affiliation was made on grounds that were to be echoed throughout the remainder of the inter-war period: "We consider that all unemployed workers are or should be represented...by the properly constituted trade union bodies affiliated". And when this came to be debated at the 1923 Congress, an attempt to move the reference back failed even to find a seconder.¹ The successive rejections of the N.U.W.M.'s application for affiliation were based upon the myth that the unemployed were already represented at Congress through their membership of the relevant trade union, the same argument which was to be used in opposition to the establishment of the T.U.C.'s own Unemployed Associations.² It was known that this argument was false, but this only served to brand many of the unemployed as non-unionists, for whom the T.U.C. could hardly be expected to extend much sympathy. But, in any case, the claim that by accepting the N.U.W.M. "we shall be enabled to do something for the unemployed and prevent them from doing anything injurious to the organised workers who are in employment",³ was ineffective, simply because the unemployed were not strike-breaking, nor under-cutting union agreements.

It is apparent that, from the outset, co-operation between the T.U.C. and the N.U.W.M. was to be narrowly limited by the T.U.C. When the N.U.W.M. accepted the proposal for a joint committee, but requested further discussions on the matters of local branches and affiliation, they were informed curtly that the joint committee could not be established unless they accepted the decision of the T.U.C. on these other questions.⁴ And it was this somewhat inauspi-

¹ T.U.C. Annual Report, 1923, p.284.

² See below, pp.323-4, 327.

³ A claim made by one supporter of the N.U.W.M.'s affiliation, T.U.C. Annual Report, 1924, p.330.

⁴ T.U.C. General Council Minutes, April 25th 1923.

which preceded
 cious background / the first meeting of the Joint Advisory
 Committee, which took place some seven months or so later on
 January 10th 1924.

Tillett, Findlay, and Bramley represented the T.U.C. side, while
 Holt, Homer, Straker, and Hays attended for the N.U.W.M., Hannington
 being too ill to attend the first three meetings of the committee.¹
 The meeting was spent considering a draft of the 'Unemployed Workers'
 Charter', which had been prepared by the N.U.W.M. at Bramley's
 suggestion. The Charter set out demands for Work or Maintenance,
 Hours Reductions, Training and Housing, and for State Employment
 and Development Schemes - that is, public works at trade union
 rates of pay. No scale of unemployment benefits was included, although
 the T.U.C. side were sympathetic to the scale submitted by the
 N.U.W.M.

However, at the General Council, the programme of the N.U.W.M.
 met sterner opposition. The report of the joint committee was
 adopted by just 9 votes to 8, and the Charter itself adopted by
 the wider margin of 10 votes to 6.² Thus, while the joint committee
 could go ahead with the publication of 100,000 leaflets in support
 of the Charter,³ it is clear that distrust of the N.U.W.M. was
 already strongly entrenched on the General Council. At the end of
 the year trade union votes helped to defeat the programme of the
 N.U.W.M. by a majority of 4:1 at the Labour Party Conference,
 although in doing this they may have been influenced by the fall
 of the Government the previous evening, and the consequent election
 campaign which was beginning.⁴

In March 1924, the joint committee considered a memorandum
 presented by the N.U.W.M. dealing with recognition of the Movement's

¹ Minutes of the Joint Advisory Committee on Unemployment (hereafter U.J.A.C.),
 T.U.C. File: I35-II. Hannington, op. cit., claims that he was present at
 the first joint meeting, and incorrectly names those who were present with
 him. (p.122).

² T.U.C. General Council Minutes, January 23rd 1924.

³ U.J.A.C., March 5th 1924. There were six different leaflets, and these and
 the Charter itself are reprinted in Hannington, op. cit., pp.122-127.

⁴ Labour Party Annual Conference Report, 1924, p.164.

membership card.¹ This brought into sharp focus the question of co-operation between the unions and the organised unemployed since it implied that the unions would delegate responsibility to an outside and unaffiliated body. The N.U.W.M. proposals were as follows:

- a) Trade unions should exempt unemployed workers from paying contributions.
- b) Unemployed trade unionists should join the N.U.W.M.
- c) A permanent joint committee should be established to initiate campaigns linking the employed and the unemployed.
- d) N.U.W.M. members should be admitted as provisional members of the relevant trade union without paying an entrance fee.
- e) Such provisional trade union members should assume full status on finding employment.

Responsibility would thereby be divided; the N.U.W.M. would look after the activities of workers who were unemployed, passing them back as trade unionists once they gained employment. The package could thus be sold to the unions as a means of augmenting trade union membership. The N.U.W.M. had to admit that they included non-unionists among their members, but by referring to mass picketing by unemployed workers, Hannington believed he could demonstrate the "potentialities of making these men staunch Trade Unionists".²

The T.U.C. side of the joint committee were again willing to lend support to the proposals of the N.U.W.M., and it was agreed to recommend to the General Council that a circular be drafted to the various unions covering the points included in the N.U.W.M. memorandum.³ However, this recommendation was rejected by the General Council, which was not willing to permit interference with the functions of individual unions in return for the advantages to recruitment of the N.U.W.M. scheme.⁴ The proposal to recognise the

¹ U.J.A.C., March 5th 1924.

² U.J.A.C., April 1st 1924.

³ Ibid. The proposed circular is reprinted in T.U.C. Annual Report, 1924, p.159.

⁴ T.U.C. General Council Minutes, April 9th 1924.

Unemployed Workers' card was shelved, since no compromise arrangements could be agreed upon.¹ Again, an attempt at the 1924 Congress to force the G.C. to reconsider the question of recognition failed to find a seconder.²

However, the T.U.C. was willing to agree to a week of demonstrations to rally support behind the Unemployed Charter. But when Hannington had mentioned a proposed march of unemployed workers to London and invited the co-operation of the T.U.C., the General Council members of the joint committee had demurred.³ The organisation of the campaign of demonstrations was left in the hands of the N.U.W.M., and it was agreed that the division of proceeds from the sale of pro^{grammes} should favour the Movement.⁴ But, in the event, the London demonstration of June 1st was a disappointment. Less than £5 was received from the sale of programmes (which at £1 each represented a sale of £,071), while a collection yielded but a further £8.⁵

Despite the willingness to organise joint demonstrations, the T.U.C. only agreed to the attendance of N.U.W.M. representatives on a deputation to the Government with the greatest reluctance.⁶ The N.U.W.M.'s brief was to extend only to matters of administration, not to policy.⁷ Nor could the joint committee communicate with outside bodies without the General Council's permission.⁸ Although the N.U.W.M. did gain some nominal representation upon a T.U.C.

1 U.J.A.C., April 29th 1924.

2 T.U.C. Annual Report, 1924, p.302.

3 U.J.A.C., April 1st 1924. For the T.U.C. attitude towards unemployed marches, see below, pp.319-323.

4 U.J.A.C., May 12th 1924.

5 Figures on proceeds in U.J.A.C., July 11th 1924. Hannington, op. cit., appears to muddle the London demonstrations of 1924 and 1925. His description of the 1924 demonstration as "one of the greatest demonstrations ever held at this favourite spot" (p.128) is mistaken and fits more closely that of 1925. In fact, as suggested above, the turnout in 1924 was very poor: "as successful as could be expected considering the very adverse climatic conditions", reported the T.U.C. Annual Report, 1924, p.160.

6 U.J.A.C., July 11th 1924, August 15th 1924.

7 T.U.C. General Council Minutes, July 23rd 1924.

8 Ibid. Thus, criticism of the First Labour Government's policy on unemployment made at U.J.A.C., May 9th 1924, was not made public. It was presumably at this meeting at which Tillett accused the Labour Government of "out-Torying the Tories". Quoted by Wal Hannington, Who Prevents the United Front? 1933, p.9.

deputation, it is apparent that the responsibilities of the joint committee were closely circumscribed.

After a meeting in August at which some pessimistic conclusions were drawn regarding the unemployment policies of the MacDonald Government,¹ the joint committee remained in abeyance until April 1925. It then met to arrange a further series of national Unemployment Demonstrations to be held on June 21st.² These demonstrations were far more successful than those held a year earlier.³ Major events were held in 23 centres, while smaller demonstrations and meetings were held in many other towns. No less than 20,000 people were said to have attended the demonstration in the Rhondda.⁴ Once again, the balance of receipts over expenditure was handed over to the N.U.W.M.

However, the day was not without its controversy. The T.U.C. received complaints that N.U.W.M. speakers at the demonstrations had criticised the agreed resolution and attacked Labour politicians. When this matter was brought before them at a subsequent meeting of the joint committee, the N.U.W.M. (including Hannington) agreed to a resolution regretting these attacks, and resolving that in future, "bodies responsible for nominating speakers shall ensure that unfriendly criticism and divisions shall be avoided".⁵ But Citrine did not forget these incidents, and when in the aftermath of the 'New Line' the N.U.W.M. again tried to interest the T.U.C. in joint action, he made reference to the attacks made at these demonstrations.⁶

In July 1925, the T.U.C. repeated its refusal to become involved

1 U.J.A.C., August 15th 1924.

2 U.J.A.C., April 28th 1925. Hannington, Unemployed Struggles, *op. cit.*, p.132, gives the date of the 1925 Unemployed Sunday as June 1st. Again this strongly suggests a confusion between 1924 and 1925.

3 The Times, June 22nd 1925, reported that "The London demonstration...was the largest gathering seen [in Trafalgar Square] in recent years". The report carries a colourful description of N.U.W.M. tactics.

4 Sponsoring committees in the localities were asked to file a report, and a list of the attendances claimed is in T.U.C. File: 135.31.

5 U.J.A.C., July 7th 1925.

6 Letter of April 28th 1933, reprinted by Hannington, Who Prevents the United Front? *op. cit.*, pp.5-6. Citrine was also to claim that attacks on the joint platform had occurred in 1924. T.U.C. Annual Report, 1932, pp.301-2; *ibid.*, 1934, p.350.

in organising a Hunger March.¹ And it appears that the joint committee held just one further meeting - over a year later in August 1926. Two recommendations were agreed; that the General Council arrange an Unemployed Sunday for October 24th, and that, as in previous years, a representative of the N.U.W.M. be invited to address the T.U.C.² But the General Council rejected outright the second proposal, and decided that the question of organising an Unemployed Sunday be referred to the T.U.C. members of the Trades Councils Joint Consultative Committee.³ No demonstration was held.

What then did the joint committee achieve and why did it end? For the N.U.W.M. it provided some sort of entrance into the official labour movement, however tenuous, and however short-lived. But the Movement was firmly controlled by a General Council which exhibited little sympathy for the N.U.W.M.'s aims. Among the aspirations of the N.U.W.M. had been regular fortnightly meetings of the joint committee,⁴ but on this, as on the question of affiliation, they were to be disappointed. The N.U.W.M. were in the position of supplicants, and the concessions granted by the T.U.C. were very meagre. Even in the localities, it seems unlikely that the N.U.W.M. experienced an increase in co-operation.⁵

The only concrete results of the joint committee were the three series of demonstrations. But that of 1923 in fact pre-dated the founding of the joint committee; that of 1924 was washed out, at least in London, and that of 1925 - while it successfully attracted large crowds - nevertheless led to lasting bitterness. On the really crucial issues to the N.U.W.M. - affiliation and recognition of the N.U.W.M. card - the movement was baulked by the General Council. This then was the legacy of the joint committee

1 U.J.A.C., July 7th 1925. Special Unemployment Conference Committee Minutes, July 8th 1925, T.U.C. Box.67.

2 U.J.A.C., August 19th 1926.

3 T.U.C. General Council Minutes, September 3rd 1926.

4 Hamington Papers, AI, Minutes of National Administrative Council, September 29th - October 2nd 1923.

5 Hamington Papers, AI, Report of the 4th National Conference of the N.U.W.M. December 6th-8th 1924, at which Hamington himself admitted that Trades Councils were not co-operating with the N.U.W.M.

which Hannington claimed publicly had done "such good work",¹
a view later repeated by Hutt.²

In fact, the N.U.W.M. was well aware that it had gained very little from the joint committee. The 1929 National Conference of the Movement was told of the "considerable reluctance" of the General Council to conduct regular meetings of the committee. It was admitted that even when the G.C. side of the committee would support some aspect of the N.U.W.M.'s programme, then the full General Council would overthrow the decision. The one success noted was the campaign for the Unemployed Charter. Overall, it was concluded that the joint committee "was a mere pretence of interest by the T.U.C.....we were regarded as a nuisance to be patronisingly tolerated but quietly curbed".³

For the T.U.C., the joint committee had even fewer virtues, despite the fact that it only really functioned as an organising committee for demonstrations. The unions were not convinced that co-operation with the N.U.W.M. was a method of increasing membership, and the joint committee was kept under tight control. There was inevitable political suspicion too, although it is interesting that in its first explanations of the joint committee's termination the T.U.C. did not emphasise the connection between the N.U.W.M. and the Communist Party.⁴ However, after the foundation of the Minority Movement, Communist bodies posed an organisational as well as a political threat. But while the ideological shift on the General Council does help explain the breach with the N.U.W.M., so long as there was no economic threat posed by the unemployed, the T.U.C. was under no imperative to co-operate with the N.U.W.M., whatever its political make-up.

In 1928, Pugh wrote to Citrine:

"We appreciate....the necessity of directing general attention

1 Hannington, Unemployed Struggles..., op. cit., p.140.

2 Allen Hutt, The Post-War History of the British Working Class, Collanz, London, 1937, p.174.

3 Hannington Papers, A I, Report of the Sixth National Conference of the N.U.W.M., September 14th-16th 1929.

4 T.U.C. Annual Report, 1928, p.113. Circular No.27, March 1st 1928, T.U.C. File: 778.22.

to the activities of the N.U.W.C.M., which, as is well known, is simply one of the subsidiary bodies of the Communist Party in the interest of which the unemployed workers are undoubtedly being exploited".¹

This was a view with which few members of the General Council in 1928 would have disagreed, and it was a view which showed no signs of modification during the remainder of the inter-war period. The Joint Advisory Committee was an embarrassment which the T.U.C. preferred to forget.

III

Under the influence of the 'New Line' in Communist Party policy, relations between the T.U.C. and the N.U.W.M. worsened still further between 1929 and 1931. At the N.U.W.M.'s 1929 National Conference the claim to affiliation with the T.U.C. was dropped.² And in contrast to the early 1920's when the N.U.W.M. had been permitted to address both the T.U.C. and the Labour Party,³ so in 1929-32 the Movement organised protest marches when Congress was meeting. These marches mark the nadir of relations between the two bodies. Bevin concluded that the N.U.W.M. was simply out to wreck the trade union movement, noting that the Movement did not organise marches upon the Annual Conference of the Conservative Party.⁴ The N.U.W.M.'s proud claim to be 'blackleg-proof', and to be an important weapon in Labour's defensive armoury, was lost in a farrago of mutual recrimination.

For while the 'New Line' may have been disastrous for the Communist Party, the Communists themselves were already the victims

¹ Pugh to Citrine, August 10th 1928, T.U.C. File: 778.22.

² Hannington Papers, AI, Report of the Sixth National Conference of the N.U.W.M., September 14th-16th 1929.

³ For these addresses see, Labour Party Annual Conference Report, 1921, pp.181-185; ibid., 1924, pp.156-159; T.U.C. Annual Report, 1921, pp.74-77; ibid., 1922, pp.334-338; ibid., 1923, pp.344-5; ibid., 1924., pp.342-347. As noted above, p.48, Hannington had also addressed the 1925 Special Unemployment Conference. As this was the last address made by an N.U.W.M. speaker to either the T.U.C. or the Labour Party, and since it was followed by only one further meeting of the joint committee, it may be considered to mark the end of formal co-operation between the T.U.C. and the N.U.W.M.

⁴ Ernest Bevin, 'What Congress Achieved', The New Clarion, September 17th 1932.

of discrimination by the unions. In 1927 a ban had been placed upon Trades Councils associating with the Minority Movement, and upon individual M.M. members attending Trades Council Conferences. Later, Communists were prevented from holding office in a variety of unions, and in 1934 the T.U.C. issued the 'Black Circulars' recommending unions to prevent C.P. members gaining official union posts, and threatening withdrawal of recognition to Trades Councils accepting Fascist or Communist delegates. In this mood of anti-Communism, the 'New Line' merely served to substantiate union suspicions of Communist motives. At the 1932 Congress a lone voice called for a "common united front" between the T.U.C. and the N.U.W.M.¹

But while the T.U.C. had severed all links with the N.U.W.M., it did not completely reject the politics of protest. Perhaps in response to the scenes outside the 1932 Congress, when police had fought with N.U.W.M. protesters, and to the Fourth Hunger March which led to Hannington's gaoling, Hicks suggested that the T.U.C. should arrange its own Unemployment Demonstration.² Foreshadowing the demonstration, Hicks proclaimed that it was the duty of the unemployed "to be in open revolt against the capitalist system", arguing that it was time the trade unions began to lead the agitation.³ It was intended to prevent the participation of the N.U.W.M. from the demonstration, which was held in Hyde Park at the beginning of February 1933.⁴ But while the T.U.C. failed in its wish to exclude the Communists entirely, so the N.U.W.M. failed in its aim to turn the rally into "militant demonstrations against the wishes of the T.U.C."⁵ The demonstration was peaceful - as the T.U.C. had intended.⁶

1 T.U.C. Annual Report, 1932, pp.279-280.

2 Or so Lansbury reported. National Joint Council Minutes, October 25th 1932.

3 George Hicks, 'The Unemployed Must March - and the Employed with them', The New Clarion, December 10th 1932. Purcell also contributed a similar article, 'Organise and March!' in ibid., December 24th 1932.

4 National Joint Council Minutes, December 20th 1932.

5 London District Council of N.U.W.M. to all branches, January 14th 1933, in P.R.O., MEPO 2/3050.

6 For further accounts of the demonstration and of N.U.W.M. attempts to take part, see Ralph Hayburn, 'The Police and the Hunger Marchers', International

The T.U.C.-Labour Party establishment was, however, to be comprehensively outmanoeuvred during the 1936 Hyde Park Demonstration, which was a much greater propaganda success for the N.U.W.M. This demonstration was not organised by the National Council of Labour,¹ but by the London Labour Party and the London Trades Council - from whom the original pressure for a demonstration had come.² But the attempts by the national Labour leadership to exclude the N.U.W.M.³ were quite ineffective, and the Communists in effect broke the Labour Party's platform against unity, and presented themselves as the apparent equals of the Labour establishment.⁴ Attlee and Hammington spoke from the same podium,⁵ and the demonstration was effectively turned into an official welcome to the 1936 Hunger Marchers. Henderson can hardly have been alone in considering that the Party had been manoeuvred into the appearance of lending support to the 'United Front'.⁶ But although the N.U.W.M. had administered an undoubted propaganda coup, this only served to strengthen the resolve of the official leadership. Thus when the N.U.W.M. established the Unemployment Research Bureau in 1938, Bevin made the simple calculation: "This appears to be another move by Wal Hammington to get into the Movement again".⁷

IV

The T.U.C.'s eschewal of militancy is most obvious in the stance taken towards the Hunger Marches. It has been noted above

1 The new title of the National Joint Council from 1934.

2 Middleton Papers, JSM/UM/10, London Trades Council to Middleton, September 25th 1936.

3 Middleton Papers, JSM/UM/13, Typescript 'Hyde Park Demonstration' by E.P. Harries, n.d., "I had mentioned [to A.M. Wall, Secretary of the London Trades Council] the name of Mr. Wal Hammington as an example of the sort of speaker to whom exception would be taken."

4 Daily Worker, November 16th 1936.

5 Hutt, op. cit., p.282.

6 Middleton Papers, JSM/CP/153, Henderson to Middleton, November 10th 1936. Cf. Middleton's reply, JSM/CP/160, November 27th 1936: "...there is no doubt that the conditions in which Mr. Attlee agreed to speak were not fulfilled".

7 Bevin to Citrine, March 4th 1938, T.U.C. File: 778.22.

that, even in the early 1920's, the T.U.C. was not willing to co-operate in the organisation of marches. This opposition was to extend throughout the period, and included the Jarrow March - which latterly, if somewhat inappositely, has become a 'symbol' of the 1930's. The Jarrow March was criticised at the 1936 Labour Party Conference, and the T.U.C. issued a circular to Trades Councils on its route to London advising against giving help. Thus, while Wilkinson later argued that the movement was largely "circular-proof on such an occasion",¹ in Chesterfield it was actually the local Conservative Party which provided food and shelter for the marchers.²

Although the unions had never been willing to underwrite the political violence employed by the N.U.W.M., the level of violence can be overstated. Hayburn has argued that the N.U.W.M.'s tactics were politically unacceptable, but insignificant in terms of the force employed.³ Stevenson has also concluded that the N.U.W.M. gained little by the violence it did employ,⁴ although there may be counter-examples if localised direct action is considered. The objects of the N.U.W.M. included to "rouse the unemployed...against the danger of peaceful toleration of poverty..."⁵ but the tactics employed are best described as 'Direct Action'.

At the same time, the Government viewed the N.U.W.M. with grave, if not wholly warranted, apprehension. Its leaders were the subject of close police surveillance, and arrests were frequently made. The Government attempted to discourage Hunger Marchers by a variety of administrative encumbrances imposed through the Ministry of Health, and through propaganda campaigns in the press. It considered the use of the law when these methods failed to have

1 Ellen Wilkinson, The Town that was Murdered: The Life-Story of Jarrow, Gollancz, London, 1939, p.206.

2 Ibid., pp.205-6.

3 R. Hayburn, The National Unemployed-Worker Movement in Eccles, 1929-1936, Eccles and District History Society: Supplement to the 1971-2 Lectures, Manchester, 1972, p.I.

4 John Stevenson, 'The Politics of Violence', in G. Peele and C. Cook (eds.), The Politics of Reappraisal 1918-1939, Macmillan, London, 1975, p.164.

5 N.U.W.M., Constitution and Rules of the N.U.W.M., 1933, p.I2.

the desired effect.¹ The so-called 'Trenchard Ban' prevented the Movement from holding meetings outside the Exchanges.²

The Government's opposition to the Hunger Marches - an opposition which had bordered on panic on the occasion of the N.U.W.M.'s first march in 1922³ - was shared by the T.U.C. By the late 1920's, the official union attitude was determined by the view that the marches were simply attempts by the M.M. and C.P. to exploit the unemployed for propaganda purposes. Thus on the occasion of the march of South Wales miners in 1927 the T.U.C.'s press release dubbed the march as a "Communist 'Stunt'".⁴ And Citrine claimed that it was a "communist manoeuvre" intended to bolster the Party's declining influence.⁵ But while undoubtedly the C.P. did use Hunger Marches for propaganda purposes, in the case of the South Wales miners' march the N.U.W.M. appear to have reacted to events, rather than to have planned the 'stunt' from the outset. Thus, although the march was not supported by either the S.W.M.F. or the M.F.G.B., the first proposal for it appears to have been made by Cook addressing miners in the Rhondda.⁶

In rationalising its opposition to the marches, the T.U.C. argued that they were likely to prove injurious to the health of the men concerned - despite the fact that the average age of the marchers was low.⁷ But, as Clinton has noted ruefully, this concern with the marchers' welfare did not continue once the march had been started.⁸ Nevertheless, the marches were not without their dangers; of the 272 men who set off on the march of South Wales

1 Maureen Turnbull, 'Attitude of Government and Administration towards the "Hunger Marches" of the 1920s and 1930s', Journal of Social Policy, 2, 1973.

2 This was something of a misnomer, since it was the Ministry of Labour which had sought it. The ban was first issued in November 1931, and intended as a temporary measure covering the benefit cuts, but it became de facto a general ban. P.R.O., LAB 2/1819/S&E 1935.

3 Bonar Law had made available to sections of the press wildly inaccurate Special Branch intelligence reports and forecasts. The maladroit handling of the affair, and the resulting controversy, gave the impression of panic. P.R.O., HD 45/11275/438775. For a defence of Law's actions see, Robert Blake, The Unknown Prime Minister: The Life and Times of Andrew Bonar Law, 1858-1923, Eyre and Spottiswoode, London, 1955, pp.476-7.

4 Industrial News, No.60, November 1st 1927, T.U.C. File: I35.32.

5 The Times, November 1st 1927.

6 P.R.O., LAB 27/I.

miners, one died from pneumonia, and another after having been hit by a car.¹

The T.U.C. position was that it was essential to discourage the marches, but it was appreciated that individual Trades Councils were placed in a difficult position with regard to making arrangements for those marchers who did arrive in their town. The fact that many Trades Councils did provide some help to the marchers does not imply that the marches themselves were supported. There is some evidence that Trades Council support for marches of the unemployed tended to be concentrated in those areas where unemployment was less heavy.² And it is apparent that opposition to Hunger Marches was not confined to the General Council. The Nottingham Journal reporting the failure of the local Labour movement to help the Hunger Marchers at Loughborough, informed its readers: "The local Trades Council has decided that in view of the fact there were 620 unemployed in the town, they had as much as they could do to deal with their own problem".³ On the other hand, the claim made in a T.U.C. circular that the majority of Trades Councils who replied to a questionnaire regarded unemployed marches as "not worth while",⁴ was simply not accurate on the evidence which had been collected.⁵

The T.U.C.'s opposition to Hunger Marches was not simply a function of the shift to the right in the late 1920's, but it was strengthened by it. The politics of street protest had been superseded in the development of trade unionism, and nothing was

1 T.U.C. File: I35.32.

2 Undated memorandum in T.U.C. File: I35.33.

3 News cutting, n.d. February 1929, T.U.C. File: 778.22I.

4 Circular No.33, December 9th 1937, 'Unofficial Marches', T.U.C. File: I35.33.

5 Detailed evidence in T.C.J.C.C. I/3 (1937-38), Memorandum on Replies received to Circular sent to Trades Councils on the Subject of Unemployed Marches..., T.U.C. File: I35.33.

7 The average age of the Welsh contingent in the march of September 1931 was 32 years. (Estimated from information in P.R.O., MH 57/100). The leadership of the N.U.W.M. also tended to be young - Hamington and Elias, for example, were both born in 1897.

8 Alan Clinton, The Trade Union Rank and File: Trades Councils in Britain, 1900-40, Manchester University Press, Manchester, 1977, p.158.

likely to be gained from Hunger Marches; they could only result in conflict with the police. And, while there may have been local support for the marchers,¹ the T.U.C. could reasonably claim that there was no evidence that they were supported by the affiliated unions. As one speaker remarked trenchantly at the 1929 Congress:

"...when all is said and done we are here to represent our unions, and if we want an unemployed march it is up to our unions to organise one and not leave it to some outside body to impose it upon us".²

For, whatever the political distaste for direct action and for the Communists, the plain fact was that the unions affiliated to Congress could find no industrial motive for organising marches of the unemployed.

V

The lack of any industrial motivation - that is, the absence of any realised threat to union standards from the unemployed - also helps to explain why the T.U.C. proved very loath to form its own separate associations for the jobless. From the early 1920's, the T.U.C. had been willing to leave this work to the N.U.W.M., to the individual unions, and to those Trades Councils which wished to take on the responsibility. However, as Cole was to point out, "for many years no real attempt was made by the Trade Union movement as a whole to organise unemployed workers".³ This had also resulted from the desire of the unions to protect their autonomy. But although the unions themselves bore the responsibility, most did very little to encourage the workless to retain union membership. In this light, the frequent affirmation that there was no need for a separate unemployed body since they were already represented at Congress

¹ Michael Foot, Aneurin Bevan: A Biography, Vol.I, 1897-1945, Macgibbon and Kee, London, 1962, pp.65, 159; Hayburn, The National Unemployed-Worker Movement in Eccles..., op. cit., pp.9, 12; New Statesman and Nation, March 3rd 1934, for examples of local support for the N.U.W.M. and the Hunger Marchers. However, local views reflected those of the national trade union leadership to a greater degree than is sometimes allowed, and Harrington's own accounts appear to over-state the level of grass-roots Labour support which the N.U.W.M. enjoyed.

² T.U.C. Annual Report, 1929, p.330.

³ Cole (ed.), op. cit., p.188.

had a somewhat hollow ring. On the other hand, it was doubtless true that these unionised unemployed greatly outnumbered the paid-up membership of the N.U.W.M., and of the T.U.C. Unemployed Associations when they were formed, at all times between the wars. And it was not until the 1930's that long-term unemployment became a problem for which social provision had to be made.

By the middle 1930's, however, a variety of organisations had been established with the object of providing social facilities for the unemployed. While the emphasis in the remainder of this chapter is upon the provision made by the trade union movement, it is necessary to recall that this took place within the context of a large number of organisations all competing for the favours of the unemployed, albeit from differing motives. A distinction must be made though between those bodies which gave help with social insurance benefits, and those which provided leisure and re-training facilities. It will be argued that the T.U.C. Unemployed Associations should not be viewed exclusively as an alternative to the N.U.W.M.,¹ but equally as an alternative to the many voluntary schemes, and especially to those co-ordinated by the National Council of Social Service, which the unions distrusted. However, the T.U.C. Associations did provide help with benefits, something which was not within the province of the N.C.S.S.

G.D.H. Cole appears to have been the first to have suggested that Trades Councils should organise a distinct Unemployed Section.² However, he appears to have envisaged a much more militant organisation than those which were eventually to be established. "Marches and demonstrations, demands and protests..."³ did not tally with the T.U.C. analysis of the functions of Unemployed Associations. On the other hand, the failure to follow Cole's advice in the early 1920's cannot have resulted from the fear of militancy, since the T.U.C. was willing to underwrite protest activities at this time

¹ For such an interpretation, see for example Pelling, A History of British Trade Unionism, *op. cit.*, p.207.

² G.D.H. Cole, Out of Work, Labour Publishing Company, London, 1923, p.77.

³ Ibid., p.78.

in a manner which was considered unsuitable in the 1930's.

Although it is to be argued that the T.U.C. Unemployed Associations were, in part, an alternative to private, voluntary bodies, it cannot be disputed that they were also intended to draw support away from the N.U.W.M. The abortive attempt to found U.A.'s in 1927-8 must be interpreted in this way, and Harrington was to view their successful establishment in 1932 in a like manner. They were, he wrote, "local scab organisations....a dramatic endeavour to combat the rapidly advancing power and influence of the N.U.W.M."¹ The vehemence in his remarks suggests that the N.U.W.M. did indeed face a threat. After its Eighth National Conference in Easter 1933, the N.U.W.M. itself initiated plans to furnish social provision for the jobless to counter the Social Service centres and to boost membership.

VI

The T.U.C.'s first attempt to establish an unemployed body under its control had foundered on a combination of general apathy on the part of most unions, and the outright opposition of the M.F.G.B. The proposed scheme was based on that which had been founded by Bristol Trades Council,² and experimental centres were to be established in seven other large English towns.³ However, as a result of opposition voiced at Congress by the Miners, Builders, and General and Municipal Workers, the G.C. agreed to reconsider the matter, and to consult with the member unions.⁴ This opposition was based upon the view that a scheme of T.U.C. Associations would be prejudicial to the interests of individual unions. By this was meant that responsibilities currently held by the unions would pass to the T.U.C. Opposition to the scheme was a defence of union autonomy.

¹ Wal Harrington, Crimes against the Unemployed, 1932(?), p.3. See also below, pp.328-9.

² For a description see, David Large and Robert Whitfield, The Bristol Trades Council, 1873-1973, issued by the Bristol Branch of the Historical Association, Bristol, 1973, pp.23-27.

³ T.U.C. Annual Report, 1928, p.III.

⁴ Ibid., pp.3II-3.

As a result of the commitment given at Congress, the T.U.C. sent out a circular to ascertain the views of the affiliated unions.¹ The circular carried the proviso that in the event of no reply being received it would be assumed that the union concerned had no objection to the scheme of U.A.'s proposed by the General Council. In fact, replies were received from 29 unions, representing 2.36 million workers out of a total affiliation of 3.7 million.² Sixteen unions were opposed to the scheme, representing a total of 1.3 million workers (or just over one-third of the affiliation). But of this 1.3 million, no less than 725,000 was accounted for by the putative membership of the Miners' Federation.³ Other opponents included, however, the N.U.G.M.W. with over 250,000 members, the Woodworkers with over 100,000, and the Boot and Shoe Operatives with 80,000 members.

An analysis of the replies suggests the following. Firstly, that only unions representing one-third of the affiliation to Congress were actively opposed to the G.C.'s proposals. Within this group, the M.F.G.B. was overwhelmingly the most numerically significant. Secondly, a large number of textile unions were also numbered among the opponents; they, like the miners, did make their own provision for the unemployed and were jealous of their rights and frightened by the supposed dangers of overlapping responsibility. Thirdly, there was a split among the two general union conglomerates; the Transport Workers favoured the scheme, as did the smaller Workers' Union, the General and Municipal Workers remained opposed.

In addition to defending their own schemes, those unions in opposition to the General Council programme argued along two lines:

a) That individual unions had the technical and staffing ability to deal with benefit claims, and that the unions still acted

1 Circular 24, December 6th 1928, T.U.C. File: I35.6I.

2 These estimates are based on evidence in T.U.C. File: I35.6I. A summary of replies to the circular may be found at T.U.C. Annual Report, 1929, pp.96-99. (But see below, note 3).

3 Note that the M.F.G.B. did not actually reply by letter, but their opposition was apparently conveyed verbally by Cook to Citrine at a meeting of the General Council. As a result of no official reply being received, however, the M.F.G.B. does not appear in the list of unions opposed in the Annual Report of 1929.

as placement agencies for their workless members.

- b) That it was a positive duty, incumbent upon individual unions, to cater for their unemployed.

However, this final point was no doubt easier to make in industries with long records of union membership. In many industries the unemployed soon lost the habit, as well as the ability, to pay union dues. But it was a fact that many unions simply did not or could not cater for the unemployed; proper provision was expensive - the Dyers, for example, claimed to have invested £100,000 in clubs for the unemployed.¹

A further argument in opposition was voiced by Cook:

"It was turned down because the unions are dealing with the unemployed themselves and dealing with them effectively, and they will not deal with men who have no regard for 'trade Unions when they are employed'".²

This distaste for non-unionists, and the belief that the T.U.C. Associations were designed for their benefit was undoubtedly widespread, although Cook was in fact portraying the bias of one from an industry with both an effective 'closed shop', and where the union branch was a focal point for the whole community. There were still many industries (motor vehicles would be an example) where trade unionism was impossible to enforce.

Finally in the list of opponents to the T.U.C. proposals was the Communist-run Furnishing Trades Association (N.A.F.T.A.) whose motive was that the T.U.C. had organised its scheme in an attempt to counter the N.U.W.M.³ What may be stated with some certainty is that it was the opposition of the M.F.G.B. that was crucial in bringing the move towards Unemployed Associations to a halt. And, if the U.A.'s were likely to damage intra-union solidarity between employed and unemployed, then their attitude was entirely

¹ Letter of January 28th 1929, T.U.C. File: 135-61. Tewson replied, "Personally I wish all Unions were catering for the Unemployed in the same way.."

² T.U.C. Annual Report, 1929, p.299. This was in response to a speech condemning the M.F.G.B. for bringing about the failure of the G.C.'s proposals. See Pugh, op. cit., p.416, for his distaste for non-unionists.

³ Alex Gossip to Citrine, December 12th 1928, T.U.C. File: 135-61.

compatible with the objective of minimising the potential threat posed to union standards by the unemployed.¹

VII

The proposal to found T.U.C. Unemployed Associations had originated within the Consultative Committee representing the General Council and the Trades Councils.² And, in late 1931, it was again from this committee that the suggestion came for the establishment of U.A.'s attached to local Trades Councils. This suggestion was first rejected by the General Council by 15 votes to 3.³ However, within a month, and for reasons that the minutes do not make clear, this decision was reversed by a vote to accept the recommendations of the T.C.J.C.C. by 15 to 1.⁴

The reasons put forward for the establishment of U.A.'s at this time were two-fold. Firstly, because of the creation of like organisations by charitable and religious bodies. Secondly, because the Associations could act as recruiting agencies for the union movement.⁵ However, it was perhaps not irrelevant that the N.U.W.M. had been actively campaigning during 1931, nor that its membership had grown substantially - albeit still representing only a fraction of the unemployed. As noted above, the N.U.W.M. had characterised the T.U.C. Associations as part of a 'Scab Scheme',⁶ and there is further evidence that the Movement did perceive a real threat to its operations. In a letter, presumably from Hannington, it is remarked: "It would be wrong for us to underestimate the move of the T.U.C....Nobody realises its danger more than I do."⁷ And Elias,

I The motion deciding to take no further action, moved by Pugh, seconded by Cook, T.U.C. General Council Minutes, March 27th 1929. This same meeting decided to investigate the possibility of establishing individual union organisations of the unemployed - but nothing came of this suggestion (T.U.C. General Council Minutes, July 24th 1929).

2 Trades Councils Joint Consultative Committee (hereafter, T.C.J.C.C.).

3 T.U.C. General Council Minutes, December 22nd 1931.

4 Ibid., January 27th 1932.

5 T.U.C. Annual Report, 1932, pp.121-3. Two voices of opposition were raised, one in defence of the N.U.W.M., and one claiming that the extra work would necessitate the employment of full-time Secretaries of Trades Councils. See ibid., pp.277-9.

6 Above, p.325.

7 P.R.O., TS 27/397, N.U.W.M. to Elias, August 10th 1932. This file consists of copies of documents seized in a police raid, and later subject to a Court Action for their reclamation.

who was directing the Movement from Moscow, wrote back suggesting that each N.U.W.M. district prepare a report on the strength of the T.U.C. Associations in their area, "...and what steps the branches took to make such united front proposals as would bring about their decomposition".¹ The attitude of the N.U.W.M. towards the T.U.C. Associations was to turn full-circle by 1935, by which time the Movement's ruling Council was to advise:

"..it is particularly necessary to approach in the most comradely manner the Unemployed Associations which are organised under the Trades Union Congress. All tendencies to regard these organisations, or to refer to them as 'scab' organisations, must be ended if we are to develop united action.."²

By the time of the Newcastle Congress in September 1932, it was claimed that 50 Unemployed Associations had been formed under the (highly restrictive) Model Rules.³ By 1933, the T.U.C. claimed to have organised 109 U.A.'s,⁴ and by 1934 the total had risen to 123.⁵ At that year's Congress, Bevin had let known his opinion:

"..the Trades Union Congress has gone as far as it dare with the unemployed associations".⁶

And while this may seem a strange remark given the tame nature of the U.A.'s, what Bevin was saying was that the encouragement of these Associations inevitably infringed the rights of individual unions. In his view, that process had gone far enough.⁷ Yet, as the following year's General Council report complained, "...the majority of trades councils prefer[red] to leave the organisation of

1 P.R.O., TS 27/397, Elias to N.U.W.M., n.d., postmarked August 20th 1932. For additional evidence of the N.U.W.M.'s anxiety at the establishment of T.U.C. U.A.'s, see the document entitled 'The need for a turn in the methods of work of the N.U.W.M.' October 8th 1932, in this file.

2 Harrington Papers, A III, Report of Decisions taken at the NAC meeting September 28th and 29th 1935. This was a cyclostyled report sent out to all N.U.W.M. branches. The Movement's NAC (National Administrative Council) met quarterly.

3 The Model Rules, which are summarised in T.U.C. Annual Report, 1932, p.122, were designed to ensure that the U.A.'s were firmly under the control of the Trades Council to which they were attached. Many Trades Councils which had established U.A.'s before the T.U.C. scheme refused to dissolve them and re-establish them under the Model Rules.

unemployed workers to non-union bodies".¹

The results of a questionnaire circulated in 1935 permit a more comprehensive description of those Unemployed Associations organised under the T.U.C. scheme.² The replies demonstrate how in the dark the T.U.C. had been. (U.A.'s do not appear to have contacted the T.U.C. even when difficulties had arisen. Many of them had suspended operation without the T.U.C. having been aware). This illustrates the T.U.C.'s own lack of interest. Once an association had been established under the Model Rules, the T.U.C. was satisfied that the responsible Trades Council would ensure that its activities were closely controlled. And while one of the reasons for their establishment in the first place had been as recruiting agencies, it does not appear that the T.U.C. considered it necessary to pursue this function aggressively.

Two examples from the Midlands show the sort of problems faced by the U.A.'s. Leicester Trades Council reported that, "only 6 unemployed ever came for all the time and money expended on it". Leamington Trades Council and Labour Party explained: "The Association which was attached to us was closed down in February 1934 owing to apathy on the part of the Unemployed who flocked to a Tory organisation which was set up in the town namely 'The Mayor's League for Goodwill'". Of those Associations which had folded, 'apathy' and 'disruptionist elements' appear as the most frequent explanations.

A total of 71 U.A.'s attached to Trades Councils replied to 1 T.U.C. Annual Report, 1935, p.122. For similar expressions of regret in later years, see ibid., 1936, p.126; ibid., 1937, p.116.
2 The following is based upon replies to Circular 72, February 27th 1935, T.U.C. File: 135.63.

4 T.U.C. Annual Report, 1933, p.121. A total of 57 such schemes had a reported membership of 26,267.

5 Ibid., 1924, p.123.

6 Ibid., p.268.

7 Bevin's remarks followed a mildly-worded call by Elvin for a further G.C. scheme to ensure that unemployed workers remained within the ambit of the trade unions. There was additional strong criticism of this proposal by Lawther for the Miners, and Dukes for the N.U.G.M.W. As Elvin remarked, ibid., p.270, the opposition was very similar to that voiced when the T.U.C. had established its U.A.'s, but this time the resolution was lost.

the questionnaire, although not all of them operated under the Model Rules. They claimed a total membership of 23,309, although this almost/certainly/exaggerated the number of paid-up members. A geographical breakdown of these 71 U.A.'s is shown in Appendix Table E.¹ The Associations appear to have been concentrated in five areas: one grouped around Manchester, and another around Leeds,² two, more widely-dispersed groups in the North-East and in the Midlands, and the final, and largest, group in and around the Rhondda Valley. It will be noted that there was only one U.A. reported functioning in London.³

Taking the 64 Associations for which membership figures were given, an average membership of 369 may be derived. The individual totals ranged from 21 (Aberdare) to 1,200 (Wrexham). The median membership is 300, but given that those Associations in existence but not forwarding statistics may be assumed to have had low membership, this figure like the average is probably on the high side. Ten of the U.A.'s had a membership below 100, a further ten between 100 and 199. The concentration of U.A.'s in Wales is even more marked if the membership totals are used as the proxy. Even excluding Wrexham, 27 per cent of the reported membership was to be found in the Principality.⁴

1 The Table refers to England and Wales only. In Scotland, which had its own set of Model Rules, the failure of the scheme was even more acute. By 1934, only 5 out of the 50 Trades Councils had Unemployed Associations attached and functioning; 23 of these Trades Councils, including those of Dundee, Edinburgh, and Glasgow, had made no effort to found such Associations. (Memorandum by the General-Secretary of the Scottish T.U.C., William Elger, T.U.C. File: 135.79).

2 According to Clinton, *op. cit.*, p.165, Leeds U.A. was the most successful - although it did not entirely conform to the Model Rules.

3 37 U.A.'s were working separately from their parent bodies in London by 1936. *Ibid.*

4 Note that in the T.U.C. Annual Report, 1935, p.122, it was claimed vis-a-vis the questionnaire that, "up to date 57 trades councils have reported that have Unemployed Associations with a total membership of 22,420. From evidence in the office, this cannot cover more than 50 per cent of the associations in existence". Even if this last claim was accurate, which may be doubted, it is interesting that the additional 14 U.A.'s who did reply to the questionnaire after publication of the report only added to the total membership figure very marginally. This suggests that the peak membership of the Associations was perhaps only half the estimate of "about 50,000" made by J. Stevenson, 'Myth and Reality: Britain in the 1930's', in A. Sked and C. Cook (eds.), Crisis and Controversy: Essays in Honour of A.J.P. Taylor, Macmillan, London, 1976, p.100.

While discussing membership figures, it may be worth adding a note on membership of the N.U.W.M., and on unemployed membership of trade unions. The membership of the former has never been successfully established. Hannington's well-known admission that at no time did membership of the N.U.W.M. cover more than ten per cent of the unemployed was itself an exaggeration. Stevenson has quoted Pollitt to the effect that by the end of 1932 the Movement had 50,000 members organised in some 387 branches.¹ But it may be noted that, whatever the exact figure for membership at this time, this number of branches was an admitted overestimate.²

So far as the unemployed membership of trade unions is concerned, the T.U.C. Services for Unemployed Committee (for which, see below) estimated "that nearly 200,000 unemployed workers were still closely attached to their unions".³ The value of such membership has been widely accepted,⁴ although unions differed widely in the provision they made for unemployed members. This was even true within the district associations of the M.F.G.B.,⁵ the union most widely cited in the literature as providing the most extensive facilities to permit the unemployed to continue union membership. An example of the sort of problem faced by the M.F.G.B. in relation to its unemployed members was the position in South Wales. There, the organisation of unemployed miners in N.B. (Non-Benefit) Lodges reached such a degree that the unemployed dominated the elections of local branch Executive Committees, and could thus influence questions of employment negotiated with colliery managements. As a result, the rights of N.B. Lodges were curtailed somewhat in April 1934.

¹ Stevenson, *op. cit.*, p.99. See also Stevenson and Cook, *op. cit.*, p.158, where Pollitt's claim is described as "the most reliable figure".

² Hannington Papers, A III, Report of Decisions.....December 3rd and 4th 1932. It was admitted that a number of smaller branches were no longer functioning.

³ T.U.C. *Annual Report*, 1935, p.124. No less than half of this number were accounted for by those still attached to the M.F.G.B.

⁴ For example, Pilgrim Trust, *Men Without Work*, 1938, pp.290-1. *Ibid.*, pp.324-325, for the suggestion that it was the younger men who dropped out of union membership most quickly.

⁵ This statement is based upon a summary of returns from various districts on the subject of trade union membership for the unemployed, included with a letter from Ebby Edwards to the T.U.C., March 12th 1935, T.U.C. File: I35.51.

The existence of this large body of unionised unemployed created an important problem for the T.U.C. Unemployed Associations, and vitiated their role as recruiting agencies for the unions generally. This was because, of itself, membership of an Unemployed Association could not ensure entry into industry, and thus into a trade union. For, in many trades, recruitment was reserved not for members of U.A.'s, but for the ranks of unemployed trade unionists. This was a provision no trade union was likely to surrender.

Another major problem, especially for the small U.A.'s, was low finances. This inevitably made it difficult for them to compete with the better endowed private organisations. In July 1933, a Conference of U.A. representatives was held at Transport House which resulted from pressure within the Associations that the General Council should do more to encourage their activities. In his speech to the Conference, Citrine suggested that one reason for the difficulties experienced in developing the work of the U.A.'s was the belief that they had been organised to combat the N.U.W.M. However, "they were all aware that this was untrue".¹ But while the Conference permitted the U.A. representatives to make known their disquiet at the lack of stimulus given to the Associations, little else seems to have resulted. The one minor concession granted was a request to the G.C. that two representatives of the Associations should be allowed to address the Brighton Congress.²

VIII

One of the points made at the beginning of this half of the chapter was that, while it is not unreasonable to regard the growth of the N.U.W.M. during 1930-32 as contributing to the T.U.C.'s decision to establish U.A.'s, it is equally important to bear in mind that U.A.'s were also an alternative to the semi-official

¹ Report of Conference, T.U.C. File: I35.62.

² The General Council agreed to the request on September 1st 1933. In the event, only one U.A. speaker addressed Congress, T.U.C. Annual Report, 1933, pp.280-1. He claimed, incidentally, that membership of the U.A.'s had reached 50,000 (p.280), although it is not clear upon what information he made this assessment.

Social Service scheme, and the many other voluntary schemes. While the U.A.'s were expected to play some part in helping find employment, in assisting with U.I. claims, and in channelling the unemployed towards trade unionism, there was equally a close similarity with the voluntary schemes. The T.U.C. was organising a palliative scheme, not an alternative body for marches and demonstrations.¹ It is intended, briefly, to discuss the T.U.C. attitude towards the best-known voluntary agency - the National Council of Social Service.

The N.C.S.S. had been in existence since 1919,² but it was not until late 1932 that the Government invited the Council to act as the central body to aid and encourage schemes of occupation for the unemployed.³ The basis of these schemes was to remain local and voluntary, but the Government was to take on a proportion of the financial burden. According to one recent writer:

"The grant to the National Council....was consciously conceived as the minimum the government could do to reduce pressure for a works programme".⁴

Grants-in-aid were to rise from £1,744 in the remaining period of 1932-33 to £150,000 in 1936-37.⁵ All moneys were subject to the provision that equal sums were raised from voluntary sources.

Nevertheless, such figures made anything the T.U.C. or N.U.W.M. could provide seem paltry by comparison. The response of the T.U.C. and the Labour Party to these N.C.S.S. schemes was a refusal nationally to co-operate.⁶ Broadly, there were two reasons for this opposition:

a) The not unreasonable belief that the establishment of centres

1 Although it must be remembered that, as Hayburn has written, "routine, almost mundane rather than revolutionary" describes the day-to-day work of an N.U.W.M. branch. Hayburn, 'The Police and the Hunger Marchers', *op. cit.*, p.626. The single, most time-consuming task of the Movement was in relation to U.I. benefit claims.

2 For a brief account, John Morgan, 'The National Council of Social Service', in H.A. Mess *et. al.*, Voluntary Social Services since 1918, (ed. Gertrude Williams), Kegan Paul, Trench, Trubner, London, 1948.

3 One must distinguish between the social schemes indirectly fostered by the State through the N.C.S.S., and the direct State schemes of vocational training and the Juvenile Instruction Centres.

financed in part by the State might be used to absolve the Government of its duty to tackle unemployment at the roots.

- b) The somewhat exaggerated fear that work carried out in occupational centres might undercut work produced commercially, and thus imperil both trade union rates of pay, and the continued employment of those workers earning those rates.

However, while there was this refusal to co-operate centrally, the T.U.C. did not act to prevent local bodies (that is, Trades Councils and Unemployed Associations) from taking part in voluntary schemes.¹ The suggestion is that less than a third of Trades Councils did in fact associate in any way with the N.C.S.S.² In Conference, the Trades Councils had welcomed the T.U.C.'s refusal to co-operate with the N.C.S.S. programme.³

In May 1934, the T.U.C. established a Services for Unemployed Committee to survey existing provision for the jobless, and to suggest such alterations to the T.U.C. scheme as might be necessary. The Committee's report⁴ is based upon the premise:

"They could see no series of work schemes or economic readjustments in the near future, whether introduced by a Conservative or Socialist Government, which would absorb the majority of workers who were at present deprived of their livelihood".⁵

1 Citrine to Attlee, March 29th 1933, T.U.C. File: 135.715; T.U.C. Annual Report, 1933, pp.120-1.

2 The T.U.C. sent out a circular on the subject. Although less than half of the Trades Councils replied, of those that did only 60 out of 194 associated directly with the local committees of the N.C.S.S. T.U.C. Annual Report, 1933, p.121; T.U.C. File: 135.79. Hannington attacked these Trades Councils in An Exposure of the Unemployed Social Service Schemes, 1933(?). In their replies to the 1935 questionnaire (above, p.330) Unemployed Associations said, almost without exception, that they did not co-operate with any outside body.

3 Annual Conference of Trades Councils, Report, 1934, p.7.

4 T.U.C. Annual Report, 1935, pp.123-128.

5 Ibid., p.123, italics added. This extract from the Committee's report was criticised by one speaker, ibid., p.300.

4 Fredric M. Miller, 'The Unemployment Policy of the National Government, 1931-1936', Historical Journal, 19 (2), June 1976, p.461.

5 Figures derived from various documents in P.R.O., LAB 18/33.

6 Ralph H. C. Hayburn, 'The Voluntary Occupational Centre Movement, 1932-39', Journal of Contemporary History, Vol.6, No.3, 1971, p.169.

As a result, the Committee came down in favour of an extension of social provision and industrial training - although the latter was subject to the frequently voiced trade union proviso that there should be no competition with the employed. (This, as has been shown, was one of the major T.U.C. objections to the N.C.S.S.). However, a T.U.C. enquiry had established that out of 107 centres where the unemployed produced goods, in only six of these were the goods offered for sale - and in all but two of these the goods produced were in fact firewood.¹ The fact that the T.U.C. Unemployed Associations provided little or no opportunity for the unemployed to operate their crafts had been counted as an important factor in explaining their comparative failure.²

The Committee argued that the trade union movement alone could not provide the range of facilities which were needed - not least because of the costs which would be involved - and it appears instead that they envisaged trade unionists participating in the schemes organised by the N.C.S.S.³ However, this the General Council would not accept, calling instead for the establishment of greater numbers of their own U.A.'s, while permitting to Trades Councils a certain local discretion.⁴ But so long as the T.U.C. continued to regard the unemployed as a threat to union standards and organised the U.A.'s as little more than sports and debating clubs,⁵ it was hardly to be marvelled that the workless were attracted in vastly greater numbers to the schemes of the N.C.S.S. where they could exercise their skills.

IX

The T.U.C. scheme of Unemployed Associations was then conceived

1 Memorandum, November 11th 1934, T.U.C. File: I35.79.

2 H.A. Marquand (ed.), op. cit., p.177.

3 Ibid., p.178.

4 T.U.C. Annual Report, 1935, p.128.

5 The section of the General Council's Report dealing with the U.A.'s usually consisted of little more than a list of the number of footballs, cricket bats, and draughts sets which had been circulated.

on the most narrow lines to ply a path between the various unions' own schemes of provision and the very many voluntary schemes of social service. The U.A.'s were to eschew militancy, and were to be tightly controlled by local trade union officials on the Trades Councils. Occupational training was to be kept to the barest minimum for fear of creating competition with trade unionists who were employed. Even the alleged recruiting function of the Associations does not appear to have been taken very seriously, or at least does not seem to have been pursued with any sense of urgency.

On this basis, the Associations may be said to have 'failed'; and in terms of membership they certainly failed to recruit more than a small fraction of the long-term unemployed. But failure is related to goals, and the evidence is lacking that the U.A.'s were expected to proceed to mass membership. Thus, despite the annual expressions of regret in the General Council's Report at the number of U.A.'s which had been founded, one may remain unconvinced that the members of Congress regarded the experiment as a failure. Indeed, their disquiet would have been much greater had the U.A.'s, in enlarging their membership, gained a measure of independence and authority. As it was, their very existence ward off claims that the T.U.C. was doing nothing for the unemployed, while the restrictions placed upon them ensured that the T.U.C. was not embarrassed by expressions of militancy. Furthermore, their restricted number ensured that the prerogatives of individual unions were not imperilled. In this narrow, and somewhat cynical, sense, the Unemployed Associations established by the T.U.C. were not a failure. Rather, they succeeded in keeping opposition to their activities to a minimum, and fulfilled the restricted objectives which were set for them.^I

^I It is only fair to add that almost all of the conclusions reached in this half of the chapter are at odds with the view expressed in a letter from Sir Vincent Tewson, August 1st 1978. In turn, he argued that some of the U.A.'s proved quite successful, and that there had been no opposition from union leaders, or from local officials. The U.A.'s had nothing to do with

X

In this chapter have been described the institutional links between the Trades Union Congress and the unemployed. In regard to both the N.U.W.M. and the T.U.C.'s own Unemployed Associations, it may be argued that the absence of an actual day-to-day threat to trade union standards reduced the pressure upon the T.U.C. to extend its provision for the unemployed beyond an absolute minimum. As a result, a higher priority could be given to the defence of the existing trade union organisation - organisation which could have been endangered by links with the Communists or by reducing the individual unions' hold over their members. On the other hand, the fear of adding to the menace posed to union standards helps to explain the T.U.C. opposition to the schemes of the N.C.S.S. and to occupational training within its own Unemployed Associations. It may be felt, however, that the likelihood of undercutting by the unemployed working on voluntary schemes was somewhat exaggerated.

In addition to the absence of an industrial motive for establishing links with the unemployed, and the fear that the T.U.C. might infringe the rights of individual unions, there was a simple distaste for the non-unionists among the unemployed. And it is striking that the T.U.C. appears to have been quite un-interested in either the N.U.W.M. or the U.A.'s from the point of view of recruitment. Thus, while there was a strong ideological element in the T.U.C.'s rebuff of the N.U.W.M., its attitude towards organising the unemployed was consistently unenthusiastic. So long as trade union standards were not undercut, then there was little necessity for the T.U.C. to do much for the unemployed. This attitude underlay T.U.C. relations with the N.U.W.M., it was also apparent when the T.U.C. did eventually establish its own unemployed organisation in the 1930's.

countering the N.U.W.M., and there was no real opposition to the N.C.S.S. when trade unionists were brought in. He concluded by saying that it was the apathy of the unemployed which prevented the expansion in the number of U.A.'s which he would have liked. The view expressed in this chapter that trade union opposition was crucial to the non-development of the U.A.'s is also at odds with the account of Clinton, *op. cit.*, p.164, who highlights the continuing success of the N.U.W.M. as the explanatory factor.

Chapter 10.

THE T.U.C.'S POLICIES ON UNEMPLOYMENT INSURANCE AND RELIEF PAYMENTS.

This chapter is concerned with T.U.C. attitudes towards unemployment benefits. It is argued that a major determinant of those attitudes was the belief that the successful defence of benefits acted to the advantage of wages. While the T.U.C. did not achieve the development of its proposed benefits system, it was successful in protecting that system which had evolved after the First World War. This was not attained, however, exclusively as a result of the efforts of the trade union movement.

After the Introductory Section I, Section II contains a brief description of the Unemployment Insurance system. The two main groups of trade unionists excluded from the scheme between the wars are named, and their exclusion analysed. The trade union attitude towards the system of Unemployment Insurance by Industry is subject to detailed examination. It is argued that the system of U.I. by Industry refuted the concept of 'National Responsibility for the Unemployed', to which the unions were committed for the remainder of the inter-war period.

Section III discusses the central question of union attitudes towards U.I. as an element in the protection of wages. It is argued that this protection was afforded despite the fact that benefits remained well below prospective wages for most claimants. In 1931, benefits were openly defended by the T.U.C. for their favourable impact upon wages.

Section IV is concerned with two aspects of the relationship between the Labour movement and the State in the administration of benefits. Firstly, the ambivalent position of Labour representatives on bodies operating the Means Test and the N.G.S.W. clause; and secondly, the disbursement of State benefits by the unions under s.17 of the 1920 Act. Section V considers the Elanesburgh and Morris Committees. The T.U.C. evidence to each committee is summarised and compared with the committees' recommendations. In

connection with the Morris Committee, it is shown that the effect of the N.G.S.W. clause was perverse. It is claimed that Bondfield's defeat on the 'Hayday Formula' represents one of the few occasions when the T.U.C. enjoyed a positive success in the making of social policy.

The Royal Commission on Unemployment Insurance is the focus of Section VI. The T.U.C.'s anger at the Commission's establishment is analysed, and its evidence to the Commission discussed. The T.U.C.'s attitude towards the Royal Commission is shown to have resulted from the absence of 'consultation' by the Government, and from the perceived threat to wages posed by benefit cuts. Section VII summarises the administrative arrangements after the 1934 Unemployment Act. In discussing the 1935 crisis over the benefit scales of the Unemployment Assistance Board, it is emphasised that the crisis had eventuated in error.

The conclusions in Section VIII are that the U.I. system was successfully defended between the wars, but that the T.U.C. was virtually powerless to bring about the substantive changes in the system to which it was committed. The T.U.C.'s interest in benefits derived from their role as a major institutional bulwark against wage reductions.

It is the object of this chapter to show that there was a specific trade union position on unemployment benefits which was at variance with the positions taken by successive Governments, and which in a sense transcended those amendments which might be made to the existing scheme. It is intended to demonstrate why the financing, level, and availability of unemployment benefits were of such importance to trade unionists, and why there existed this specifically trade union viewpoint. It will be argued that it was the relationship between wages and unemployment benefits which provided the unions' special interest; trade unions defended benefit levels as, in effect, a wages floor.

A distinction must be made, however, between the policies the T.U.C. would have liked to have seen introduced - that is, an ideal system - and the changes in the existing system which it was reasonable to expect the Government to promulgate. Furthermore, T.U.C. proposals, say on the level of unemployment benefit, were deliberately designed as a bargaining position, as a target by which actual rates of benefit might be compared, but not necessarily as rates for which there was any expectation of Government approval, at least in the short term. There was a distinction between ultimate goals and what was considered as immediately practicable.

Interestingly, the N.U.W.M. faced the same problem of reconciling ultimate ambition with immediate demands. A meeting of the Movement's N.A.C. in 1931 "revised" (reduced) the scales of benefit laid down in their programme on the grounds that the previous scale, "was not regarded as a practical demand by the mass of unemployed and that the following scale would rally greater support in our agitation for its realisation.^I At the Special Unemployment Conference in 1925, Ben Turner had referred somewhat scathingly to

^I Hannington Papers, A III, Report of Decisions taken at the National Administrative Council Meeting, April 11th 1931. For a further example of enforced compromise, compare the remarks in N.U.W.M., Our Reply to the Royal Commission on Unemployment (sic), 1931, pp.6, 9.

the idealistic nature of N.U.W.M. demands.¹

Throughout the chapter it is intended to illustrate the range of issues concerned under the heading of Unemployment Insurance and the 'Dole'. The chapter's central concern, however, is the connection between unemployment benefits and wages. This connection was the driving force of trade union policy on benefit matters.

II

While it is not proposed to describe in detail the Unemployment Insurance and relief systems in operation between the wars,² it is necessary to outline briefly the main features. After the Acts of 1920 and 1921, the vast body of trade unionists represented at the T.U.C. were covered by Unemployment Insurance. The two notable exceptions were the agricultural workers and a large number of railway workers.

In the case of the agricultural workers, their inclusion within the U.I. system was a demand of the Labour movement throughout the 1920's and 1930's. The demand that they should be included within the ambit of the General Scheme was dropped, however, and it was proposed that a separate scheme should be established, with lower rates of contributions and benefits than in the General Scheme. However, neither Labour Government legislated for such a proposal, and it was not until 1936 that a special scheme of U.I. was introduced for agriculture. As Minister of Labour, Bondfield had opposed a separate scheme for agriculture on the grounds that this would create a precedent for other industries with low rates of unemployment to secede from the General Scheme.³ But the point was not so much that agricultural workers were relatively less likely to experience unemployment, but rather that their relatively low wages would suffer a proportionately high premium in the payment of the flat-rate contributions under the General Scheme. Yet although

1 S.U.C. Report, p.18.

2 For such an account, see for example Bentley B. Gilbert, British Social Policy 1914-1939, Batsford, London, 1970. Note that until 1935, the 'systems' had developed in an essentially unplanned and ad hoc manner.

3 P.R.O., MAF 53/55, Bondfield to Buxton, October 11th 1929.

Labour was committed to U.I. for agriculture, when the bill which successfully introduced the measure went for its Second Reading, the P.L.P. abstained on the vote, much to the anger of the unions most closely involved.¹ This opposition resulted from the professed fear that the lower scale of benefits for agricultural workers might be generalised, but the union disquiet was sufficient to ensure that the P.L.P. would support the Third Reading, although in the event no division was called.²

The other major group of trade unionists not included in the insurance system were the railwaymen, for whom the railway companies had been granted exemption certificates under the 1920 Unemployment Insurance Act.³ Both the companies and the employees objected to proposals for their inclusion in the scheme, although the Ministry of Labour apparently felt that exemption had been extended to too large a section of the railway workforce.⁴ Railway workers were, however, included in the U.I. system for at least the first three years of their engagement, and workers in the railway shops were not exempted at all. There had been suggestions of a Special Scheme for the railways, in the place of exemption, but the whole point of the railways' argument was that for established staff there was no risk of unemployment.⁵

The most striking feature of the system of unemployment benefits was that it was in a state of perpetual flux. Not only were changes made in the rates of benefit and contribution, but in the contributory requirement, the waiting period, in the qualification rules, and in the very nomenclature. There were innumerable inquiries,

I 308 H.C. Deb. 5.s. cc.383-498 for the Second Reading debate. Labour Party Archives, LP/UN/18/47-53 for the relevant correspondence, especially LP/UN/18/47, letter dated February 13th 1936 from Bevin and Holmes. Holmes was General Secretary of the National Union of Agricultural Workers; Bevin had inherited an agricultural section from the Workers' Union in 1929.

2 Labour Party Annual Conference Report, 1936, p.II4.

3 The other important class of employees for whom exemption had been obtained were the teachers. These exemptions must be distinguished from groups of excluded from U.I., for example, Domestic staff and members of the Forces.

4 P.R.O., MT 6/3269.

5 There was some dissension among railwaymen at their exemption from U.I. See, for example, W. McAdam, 'Railway Workers and the Unemployment Insurance Act', Railway Review, September 17th 1926.

continual administrative changes, and an unending stream of legislation. As the New Statesman commented wearily in February 1927, "Governments nowadays are always passing Unemployment Insurance Acts".¹ One writer has added up a total of 28 Acts between 1920 and 1934, when the twin systems of Insurance and Assistance were finally rationalised.² And, although new measures were continually reaching the Statute Book, the system of U.I. rested upon a mass of case law. The effect of the various rules was partly to penalise the workless, but also, at least during the 1920's, to place the burden upon the local authorities through the Poor Law. Between 1932 and 1937, for example, the proportion of the insured unemployed receiving U.I. benefits at any one time exceeded 50 per cent in only seven months.³

One administrative change with which the union movement toyed was that of Unemployment Insurance by Industry, although this was ultimately rejected as conflicting with the notion of national responsibility for the unemployed. However, while only two industries (Banking and Insurance) actually established schemes between 1920 and 1921, it is clear that a large number of trades had been giving the idea serious consideration.⁴ The amending legislation had been introduced as a direct result of the increasing cost of unemployment, and the union movement too was wary of losing the contributions of those workers in industries with low rates of unemployment.⁵ At least potentially, there was an inter-union conflict to avoid. However, while Labour had regarded the proposal of the

1 New Statesman, February 19th 1927.

2 Maurice Bruce, The Coming of the Welfare State, Batsford, London, 1961, p.241.

3 Eveline M. Burns, British Unemployment Programs, 1920-1938, Social Science Research Council, Washington D.C., 1941, p.xviii.

4 But note that the resolution of the 1920 T.U.C. which demanded that industry should bear the responsibility for unemployment, while ambiguous in its wording, was not one for U.I. by Industry. Rather it was a proposal to negotiate benefits from employers in the still optimistic industrial atmosphere of Autumn 1920. T.U.C. Annual Report, 1920, pp.305-309.

5 It was thus the slump of the early 1920's which killed off U.I. by Industry. By the time Macnamara was describing it as "the most promising feature in the machinery of the Act", it was already a dead letter. P.R.O., CAB 24/118 C.P.2402A, Macnamara to Henderson, January 5th 1921.

Geddes Committee to re-introduce U.I. by Industry as premature,¹ at the same time Fred Bramley had called for an industrial reserve fund to be attached to each industry - claiming that the maintenance of unemployed workers during periods of bad trade would give employees a sense of security and hence lead to higher productivity.²

Among the proponents of U.I. by Industry was the leader of the Shop Assistants' Union, John Turner. His main argument in favour of the system was that it would encourage collective bargaining in the distributive trades, since representatives of both sides of industry would need to be included on the body running the scheme:

"As recognition of Trade Unionism is only very partial in the distributive trades, it was felt that this would bring Employer and Employees together, and probably help to further recognition of our Organisation by Employers who, up till now, have declined to negotiate with us".³

A more common justification, aside from the reduction in rates of contribution which might be expected to issue from schemes in industries with low unemployment, was that Unemployment Insurance by Industry gave employers a vested interest in reducing the number of redundancies. Conversely, it was sometimes argued that the existence of unemployment benefits made employers less reluctant to dismiss workers when trade was slack.⁴

An Industries Unemployment Insurance Bill was introduced in 1922 at the behest of the General Federation of Trade Unions, but failed to gain a Second Reading. At the end of that year, a memorandum on the subject was issued by the Ministry of Labour

¹ Labour Party Archives, Minutes of Meeting of Joint Executives, February 28th 1922.

² Financial News, January 19th 1922. A full copy of Bramley's speech is in T.U.C. File: I35.01.

³ Turner to Arthur Greenwood, April 13th 1922, T.U.C. File: I57.7.

⁴ For example, P.R.O., CAB 58/I54 EAC(UB)23, 'Memorandum prepared by the Ministry of Labour....' para.8, where such a relationship is admitted, but argued to be of only minor importance.

in response to the recommendations of the Geddes Committee.¹

From a publication of the National Joint Council which argued for the principle of State unemployment benefit, but with the provision that industries could 'contract-out' of the State scheme if they so wished,² it is apparent that there was a split among T.U.C. affiliates on the subject. 43 unions representing 1.3 million workers announced that they favoured U.I. by Industry, while 21 unions representing 2.7 million workers were opposed.³ Among the opponents were the mineworkers, despite the fact that unemployment in the mines was particularly low at this time.⁴ On the other hand, the printing, textile, hosiery, boot and shoe, and wiremaking trades all admitted that they had draft schemes already prepared. At the 1923 Congress, Pugh successfully ensured that the movement as a whole did not express an opinion, and an enquiry by the Finance Committee was established.⁵ Pugh effectively wrote the Finance Committee's report,⁶ and it was considered at the 1924 Congress. But while proponents of industry-based schemes would have been encouraged by the view basic to the report that there was no fundamental reason why experiments should not be made by any industry, it ended limply with the view that the T.U.C. should not be called upon to make a declaration one way or the other.⁷ In contrast, the employers had taken a far less tolerant attitude towards the contracting out of low-risk industries.⁸

By 1926, the Labour movement too appears to have come round

1 The memorandum was incorporated into a White Paper, Report on the administration of Section 18 of the Unemployment Insurance Act, 1920 (Special Schemes of Unemployment Insurance by Industries) and on the Action taken with a view to investigating the possibility of developing Unemployment Insurance by Industries, Cmd.1613, 1923, pp.22-27.

2 National Joint Council, Memorandum on Unemployment Insurance by Industry, 1923(?), p.3.

3 Ibid., p.18.

4 British Labour Statistics,... op. cit., Table.164, p.314.

5 T.U.C. Annual Report, 1923, pp.403-405. In spite of Pugh's apparent desire to avoid a recommendation, the I.S.T.C. was among those unions favouring U.I. by Industry.

6 Both his draft and the report are in T.U.C. File: 157.7.

7 T.U.C. Annual Report, 1924, p.168.

8 N.C.E.O., Report on Unemployment Insurance submitted by the National Confederation of Employers' Organisations to the Minister of Labour in reply to the Minister's letter to the Confederation dated 28th November 1922, 1924, p.10.

much more strongly against U.I. by Industry,¹ and the following year s.18 of the 1920 Act was finally repealed, having been in abeyance for the previous six years. It may be noted, parenthetically that in addition to the two schemes operating under the 1920 Act, there also existed a number of wholly private schemes, quite independent of the State, and run by firms like Bryant & May, Rowntrees, and Lever Brothers.

What Unemployment Insurance by Industry denied was the concept which underlies T.U.C. policy for the remainder of the inter-war period, namely the idea of 'National Responsibility' for the unemployed. This concept had four major implications:

- a) There could be no extension of the schemes to contract out of the General Scheme, like those outlined above for the banking and insurance industries.
- b) The abolition of Contributions. Unemployment benefit should be financed from national taxation. It may be noted in this regard that, whenever possible, the T.U.C. avoided the word 'insurance' in its literature, preferring the term 'benefits'.² While the contributory scheme continued, raising the income limit from £250, in addition to improving the solvency of the Fund, also recognised the principle of unemployment as a national responsibility.
- c) While there should exist no classification of the unemployed in terms of the length of their unemployment, so long as such a classification operated, Poor Law costs should be borne by the Exchequer and not by the local rate-payers.
- d) The unemployed had a basic right to maintenance. This right took precedence over the state of the U.I. Fund, and thereby stood in contrast to the 'insurance principle' - to which in theory, if not in practice, successive Governments were committed.

¹ For example in the evidence to Hanesburgh, published as T.U.C. and Labour Party, Unemployment Insurance: Principles of Labour Policy, 1926, pp.7-8.

² E. Wight Bakke, Insurance or Uble? The adjustment of Unemployment Insurance to Economic and Social Facts in Great Britain, Yale University Press, New Haven, 1935, p.162.

Interestingly, while the T.U.C. was intent upon removing the stigma associated with receiving assistance, the 'insurance myth' also fulfilled the same function. Unemployment Insurance and its various extensions were not a 'dole', but a contractual entitlement. The existence of the 'insurance myth' also served as an argument against the introduction of Poor Law principles like the Means Test into the system. For example, when the Labour Party placed a Vote of Censure on the Government in November 1925, they were pleased to argue that "...the discrimination now being exercised against many unemployed persons with regard to the payment of unemployment benefit is contrary to the principle of unemployment insurance".¹

In practical terms, the most important conflict between the T.U.C. and the views of the Government was that the T.U.C. regarded unemployment as a function of the capitalist system, from which it followed that the State had a duty to provide maintenance during periods of depressed trade. The State in fact denied both the right to work, and the right to maintenance. Work was necessarily a function of wage-rates and of international conditions, and while there was a right to some form of unemployment relief this fell short of what the unions meant by maintenance. It was additionally the case that the U.I. system had not been designed to provide maintenance. Unemployment Insurance had been intended as a temporary payment to cover periods of short-term unemployment, to be supplemented from other sources. It had been established neither to provide maintenance for long-term unemployment,² nor with the rates of unemployment extant in the inter-war period in mind. Intended neither as a 'dole', nor to provide maintenance, as it evolved the Unemployment Insurance system was attacked from both left and right. Steel-Maitland, the moderate Tory Minister of Labour, had both

¹ 188 H.C. Deb. 5.s. c.1641, November 26th 1925.

² See the remarks of Steel-Maitland quoted by Sidney and Beatrice Webb in English Poor Law History: Pt. II. The Last Hundred Years, Frank Cass and Co., 1963 reprint, Vol. II, p.86In.

sources of criticism in mind when he wrote to Churchill, complaining that:

"Our own backwoodsmen who say 'stop the dole and men will find work' and the Daily Herald are equally contemptible".¹

III

In this section of the chapter will be discussed the relationship between unemployment benefits and wages, in particular as it was perceived by trade unionists. It can be argued that the belief that benefits favoured wages affected trade union agitation in pursuit of higher levels of benefit throughout the inter-war period. But crucially, the view that unemployment pay was of great assistance to the trade unions in the wages struggle may be held to have influenced the adamant position taken by the T.U.C. before the collapse of the second Labour Government.

It is not difficult to find examples of trade unionists referring to U.I. benefit levels as the protector of wages. Perhaps the classic statement was made by Arthur Hayday, 'leader' of the trade union group of M.P.'s and the T.U.C.'s acknowledged expert on Unemployment Insurance, in his Presidential Address to the 1931 Congress.² The policy of resisting wage-cutting, he remarked, "...extends, of necessity, to the national scheme of Unemployment Insurance. It is a safeguard to the workers in employment, as well as an essential provision for the unemployed."³ Similarly, Clynes, called to account by the Executive of the N.U.G.M.W., affirmed that he had opposed reductions in unemployment pay, partly because they would lead to starvation amongst the unemployed, and partly because such reductions would provide employers with an open invitation to reduce wages.⁴ The fear that

¹ P.R.O., T 172/E502, Steel-Maitland to Churchill, January 9th 1926.

² T.U.C. Annual Report, 1931, pp.69-70.

³ Ibid., p.70.

⁴ G. and L. Radice, Will Thorne: Constructive Militant: A Study in New Unionism and New Politics, George Allen and Unwin, London, 1974, p.II3.

the attack on unemployment benefit presaged a general offensive against wages was made clear in the T.U.C. Report on the Financial Situation, presented to the 1931 Congress.¹ As the journal of the Transport Workers argued:

"The unwarranted attack on the unemployed is all part of a set policy to reduce wages.....the weakest section of the labour army have been chosen to suffer the first blow".²

But the most forthright statement of the case that unemployment benefits were critical to the defence of trade union standards was made by Charles Dukes of the General and Municipal Workers in addressing the Labour Party Conference in 1934. Maintenance for the unemployed should be at such a level as to prevent the unemployed from accepting jobs at less than the rates of pay negotiated by the trade unions. Rates of maintenance should be such as to ensure the stability of trade union rates of pay. That was what 'Work or Maintenance' meant. Work at trade union rates, maintenance at such a level to protect and stabilise those trade union rates: "...in the application of maintenance the competitive factor of the unemployed man bartering his labour at the factory gate is no longer permitted."³ And it was scarcely to be surprised that when trade unionists were told that some people were receiving more in benefits than they would from wages, they responded by saying that wages were too low rather than that benefits were too high. All the more so if the payments made to the unemployed were thought to be insufficient to ensure minimum dietary standards.⁴

By specific reference to 1931, it can be seen that trade unionists regarded reductions in unemployment pay as but the

1 T.U.C. Annual Report, 1931, Appendix C., para.20, p.517, especially.

2 The Record, September 1931. Italics in original.

3 Labour Party Annual Conference Report, 1934, p.220.

4 For example, Citrine's letter to the Ministry of Labour, October 27th 1937, P.R.O., T 161/846/S 42260.

preliminary to a general attack upon wage rates. This is the most important explanation of union opposition to the budget-balancing proposals of Snowden and of the May Committee. However, in addition, it is idle to deny that trade unionists felt a moral obligation to the unemployed - the more so if it is held that unions bartered a degree of unemployment to sustain wages. It was further argued that a reduction in benefit rates was not merely inequitable, but would actually lead to increases in unemployment owing to the reduction in purchasing power.¹ The need to prevent the discouragement of rationalisation was noted earlier.² Finally, the focus upon benefits was the necessary corollary of the failure of successive Governments to solve the unemployment problem. The concept of 'Work or Maintenance' presumed an adequate level of benefits if the State could not or would not ensure employment for all its citizens.

While it is apparent that trade unionists regarded Unemployment Insurance as an essential element in the protection of wages, the gap between benefits and wages was a substantial one in most cases. The most extensive analysis of the previous full-time wages of a sample of registered unemployed - an analysis carried out in August 1937 - demonstrated that the number of cases where a claimant received more in benefits than he had in wages was very small.³ Average weekly benefits for adult men (including dependants' allowances) were but 44 per cent of the median wage rate.⁴ Even allowing for certain savings, only 2.3 per cent of male claimants were better off receiving benefits than in their previous employment.⁵

1 For example, M.F.G.B. Memorandum on Unemployment Insurance, February 19th 1931, T.U.C. File: I57.83U.

2 Above, pp.166-7.

3 Unemployment Insurance Statutory Committee, Fifth Report on the Financial Condition of the Unemployment Fund (General Account) as at 31st December, 1937, House of Commons Paper 68 (1937-38), Appendix C, Table C5 especially.

4 Ibid., pp.20-21.

5 Ibid., p.21. If no allowance was made for savings (especially for travel) this proportion fell to below one per cent. Ibid., Table C5, col.3.

It may be noted that when, in the late 1930's, the Unemployment Assistance Board (U.A.B.) instituted a 'Wages-Stop', such that a family would receive no more in assistance than they would had all the members of the family been in employment, only a small number of disallowances were effected.¹ The Unemployment Insurance Statutory Committee (U.I.S.C.) had also recommended a stop-rate in 1935, but this was ignored by the Government.² However, the principle was admitted with regard to the agricultural scheme, which began operating in May 1936.³ Overall, while the actual surpassing of wages by benefits may be more symbolic than economically significant, the number of families caught in the 'poverty trap' appears to have been very small. Moreover, successive studies demonstrated that unemployment benefits had no retarding effect upon the attempts made by the unemployed to find work.⁴ Nevertheless, it was just those workers who were low paid and with large families who were, in the absence of benefits, most likely to break the wages line. And it was these workers for whom the improvement in earnings from work was most marginal.

Furthermore, while benefits were not above wages, there can be no question that the real value of Unemployment Insurance rose rapidly during the early 1920's.⁵ This did not make benefit levels particularly generous - especially when allied to clauses like 'Not Genuinely Seeking Work' - but must be recalled when reference is made to benefit 'cuts'. For even in 1931, benefits were not cut below their real value of two years earlier, and further substantial improvements were made in the 1930's.⁶

1 U.A.B., Report, 1937, Cmd.5752, 1938, pp.20-22; ibid., 1938, Cmd.6021, 1939, p.10.

2 Ronald C. Davison, British Unemployment Policy: The Modern Phase since 1930, Longmans, Green, London, 1938, p.52.

3 Ibid., p.56.

4 R.S. Gibson, 'Incentive to Work: As Affected by Unemployment Insurance and the Poor Law respectively', Manchester School, I, I, 1930; E. Wight Bakke, The Unemployed Man..., op. cit.; Gertrude Williams, The Price of Social Security, Kegan Paul, Trench, Trubner and Co., London, 1944, p.76. However, many of the stories of the unemployed tramping the streets in search of work cannot necessarily be taken at face value. See below, pp.363-4.

5 Alan Deacon, 'Concession and Coercion: The Politics of Unemployment Insurance in the Twenties', in Briggs and Saville (eds), op. cit., p.15.

In effect, Unemployment Insurance benefits filled the role of a national minimum. The employers clearly believed that the existing rates of benefit, together with the 'laxity' of benefit conditions, permitted unions to make wage bargains at levels which ensured a degree of unemployment¹ - a view shared by the Royal Commission.² In such circumstances, where wages resulted from collective bargaining and not from individual competition, this assumes that unions specifically accepted unemployment as the price for protecting wages, regarding U.I. as a cushion for those who lost their occupation as a result. In this way, unemployment resulted from a definite contract on the part of the unions rather than from market forces. On the other hand, two academic commentators considered the most likely channel to be individual competition. Hence Clay, who was sceptical of the influence of U.I. on wages, argued that benefits had enabled the unskilled to push up wages to the point where unemployment resulted.³ And Wilson, who was more convinced of the connection between benefits and wages, looked to the unorganised and the reduced incentive for blacklegging as the areas of greatest influence.⁴ It will be seen that neither of these writers was really concerned with the question being posed by the employers. That is, that trade unions regarded unemployment with less trepidation because of the existence of benefits, and made their wage bargains accordingly, budgeting for the expected redundancies.

In fact, the impact of U.I. benefit was likely to be along both channels. It strengthened the bargaining power of trade unions

1 N.C.E.O., The Industrial Situation, 1931, p.10.

2 Royal Commission on unemployment Insurance, Final Report, Cmd.4185, 1932, p.101, "[U.I.] influences wage-rates by disinclining the representatives of the wage-earners to take the same account of unemployment as they did before relief was provided".

3 H. Clay, 'The Authoritarian Element in Distribution', Economic Journal, XXXVII, 1927, p.7.

4 Elizabeth C. Wilson, 'Unemployment Insurance and the Stability of Wages in Great Britain', International Labour Review, XXX, 6, December 1934, p.796.

6 Sean Glynn and John Oxborrow, Interwar Britain: A Social and Economic History, George Allen and Unwin, London, 1976, Table 9:1, p.259.

by making them more reluctant to accept wage reductions than they would have been had there been no benefit, and by diminishing the likelihood of blacklegging by the unemployed. But it also permitted individuals to hold out for work at the wages to which they were accustomed. (Benefit conditions permitted a claimant to hold out for the 'Standard Rate' for the job - although this was not necessarily equal to the recognised trade union rate).

IV

It is now intended to discuss two aspects of the relationship between the labour movement and the State in the operation of the benefits system. The first of these was the presence of Labour representatives on bodies operating the Not Genuinely Seeking Work clause, and the Means Test. The second, was the system of disbursing State benefits through the trade unions under what were known as Section 17 Arrangements.

The position of Labour members on bodies responsible for N.G.S.W. or the Means Test was a matter of continued controversy. A strong undercurrent within the movement held that Labour representatives had no place operating iniquitous legislation, and that the workers would be better served by a boycott of institutions established to operate such legislation. However, the majority view held that only by their presence could Labour hope to modify the regulations administratively, while at the same time working for legislative amendment.

However, it is to be doubted whether in fact Labour representatives on the Local Employment Committees could do much to alleviate the impact of either the means test or the N.G.S.W. condition.^I And there was the justifiable fear that the unemployed themselves would fail to appreciate the balance of advantage which led to Labour continuing to operate legislation which penalised the

^I Deacon in Briggs and Saville (eds.), *op. cit.*, p.29. A household means test for uncovenanted benefit had been introduced in February 1922, withdrawn by the Labour Government in 1924, and re-introduced in August 1925. For Labour, this represented the unwarranted and unacceptable introduction of Poor Law methods into the Insurance system. *Ibid.*, pp.15-16.

jobless. An attempt to formulate common policies for Labour representatives in 1926 came to nothing.¹ A year earlier, in response to the criticism of Labour members on Rota Committees and L.E.C.'s for their apparent equivocation on benefit cases, a Joint Committee on U.I. Administration was created.² Trade unionists were advised to work for a "sympathetic administration" of the U.I. Acts, when sitting on L.E.C.'s.³ A series of conferences on Unemployment Insurance were also held to secure unanimity behind the Labour demands to be put before Blanesburgh, and to influence Labour members of U.I. committees into taking a more sympathetic approach towards the unemployed who came before them. In 1926, Standing Joint Committees were established between Trades Councils and these Labour representatives as a method by the Labour leadership of drawing off the pressure for Labour to quit the Rota Committees in protest at the tightening up of the conditions for extended benefit.

In the 1930's, similar criticism was made of Labour representatives administering the Means Test as members of Public Assistance Committees. But while Labour representation was attacked by the left, and while in any case it was not always very effective in making for sympathetic administration, for the leadership it was of symbolic importance. Thus, when in 1939 under the Unemployment Assistance (Emergency Powers) Act, it was made possible for workers' representatives to be excluded from the U.A.B. Appeals Tribunals, Bevin railed against this "terrible development of bureaucracy", claiming that "We are getting perilously near to a fascist regime in this country, apparently with the consent of our own Party".⁴

In fact, in at least one regard, trade union membership was

¹ Deacon in Briggs and Saville (eds.), op. cit., p.35n.

² Daily Herald, February 14th 1925.

³ Circular, February 1925, at Middleton Papers, JSM/UNE/163, over the names of Bramley and Henderson for the Joint Committee on Unemployment Insurance Administration.

⁴ Labour Party Archives, LP/UM/18/61, Bevin to Middleton, October 2nd 1939.

openly encouraged by the Unemployment Insurance system. This lay in the fact that under the various U.I. Acts the rights of individuals were more limited than the rights of an Association. For example, a trade unionist, by dint of his union membership, had the right of appeal to the Umpire irrespective of the permission or unanimous decision of a Court of Referees to which his claim had been submitted. The T.U.C. opposed the extension of this privilege to the N.U.W.M.¹

The trade union movement was also connected with the State in the operation of U.I. through the Section 17 Arrangements. Section 17 of the 1920 Unemployment Insurance Act permitted trade unions to take the place of the Employment Exchanges in the disbursement of State benefit, subject to the condition that at the same time provision was made for the payment of some trade union benefit. This section of the Act had been introduced at the trade unions' request, and the concern with the method of paying State benefits was an attempt to keep the unemployed within the union fold² - an attempt which, as was shown in the previous chapter, was rather unconvincingly carried into other fields of trade union activity.

Arrangements under s.17 were directly analogous to the position of Approved Societies under the National Health Insurance Acts. They also had something in common with the 'Ghent System' of unemployment benefits, under which the State subsidised existing union unemployment benefit systems, and which the 1918 Labour Party Conference had argued to be the most satisfactory method of State involvement.³

The number of unions, and the membership represented thereby,

¹ Foot, op. cit., pp.162-3.

² Just as Friendly Benefits themselves were supposed to protect trade union membership totals.

³ Labour Party Annual Conference Report, 1918, p.64. For a description of the Ghent system, see H. Heclø, Modern Social Politics in Britain and Sweden: From Relief to Income Maintenance, Yale Studies in Political Science No.25, New Haven and London, 1974, p.70.

which operated s.I7 fell dramatically in the first years of the 1920's, from 183 associations with a membership of 4.1 million in February 1921 to 141 associations with a membership of around 1.0 million in July 1923.¹ Despite this slump, the union movement continued to call for an extension and liberalisation of the scheme. Table 3 illustrates the number of unions operating s.I7 arrangements in the period between 1924 and 1938:

TABLE 3. ASSOCIATIONS² WITH s.I7 ARRANGEMENTS AT YEAR'S END.

<u>Year</u>	<u>Number</u>	<u>Membership</u>
1924	145	964,000
1925	148	1,103,000
1926	154	1,150,460
1927	145	1,042,500
1928	128	930,000
1929	124	847,600
1930	131	880,000
1931	134	872,040
1932	134	780,560
1933	136	752,160
1934	137	732,210
1935	137	763,440
1936	135	738,190
1937	135	836,460
1938	135	848,300

Source: Ministry of Labour, Annual Reports.

The largest single union involved in the scheme during the 1920's and 1930's was the A.E.U., but it was in the textile trades that the scheme was most popular. No less than 34 textile unions were

¹ T.U.C. Annual Report, 1932, p.109.

² In addition to trade unions, there were a small number of employers' societies which operated s.I7 arrangements. Taking 1924 as an example, in that year all but 22 of the associations were trade unions, representing all but 69,000 of the total members covered.

operating the scheme in 1930.¹ However, in reply to a T.U.C. circular, a variety of unions made it clear that under no circumstances would they wish to be associated with the State scheme.² In fact, after the early 1920's, s.I7 arrangements had become an administrative anomaly, but it was one which the T.U.C. remained anxious to defend before a succession of official enquiries.

V

The Committee on Unemployment Insurance under Lord Hlanesburgh was appointed in November 1925 with a wide brief to recommend changes in the U.I. system. The Committee's report is important with regard to this chapter because its signatories included the three Labour representatives - A.E. Holmes of the Printers, Frank Hodges, and Margaret Bondfield - and because of the controversy which followed its publication.

The Report of the Unemployment Insurance Committee represented an admitted compromise. However, it represented no compromise with the proposals for a tax-funded system of benefits put forward by the T.U.C.³ The Committee themselves considered the T.U.C. proposals to be outside the scope of their terms of reference, and it was claimed that the T.U.C. representatives interviewed by the Committee had very sportingly agreed that their programme could not be secured for the time being.⁴ Indeed, by establishing committees with terms of reference confined to 'insurance', successive governments were able to exclude Labour policy from the outset.

Among the recommendations of the Unemployment Insurance Committee was one to effectively limit the rights of associations operating under s.I7 of the 1920 Act. However, its major recommendations were

1 T.U.C. File: I57.311(I).

2 Circular 5 (1929-30), September 25th 1929, and replies in T.U.C. File: I57.822.

3 The T.U.C. evidence is in Vol.II of the Report, 1927, pp.166-187.

4 Report of the Unemployment Insurance Committee, 1927, p.29. However, this assertion was not really accurate; see Arthur Greenwood's replies to qq.I747-I750 and to q.I842, in the Minutes of Evidence, Vol.II of the Report, pp.179, 185.

two. Firstly, changes in the rates of benefit, including a reduction for single men.¹ Secondly, the effective abolition of the dole and the means test. Thus, while some of the unemployed would actually be worse off, the benefit they received would be theirs as a statutory right. Opposition to the Report concentrated upon the benefit reduction, while the Report's defenders and apologists regarded this as a disagreeable but necessary price to pay for the abolition of uncovenanted benefit. The signatures of the three Labour representatives symbolised the problems Labour faced when involved in any way in the operation of a system of which it disapproved.

Bondfield herself explained her signature of the Elanesburgh Report in the following terms:

"The task before me....was to secure a basic change for which I was prepared to sacrifice a detail or two to secure unanimity.."²

The basic change was to secure for the unemployed an income, "altogether apart from the taint of the Poor Law".³ Her defence of the Report was one of expediency. Left to its own devices the Government would have produced a far more reactionary scheme. Yet the 'details' sacrificed by Bondfield included the reduction in benefit,⁴ and on the N.G.S.W. clause - which the Committee went out of its way to praise.⁵ And, from a different viewpoint, Gilbert has concluded of the Report, that by failing to differentiate between short-term and long-term unemployment, the effect upon the insurance scheme "was almost entirely bad".⁶ The Report abandoned

1 Benefits stood at 18/- for a man, 5/- for an adult dependent, and 2/- for each child. The Elanesburgh Committee recommended that these should become respectively, 17/-, 7/-, and 2/-. Thus single men would suffer a decrease of 1/-, while married men would enjoy a net increase of 1/-. The T.U.C.'s demands were for rates of 20/-, 10/-, and 5/- respectively.

2 Margaret Bondfield, A Life's Work, Hutchinson, London, 1948, p.266.

3 Ibid.

4 In ibid., p.275, Bondfield admits that a reduction was recommended, but notes that contributions were to be reduced too.

5 Report of the Unemployment Insurance Committee, 1927, p.47.

6 Gilbert, op. cit., p.91.

the fiction that uncovenanted benefit could be regarded as 'insurance', but did nothing to remedy the imbalance in the finances of the scheme. The 1927 Unemployment Insurance Act, which was based on Elanesburgh, in effect abolished the 'dole' (uncovenanted benefit), since on its operation an unemployed person with 30 contributions to his credit became entitled to 74 weeks of benefit. Effectively the means test was abolished; benefits were a statutory entitlement.

This latter consideration helps explain why, despite the undoubted disquiet at the actions of the three Labour signatories, the official Labour movement was restrained in its criticism. Hutt has suggested:

"..that far from any general repudiation of the signatories there was rather a tacit effort to shield them from the storm of criticism that sprang up".¹

Following the publication of the Elanesburgh Report the National Joint Council convened a special conference to discuss its recommendations, and the signatures of Holmes, Hodges, and Bondfield.² But while the Report's opponents railed against its deficiencies,³ its defenders acknowledged it to be a compromise. Walter Milne-Bailey suggested that Elanesburgh, by accepting that benefit was a statutory right, would "sweep away all these temporary perversions" which had been tacked onto the scheme since 1920, and leave "a comparatively simple scheme working on strict insurance lines".⁴ He concluded:

"Despite the totally inadequate benefits....the fundamental basis of the Elanesburgh scheme is an improvement on the present system...Blind opposition to everything in the Elanesburgh Report can only be considered a disservice to the workers".⁵

Nevertheless, a resolution criticising the Labour representatives for

1 Hutt, op. cit., p.174.

2 National Joint Council, Special National Conference on Unemployment Insurance and the Report of the Elanesburgh Committee, 1927.

3 For example, A. Susan Lawrence, 'Memorandum on the Elanesburgh Report', February 1927, for the Joint Committee on U.I. Administration, T.U.C. File: I57.8II.

4 'Elanesburgh and the Workers', R.27292, May 1927, T.U.C. File: I57.8II.

5 Ibid. See also National Joint Council, op. cit., pp.4-5 for Labour proposals incorporated in the Elanesburgh Report.

signing the Elanesburgh Report was passed by the 1927 Congress, albeit narrowly.¹

A postscript to the Report occurred during the 1929 General Election. Hannington, in an attempt to embarrass Bondfield, stood against her in her Wallsend constituency, but received only a derisory 744 votes, less than 2 per cent of the poll. Bondfield, with over 20,000 votes, had a majority in excess of 7,000 over a Conservative opponent. She relates that it was Hannington and not herself who was chided by hecklers: "What about the Elanesburgh Report?"²

Following Elanesburgh, the next investigation of the U.I. system was that conducted by the Morris Committee, which had been established by Bondfield as one of her first acts as Minister of Labour in July 1929. The Committee's function was two-fold; to report on the constitution and procedures of the Courts of Referees and the investigating officers, and to report on the qualifications needed for receipt of unemployment benefit. The six members of the committee under Morris - the President of the Industrial Court - included Arthur Hayday, the nominee of the T.U.C.,³ and one other Labour representative.⁴ The committee held six sittings, and presented its conclusions on October 24th 1929.⁵

The most important part of the committee's work concerned the 'Not Genuinely Seeking Work' clause. In its evidence, the T.U.C. had demanded the total abolition of the clause, arguing that the only grounds for disqualification from benefit should be if a claimant had definitely refused a suitable offer of employment. The onus was placed upon the Employment Exchange to prove that such an offer had been made and refused, rather than upon the claimant to prove that he had made all possible enquiries after work. This

1 T.U.C. Annual Report, 1927, pp.283-288.

2 Bondfield, op. cit., p.275.

3 The T.U.C. had nominated either Hayday or William Kean - the Ministry chose Hayday. T.U.C. File: I57.82.

4 In addition to Morris and Hayday, the other members of the committee were John Gregorson representing the N.C.E.O., a Mrs. Adams representing the workers' side on Courts of Referees, Professor Frank Tillyard, former Chairman of Birmingham Court of Referees, and J.F.G. Price of the Ministry of Labour.

T.U.C. evidence was encapsulated in what became known as the 'Hayday Formula'. For their part, the employers had defended the N.G.S.W. clause as an essential defence of the Unemployment Fund against abuse.

The T.U.C. did gain some success in influencing the committee to its point of view,¹ but the four non-Labour members could not accept the Hayday Formula as the sole test as to eligibility to benefit. As a result, the committee split with Hayday and Mrs. Adams signing a Minority Report. The majority held that the Hayday Formula should form part of the test, but that disqualification should additionally result if there was evidence as to the availability of work which the claimant failed to demonstrate he had made all reasonable efforts to find. In essence, the balance of proof would still rest upon the claimant to benefit, not upon the Exchange.

As Deacon has shown, the manner in which the N.G.S.W. clause operated was "a policy decision".² It was a deliberate (and successful) attempt to reduce the charge upon the Unemployment Fund. Deacon is, however, in a long line of writers who have accepted the picture of workers tramping the countryside in order to fulfil the qualification to benefit.³ Certainly, the Daily Herald propagated this view of the effect of the N.G.S.W. regulation in its columns.⁴ And it cannot be denied that claimants for benefits found it necessary to claim that they had engaged in this senseless ambulation through the countryside. Claimants were expected to provide a list of firms at which application for work had been made. The longer the list, the more likely was the applicant to receive his

1 Skidelsky, Politicians and the Slump..., op. cit., p.114.

2 Deacon in Briggs and Saville (eds.), op. cit., p.17. His italics.

3 Ibid., p.20.

4 Daily Herald, editorials, July 9th 1929, September 18th 1929, October 25th 1929.

5 Report of the Committee on Procedure and Evidence for Determination of Claims for Unemployment Insurance Benefit, Cmd.3415, 1929.

benefit. As Hayday complained, "The idea appears to have gained ground that unless applicants can show a record of tramping about, they are not genuinely seeking work".¹

This, however, says nothing about the veracity of these accounts of tramping around. A former senior official at the Ministry of Labour later admitted that most of the claims were known to be false.² And Bevin later drew attention to the ineffectiveness of a variety of safeguards, in the sense of failing to catch the work-shy:

"The unemployment period, with a means test and all the other checks against so-called abuse and maintaining the finances of the Fund created in the minds of our people a kind of 'cleverness'. They felt they had to 'beat the State' and hence the whole spirit of the administration with all its conflicts, grew up".³

This is not to say that the N.G.S.W. clause was rendered impotent as an instrument of policy. But its effect was perverse. It was those who could show the longest list of worksites visited (that is, those who most extensively faked their claims) who escaped disqualification. As Cook pointed out, the regulations forced "honest men to be rogues, truthful men to be liars",⁴ a view to which Bondfield also subscribed.⁵ While not all of the claims could have been false, it would appear that most of the miles tramped were imaginary.⁶

When Bondfield introduced her Unemployment Insurance Bill based on

1 Administering Unemployment Insurance: Report of Trades Union Congress Deputation to the Minister of Labour, 1929, p.13. Deputation of December 6th 1928.

2 John Hilton, 'The Public Services in Relation to the Problem of Unemployment', Public Administration, XV, January 1937, p.4.

3 Girchill College, Cambridge, Bevin Papers 2/4, note dictated on unemployment safeguards, April 3rd 1943.

4 T.U.C. Annual Report, 1927, p.280.

5 232 H.C. Deb. 5.s. cc.741-2, November 21st 1929.

6 Most interesting in this regard is the letter from the National Society of Brushmakers to the T.U.C., August 6th 1929, T.U.C. File: 157-82. This notes of claimants, "the greater their experience the more elaborate the list", remarking that it was the less experienced who actually made the "fruitless journeys". "Decent men and women have to lie for if they do not they know the penalty is loss of benefit...Insurance Officers...[and] Courts of Referees [know] that such lists are more often than not faked or elaborated".

the Morris Report she was forced to include the Hayday Formula by a back-bench revolt by the I.L.P. and trade union groups combined. Her bill also increased benefits (although not to the level recommended to Elanesburgh by Labour), but failed to change the waiting period, where trade union pressure was ineffective.¹ Having compromised on N.G.S.W., she was not willing to underwrite any further measures of liberalisation. Thus there would be no insurance scheme for agriculture, and no abolition of the waiting period: ".it is certain that we shall be strongly criticised by our own supporters", Bondfield advised the Cabinet.²

In the House of Commons it was the combination of the I.L.P. and trade union groups which was effective in securing the abolition of the Not Genuinely Seeking Work clause.³ Nonetheless, the legislative acceptance of the Hayday Formula may be regarded as one of the few cases in the entire inter-war period when the T.U.C. successfully imparted its own view on the making of social policy.

Bondfield's curt and off-hand behaviour had helped to solidify T.U.C. opposition to her bill,⁴ but the conflict over the Hayday Formula indicated the conflict of priorities which became increasingly apparent over the life of the second Labour Government. Hayday's request that the G.C. should take part in the drafting of the U.I. Bill had been refused by Bondfield.⁵ Even on an issue as crucial to the bargaining position of labour as Unemployment Insurance the T.U.C. were denied a special relationship with the Government. Indeed, by 1931 the views of the City were afforded a much greater respect than were those of the T.U.C.

It is necessary to add some remarks about the N.G.S.W. clause

1 New Statesman, December 21st 1929.

2 P.R.O., CAB 24/206 C.P.279, 'Unemployment Insurance Bill: Memorandum by the Minister of Labour.

3 See the proceedings in 232 H.C. Deb. 5.s. cc.2599-2722; Skidelsky, Politicians and the Slump..., op. cit., pp.122-130.

4 Report of Deputation to the Ministry of Labour, November 7th 1929, T.U.C. File: I57-34, p.13 (Rowan).

5 At the deputation of November 7th. Skidelsky, Politicians and the Slump..., op. cit., pp.122-3.

itself. Deacon has argued that the N.G.S.W. condition, "was ignored by virtually all sections of the labour movement before 1924".¹ This was in comparison to the "bitter hostility" which Labour reserved for the operation of the means test. As he rightly points out, the Parliamentary Party believed that measures to counter malingering and to deal with the work-shy were necessary and desirable, and it was generally supposed that N.G.S.W. would operate to prevent the abuse of the system by married women.² The decision of the Labour Government to extend the clause in 1924 was considered as a reasonable trade for higher benefits and the abolition of the means test. If his U.I. Bill was to work, Shaw told a T.U.C. deputation, "abuses must be ruthlessly checked".³

It was not until the end of 1925 that opposition to N.G.S.W. broadened out from its base among the Clydesiders to include the T.U.C.⁴ Deacon argues that by this time it was too late to influence the Government against the clause, and that the chance had been missed in the early 1920's, after which the clause became entrenched.⁵ He has suggested elsewhere that:

"..the numbers refused benefit under the seeking work test - some three million in all - constitute an important qualification to the popular view...that the 20's were a period of major concessions to the unemployed".⁶

In calling for a more sympathetic administration of the insurance system, the T.U.C. were in line with the N.U.W.M. which had also, somewhat belatedly, discovered N.G.S.W. as a cause of grievance.⁷ Protests against the clause were to become a regular feature of N.U.W.M.-organised hunger marches in the late 1920's.⁸ The apparent

1 Deacon in Briggs and Saville(eds.), op. cit., p.20.

2 Ibid., p.21.

3 T.U.C. Annual Report, 1924, p.109.

4 Deacon in Briggs and Saville (eds.), op. cit., p.23.

5 Ibid., pp.20, 30.

6 Alan Deacon, 'Labour and the Unemployed: The Administration of Insurance in the Twenties', Bulletin of the Society for the Study of Labour History,

No. 31, Autumn 1975, p.10.
7 P.R.O., PIN 7/74, N.S.W.M. deputation led by Lansbury, February 23rd 1925.

8 P.R.O., PIN 7/101.

tightening of the administration of U.I. was also of concern to the local authorities, who felt that they were being called upon to finance the costs of unemployment through the Poor Law, costs which rightly should have fallen upon the Unemployment Fund.¹

It may be concluded that while the N.G.S.W. clause did not necessarily succeed in removing the work-shy from benefit, it did succeed in substantially reducing the total number of claims payable. Married women, in particular, were dissuaded from making claims for unemployment.² The clause became increasingly the subject of agitation by both the T.U.C. and the N.U.W.M. in the late 1920's. However, the picture of aimless tramping which was used to criticise the operation of the clause was almost certainly greatly exaggerated.³

VI

The Royal Commission on Unemployment Insurance, established in December 1930, was deliberately designed as a holding operation, as a delaying tactic while the Unemployment Fund fell further into deficit.⁴ Its establishment was made without prior consultation by the Government with the T.U.C., which fired off a letter of protest claiming that the Government's action had shown "an absence of appreciation.....of the responsibilities of the General Council's own position".⁵ There were also rumours that the T.U.C. would go so far as boycotting the Commission - rumours not entirely without foundation, although later denied by Citrine and blamed on press speculation.⁶ For while in January 1931 the General Council voted to accept the invitation to give evidence with only three dissentients,⁷ the specialist Social Insurance Committee had discussed a boycott, but could agree on no recommendation to put before the

1 P.R.O., PIN 7/79.

2 William Beveridge, 'An analysis of Unemployment', I, Economica, N.S. III, 1936, p.359.

3 Bakke, The Unemployed Man..., op. cit., p.128, claimed that an average of 4.2 hours per day was spent by the unemployed in their search for work. However, this finding was based entirely upon Greenwich, and his research method (a questionnaire) would seem open to considerable criticism.

4 P.R.O., CAB 24/216 C.P.354, Interim Report by the Panel of Ministers on Unemployment, October 21st 1930, had proposed the Royal Commission and its terms of reference, and an announcement was included in the King's Speech on October 28th. However, Snowden did not announce the terms of reference until December 1st, and the Commission was not officially appointed until December 9th.

G.C.¹ Worthy of note is the reference in the minutes of the Social Insurance Committee to the fear that "...the N.U.W.C.M. might step in and pose as the only defendants of the working class position".² The existence of the Unemployed Movement was one factor then in the ultimate decision of the T.U.C. not to boycott the Royal Commission.

The Commission's terms of reference - which related to the means by which the existing scheme might be returned to solvency - were simply ignored by the T.U.C. in its evidence. The unions argued, with good reason, that the terms of reference by definition excluded consideration of the professed Labour policy, and that the inevitable result of the Commission's deliberations would be the reduction of benefits and the restriction of eligibility. However, while the T.U.C. was pleased to transcend the limits of the Commission's terms of reference, it thereby gave up any real attempt to influence the Commission's Report.³ Just as the T.U.C. had ignored the Commission's terms of reference, so the majority of the Commission simply ignored the T.U.C. evidence.

Nevertheless, it is necessary to summarise the T.U.C. proposals. In essence they were for the payment of fixed sums to all the unemployed for the length of their unemployment. There was to be no means test, and no reduction in benefits. Finance for such a scheme was no longer to be based upon contributions by workers, employers, and the State, but by means of a graduated tax on all incomes. The proposals aimed to bring the Insurance system to solvency by abolishing it. The T.U.C. had not so much boycotted

1 T.U.C. Social Insurance Committee Minutes, December 11th 1930.

2 Ibid.

3 The Royal Commission included no nominees from either the unions nor the employers - see below, p. 373. The two Labour members (Asbury, Rackham) in fact signed a Minority Report sympathetic to the T.U.C. position, but arguing for the continuance of the contributory system.

5 Letter of December 18th 1930, quoted by Pelling, A History of British Trade Unionism, op. cit., pp. 191-2.

6 See his forward to a T.U.C. pamphlet containing the written evidence to the Royal Commission, Royal Commission on Unemployment Insurance: The Trades Union Congress Scheme for State Provision for Unemployment Benefit, 1931, p. 4.

7 T.U.C. General Council Minutes, January 28th 1931.

the Royal Commission as boycotted its terms of reference. The T.U.C. proposals were irrelevant to the task before the Royal Commission, but foreshadowed the ultimate collapse of the Labour Government. Nevertheless, Snowden is said to have believed that expenditure on benefits could be reduced without creating a political crisis.¹

There was a distinction, however, between the T.U.C. evidence to the Gregory Commission and that which had been earlier presented jointly with the Labour Party to Ebanesburgh. On that occasion, while advocating a non-contributory, non-means tested system of benefits, the T.U.C. and Labour Party had said only that the whole cost should be borne by the Exchequer. No recommendation was made regarding particular methods of raising the necessary finance. Before the Royal Commission, as shown above, the T.U.C. proposed a special levy on all incomes. The levy was to be graduated so that those on incomes of less than £250 per annum would pay no more than one per cent of that income in unemployment levy. It was to last until unemployment fell sufficiently so that the whole charge could be met from ordinary taxation, from which the working class were largely exempt.² The idea of a levy was also based on the realistic assessment that no Chancellor would consider a scheme which added unemployment benefits to his current commitments out of income tax. But a special tax or levy could be justified in terms of the abnormal circumstances.³

The Government Actuary estimated that the total cost of all the T.U.C. recommendations to the Royal Commission would represent an annual increase at existing levels of unemployment of £57 million to £175 million.⁴ In addition, the suggested method of finance had

1 New Statesman and Nation, May 9th 1931, referred to Snowden's "optimism" that the Royal Commission would be able to reduce benefits expenditure "without causing grave hardship and raising a political storm" - an optimism which the journal did not share.

2 Before the raising of the tax threshold from £130 to £250 per annum, wartime inflation had meant that many working-class incomes had become liable to tax immediately after the Armistice. According to Frank Hodges, there had been strikes against prosecutions for the non-payment of tax. Triple Alliance deputation to Austen Chamberlain, July 4th 1919, P.R.O., T 172/1000.

3 SIC 2/5/1930-31, Memorandum for the Consideration of the Social Insurance Committee, February 12th 1931, T.U.C. File: 157.83D.

distributional consequences. The vast majority of the costs were to be borne by the middle class. The Actuary estimated that the one per cent levy on incomes under £250 per annum would raise but £16 million, leaving the residue (£159 million) to be raised on incomes exceeding £250 per annum.¹

There is some evidence to suggest that the T.U.C. deliberately delayed the Commission in the presentation of its drafts of evidence,² but despite this the Commission issued an Interim Report in June 1931.³ Its publication set off a storm of protest within the trade unions and on the Labour back-benches.⁴ Citrine promised that the union movement would do everything in its power to prevent the recommendations being carried into statute and, of no little interest, referred to the harmful effect they would have upon the process of rationalisation:

"To cut benefits is to invite opposition from the workers to necessary measures for the reorganisation of industry".⁵

The trade unions were, however, at pains to distinguish between the Report of the Commission and Government policy. There was much about this which was fallacious. By establishing the Commission's terms of reference, the Government had effectively determined its recommendations - as the T.U.C. had always realised. Yet the unions preferred to argue that they were the defenders of the Government against the Royal Commission which it had established. By this logic, the T.U.C. was not in opposition to the Government, but its most trusted supporter. A report adopted by the General Council argued that the "Government should be supported by every possible means in resisting

1 P.R.O., PIN 6/42.

2 Smyth denied this to H.B. Usher (Report of Telephone Conversation, March 9th 1931) but a handwritten note by Citrine for the General Council, December 17th 1930, includes the words, "Not help the Commission to rush report". Both items in T.U.C. File: 157-83D.

3 Royal Commission on Unemployment Insurance, Interim Report, Cmd.3872, 1931.

4 Daily Herald, June 6th 1931.

5 Ibid.

4 P.R.O., PIN 6/42. From a different viewpoint, the Actuary also regarded with disfavour the proposals of the employers which, by forcing the unemployed onto the Poor Law, would actually increase the net demand on taxation.

pressure which may be brought to bear on them to implement the Commission's recommendation for a reduction [in benefits]..."¹
 Hannington can hardly have been alone in finding this fiction somewhat ludicrous.²

But while the Commission's recommendations did flow directly from the terms of reference, the T.U.C.'s opposition was a major element in the Government's decision not to carry out these recommendations, at least for the present.³ That is to say that trade union pressure was effective upon the Government. The T.U.C. organised a series of conferences to condemn the Royal Commission's Report, but a programme of public demonstrations was cancelled because of the Government's decision not to proceed with benefit cuts.⁴ At the conferences, amendments in condemnation of the Anomalies Bill were not permitted, except at Newport, following Bevan's interruption.⁵

Earlier, on June 15th, MacDonald had met members of the General Council to affirm that the Government intended only to deal with that section of the Commission's findings dealing with so-called 'anomalies'.⁶ There was in fact little or no opposition from the T.U.C. to measures designed to prevent married women from signing on the register and claiming benefits, while not genuinely desiring to enter the labour market. The dropping of the N.G.S.W. clause (as has been shown, at T.U.C. insistence) has been taken to explain the growth in recorded rates of female unemployment during 1930-31.⁷ The trade unions had no real objection to the remedying of this

1 Report of the Social Insurance Advisory Committee on the Recommendations of the Royal Commission on Unemployment Insurance, S.I.C. 9/1930-31, para.3. This is appended to T.U.C. General Council Minutes, June 12th 1931, at which meeting the report was adopted.

2 See his foreword to the N.U.W.M. pamphlet, Our Reply to the Royal Commission on Unemployment, op. cit., p.4.

3 Skidelsky, Politicians and the Slump..., op. cit., pp.317-8.

4 Circular 108, June 12th 1931, T.U.C. File: 157.83C.

5 Report of Conferences on the Report of the Royal Commission on Unemployment Insurance, S.I.C. 12/2/1930-I, August 27th 1931, T.U.C. File: 157.83D.

6 G.C. 14/3/1930-I, T.U.C. File: 157.83D. MacDonald noted in his diary that the T.U.C. deputation had asked, "in effect that as the handling of abuses in unemployment pay was difficult no attempt should be made to reform any abuse" P.R.O., MacDonald Papers, PRO 30/69/8/1, Diary entry, June 16th 1931.

7 Beveridge, op. cit., p.359.

'anomaly'.¹ In its evidence (para. 28) the T.U.C. had referred to the anomalies and abuses in the scheme for which remedies were required, although arguing that "...if all the so-called abuses were entirely eliminated it would have very little effect on the finances of the scheme".²

Agreement between the Government and the T.U.C. was also reached on the question of benefits for those employed on a part-time basis. The unions accepted the proposal for a Central Advisory Board, representative of both sides of industry, to draft regulations covering all types of anomaly. And the T.U.C. agreed that part-time workers should have deducted from their benefit 50 per cent of all earnings above 25/- per week.³ The main concern over the Government's original proposals had come from the Mining Industry.⁴ In the longer run, the main incidence of the Anomalies Act was probably on the textile workers.

Perhaps the major interest of the whole episode of the Royal Commission lies not so much in the T.U.C. recommendations; increases in benefits, reductions in the waiting period, and the extension of U.I. to other workers including agricultural workers, but rather in what it demonstrates about Government-T.U.C. relations. It has already been shown that the T.U.C. was angered by the establishment of the Royal Commission. This condition was exacerbated by the Government's own tactlessness. A T.U.C. deputation met MacDonald to protest at the setting up of the Royal Commission, and the lack of consultation on Government policy in early January 1931.⁵ Hayday complained at the "unfair treatment" meted out to the unions with regard to

I Smyth claimed that the matter was discussed at the General Council on June 25th 1931, where the feeling "was that the method chosen for dealing with the position is on the lines of the Council's evidence to the Royal Commission" - Smyth to G.C. speakers at Area Conferences, June 25th 1931. However, there is no reference to this discussion in the relevant G.C. Minutes. The T.U.C. later showed disquiet at the way in which the Anomalies Regulations were operating for married women. (T.U.C. File: I57.36(II)).

2 Royal Commission on Unemployment Insurance, Minutes of Evidence, p.970.

3 Janeway, op. cit., pp.188-189.

4 New Statesman and Nation, July 25th 1931.

5 Verbatim transcript of deputation, January 2nd 1931, in P.R.O., T I72/I769, from which all quotations are taken.

the Royal Commission, suggesting that the terms of reference were "deliberately intended to strike off at least 300,000 of the present recipients from Unemployment Insurance benefit". It was not possible to deal with unemployment benefits on an actuarial basis. However, MacDonald and Bondfield were more concerned with systematic short-time working. And, as tempers frayed on both sides, MacDonald referred to the "very heartening" letters he had received from Labour supporters showing alarm at the abuse of benefits. He warned the trade unionists of the dangers resulting from an unbalanced budget "if only for psychological reasons". MacDonald appeared quite unaware of the anger which had resulted from, as Hayday remarked, "a growing feeling that the Labour Government have not been as fair to us as some of the other Governments".

But where MacDonald was in ignorance, he had not been helped by Bondfield's gauche handling of Citrine. Apparently unaware of the procedures by which Citrine set so much store, Bondfield had invited him to accept nomination for the Royal Commission over lunch on November 21st, also showing him the proposed terms of reference. Not surprisingly, this unofficial approach set Citrine on his guard and resulted in a point-blank refusal. He wrote that he had informed Bondfield that "I would certainly not advise the General Council to take part in the Commission and that I strongly objected to the manner in which I had been treated".¹ In the event, the Government wisely decided to avoid the indignity of a refusal by the T.U.C. to nominate a member of the Commission, and decided to seek nominations from neither union nor employer organisations.²

Much of the development of the T.U.C. after 1926 may be characterised as an attempt to secure the right to influence Government policy. 'Trade union consultation' is an objective which runs throughout union pronouncements. Thus, the least which might

¹ Memorandum of interview, November 21st 1930, T.U.C. File: 157-83D.

² As forecast by Clynes to Citrine and Hayday. Memorandum of interview, November 26th 1930, T.U.C. File: 157-83D.

be expected was that a Labour Government should prove more open to T.U.C. representations, and that the T.U.C.'s consultative status should be respected. This was all the more so when crucial questions for labour like unemployment and unemployment insurance were concerned. The anger of the T.U.C. at the announcement of the Royal Commission can only be understood in this light. Not only was it suspected that the Commission would recommend an attack upon unemployment benefits - with a consequential impact upon the wages position - but there had not even been the pretence of consultation with the trade unions. Worse still, this snub had come at the end of a period during which the unions had deliberately held back from criticism of the Government, out of loyalty to the movement as a whole, despite the apparently inexorable increases in the totals of unemployed.

The T.U.C. had believed that throughout the life of the Labour Government it had been treated in a peremptory fashion. Thus, in a sense, the Royal Commission and the Government's ultimate proposals to reduce benefits were simply the final indignity. But while it had been possible to refrain from criticism so long as union bargaining strength was not endangered, the T.U.C. could not stand aside as welfare benefits were attacked. In the face of the August crisis the T.U.C. may not have acted solely in defence of its sectional interests, but the protection of benefits was believed essential for the protection of wages. Thus, in reply to the Royal Commission's Interim Report, the T.U.C. had written:

"No amount of misrepresentation, no threats or cajoleries, from those who seek to worsen the position of the unemployed workpeople in the interests of what is called a 'flexible labour market' will cause the Trade Unions to weaken in their demand, now as always, for fair play for the unemployed".^I

I T.U.C., Fair Play for the Unemployed: The Trade Union case against the Royal Commission's Report, 1931, p.23 (Italics added).

It was because, above all, benefit cuts were believed to facilitate wage cutting that the open conflict arose between the MacDonald Government and the union movement on the issue of the Royal Commission.

VII

The 1934 Unemployment Act, a comprehensive attempt to rationalise the insurance and relief systems, established two new bodies to run the bilateral scheme. The Unemployment Insurance Statutory Committee, an independent body to administer the U.I. scheme had been fore-shadowed in the evidence of both the unions and the employers to the Royal Commission.¹ There had, however, been differences in the proposed functions of such a body; the employers regarding it as the guardian of the Unemployment Fund, the trade unions as a sort of Court of Appeal on particular anomalies. In fact, when the Unemployment Bill had been published, the T.U.C. had expressed the fear that taking U.I. out of politics was "highly dangerous".² But, under Beveridge's Chairmanship and "guiding influence",³ the U.I.S.C. did successfully remove Unemployment Insurance from day-to-day political controversy. Arthur Shaw of the Textile Workers became the sole trade union representative on the Committee.

Perhaps of more interest was the other creation of the Unemployment Act, the Unemployment Assistance Board. This was established to run the supplementary relief system on a national and uniform basis. Sir Henry Betterton, who as Minister of Labour between 1931 and 1934 had presided over the Unemployment Bill's passage through Parliament, became the Board's first Chairman, taking the title Lord Rushcliffe. The very existence of the U.A.B. was an

¹ New Statesman and Nation, May 9th 1931, argued that this was the one proposal held in common by the two sides. However, both sides had also wanted a reduction in the costs of U.I. falling on industry - the N.C.E.O. by reducing contributions, the T.U.C. by abolishing them.

² T.U.C., The Government Evades its National Responsibility: T.U.C. Criticism of the Unemployment Bill, 1933, 1933, p.8.

³ Burns, op. cit., p.306. For a full account of the U.I.S.C., see ibid., pp.300-9.

open contradiction of the trade union position that welfare benefits should be generous in amount and unlimited in duration. For the U.A.B. was a net to catch those whom either the U.I. system had rejected, or who had exhausted their entitlement.

However, it is interesting to note that the Labour movement failed to predict the anger which was to result when the U.A.B. published its first benefits scale. T.U.C. criticism of the Act had concentrated upon its proposals for Test Work and Training Camps,¹ and in a memorandum on the draft regulations - which were issued in December 1934 - the Labour Party Research Department was to note only that some reduction in payments might result in areas of low rents.² A qualified welcome to the scales was also given by the Daily Herald.³ There was no forecast of the largely spontaneous uproar, both inside and outside Westminster, and which transcended political boundaries, which led to the rescinding of the scales. The upsurge of popular resentment, and the number of demonstrations held in protest, seem to have surprised the Labour Movement as much as it must have done the Government and the U.A.B.⁴

The furore over the U.A.B.'s scales led the Government to introduce an emergency 'Standstill' Act, under which claimants would receive either U.A.B. or local Public Assistance Committee rates of benefit, whichever was the higher. In effect, the U.A.B. scale had become a national minimum. Less than one-half of all claimants were relieved on the U.A.B. scale,⁵ demonstrating the degree to which it had been pitched too low. The majority of the workless receiving relief were simply better off on the old Poor Law standard. As Fraser has pointed out, "A popular Poor Law was indeed a novelty..."⁶

1 E.g. T.U.C. Annual Report, 1934, p.246 for the resolution, unanimously supported, that the Act was "rightly termed the 'Slave and Blackleg Act'".

2 Middleton Papers, JSM/MP/I, Memorandum on the Unemployment Assistance Regulations, December 1934.

3 Daily Herald, December 12th 1934.

4 A conclusion shared by Gilbert, op. cit., p.183.

5 Burns, op. cit., p.218n.

6 Derek Fraser, The Evolution of the British Welfare State: A History of Social Policy since the Industrial Revolution, Macmillan, London, 1973, p.182.

Hannington and Hutt have both argued that the official Labour leadership was especially slow in mounting opposition to the U.A.B.¹ Hannington goes as far as to suggest that had the T.U.C. and the Labour Party "clearly identified themselves with the great struggle which was raging", then the Government itself could have fallen.² From a different viewpoint, Bullock has perhaps over-emphasised the impact of T.U.C. and Labour Party opposition.³ In explaining the rescinding of the scales, it may be argued that what is striking is the degree to which opposition was voiced by all shades of political opinion - and what were perhaps crucial were the opinions of Conservative M.P.'s who had won seats in the depressed areas in the 1931 Landslide.⁴ On the other hand, the most recent account of the crisis has emphasised that the Government was forced to respond by the series of demonstrations, not by Parliament. The resolution of the crisis illustrates the fragility of social peace in the 1930's.⁵

Important though it may be to discover if the Government's suspension of the U.A.B. scales was the response to the extra-Parliamentary threat of violence or to the fears of its own back-benchers, the really essential point about the crisis is that it had eventuated by mistake. What happened in 1935 was not that the Government was forced to reverse a definite policy position (for example, a series of benefit cuts on the model of 1931). There had been no intention to cut benefits (except in a few areas where P.A.C. administration had been considered especially 'lax'). The whole crisis was a mistake which had resulted from the Government's ignorance of the conditions of the unemployed, particularly in

1 Hannington, Unemployed Struggles..., op. cit., pp.310-312; Hutt, op. cit., pp.265-6.

2 Hannington, Unemployed Struggles..., op. cit., p.316.

3 Bullock, op. cit., p.541, describes the rescinding of the scales as "...a notable success for Labour".

4 Gilbert, op. cit., pp.184-5; Stevenson in Peele and Cook (eds.), op. cit., p.162.

5 Fredric Miller, 'The British Unemployment Assistance Crisis of 1935', Journal of Contemporary History, 14, 2, April 1979.

regard to the low levels of rent which were being paid. Thus, the Government was not so much forced to reverse its policy (except in so far as the 'independence' of the U.A.B. from political interference was shown to be a myth) but rather into rectifying a mistake, albeit at considerable political and financial cost.

While Labour's role in the resolution of the crisis was perhaps limited, the Party was willing to use the opportunity gratuitously provided by the U.A.B. to organise a series of demonstrations,¹ perhaps also bearing in mind a forthcoming General Election. The temporary withdrawal of the regulations was announced on February 5th 1935, but the following day the National Council of Labour decided to proceed with the planned demonstrations.² After all, the movement stood for something better than the status quo ante. The demand was for both improvements in allowances, and for abolition of the household means test introduced in the 1934 Act.

The National Council of Labour established a special Unemployment Act Sub-committee to discuss further steps to be taken regarding provision for the unemployed. Its eventual report re-stated the case for a system of benefits funded by a levy on incomes, as had been proposed by the T.U.C. to the Royal Commission in 1931.³ And a year later, Labour organised a "confused" London protest conference against the U.A.B. regulations.⁴ But, by late 1937, a proposed 'National Conference on Unemployment and the Distressed Areas', which had been called to publicise the claim for higher unemployment benefits, had to be cancelled because of the poor response of Trades Councils, Labour Parties, and trade unions to the invitation to send delegates.⁵ While on two occasions during the 1930's the

1 For details of the plans, Middleton Papers, JSM/MT/12-14.

2 National Council of Labour Minutes, February 6th 1935. At its meeting on January 31st 1935, however, the Council had decided to ignore a letter from the I.L.P. and the C.P. calling for united action against the U.A.B. scales.

3 Report of the Sub-committee on the Unemployment Act, Middleton Papers, JSM/MT/42.

4 Manchester Guardian, July 23rd 1936.

5 National Council of Labour Minutes, January 25th 1938; Citrine to Hendon and District Trades Council, March 9th 1938, T.U.C. File: I35.2.

reduction of benefit had aroused the steadfast opposition of the Labour movement, it was perhaps not surprising that the demand that a Conservative Government should increase it should generate no enthusiasm.

VIII

And, from the point of view of the defence of the wages position, the union movement did not have an entirely unsatisfactory record with regard to unemployment benefits. For while the levels and availability of benefit were never generous, they were sufficient to remove the threat of mass blacklegging. Moreover, with the value of benefits rising in real terms (except in the immediate aftermath of the 1931 cuts) they permitted unions to take a firm defensive stand against wage reductions. The T.U.C.'s close interest in Unemployment Insurance reflected the role of benefits in the defence of wage earnings.

However, when it came to substantive improvements in benefits policy, the T.U.C. was almost entirely unsuccessful. To a large degree this derived from differences existing in the 1920's between the political and industrial wings of the Labour Movement. While the right to benefit had been established by both sides in 1921,¹ no such accord had been reached on the question of State responsibility. Skidelsky has written:

"The main protagonists of state responsibility in the nineteen-twenties were the trade unions, who, in effect, wrote out party policy on this point, with only lukewarm support from the parliamentary leaders".²

Not only is this difference crucial to explaining the conflicting priorities in 1931, it also explains the ease with which the two Labour Governments were able to ignore previous Party pronouncements on the desired benefits system. The Labour politicians had considered themselves only nominally bound to such a revolution even in Opposition, much less in Government. The proposals of the trade

¹ Unemployment: A Labour Policy, *op. cit.*, pp.19-20.

² Skidelsky, Politicians and the Slump, *op. cit.*, p.45.

union side were simply not taken very seriously by their Parliamentary colleagues. The contributory principle was as sacrosanct on the Labour front-bench as it was to the Conservatives.

The attitudes of the trade union movement were only politically effective in regard to the N.G.S.W. clause, and in the Government's decision not to proceed immediately with the recommendations of the Royal Commission on Unemployment Insurance.¹ The only other method in the hands of local Labour and trade union activists to improve the benefits received by the unemployed was by the 'lax' administration of the Poor Law - although there is evidence that Councils other than those which were Labour-controlled were equally lenient in their administration.² Indeed, the Royal Commission itself admitted that factors like cost of living differentials could explain much of the acknowledged disparities between areas. "Perfect unanimity in the principles of administration....might be accompanied by a wide diversity in the percentage of disallowances".³ Local conferences were held to iron out some of the avoidable disparities,⁴ but in only a small minority of cases did the Government take the ultimate step and install appointees in place of elected local representatives.

Agitation on matters concerned with unemployment benefits was a major concern of the T.U.C. between the wars, and the defence of benefits was successfully effected - although this was not solely a trade union success. The expansion and liberalisation of the benefits system was, however, beyond the power of the unions. In this regard, the allegations of T.U.C. 'dictation' in August 1931 are quite misplaced. In a sense, it was a failure to dictate (a failure for

1 A more minor gain was the reduction in the waiting period in 1937 to 3 days, a reduction which owed something to T.U.C. pressure, but obviously more to the state of the Fund. U.I.S.C., Fourth Report on the Financial Condition of the Unemployment Fund (General Account) as at 31st December, 1936, House of Commons Paper 51 (1936-37), pp.17-18.

2 E. Briggs and A. Deacon, 'The Creation of the Unemployment Assistance Board', Policy and Politics, 2, I, 1973, p.45; Noreen Branson and Margot Heinemann, Britain in the Nineteen-thirties, Weidenfeld and Nicolson, London, 1971, p.27, for examples.

3 Royal Commission on Unemployment Insurance, Final Report, Cmd.4185, p.63.

4 Ministry of Health, Annual Report, 1931-2, p.199.

which the T.U.C. made some attempt to compensate in the 1930's) which permitted the crisis to evolve in the form it did. In terms of a radical, new benefits programme, the T.U.C. could claim no more success than could the N.U.W.M. with the tactics of direct action. Yet even without such a programme, the existing benefits system was a major advantage to the union movement on the wages front.

Chapter 11.

CONCLUSIONS AND PERSPECTIVES.

In this concluding chapter the most important conclusions reached in previous chapters are summarised, together with some judgements based upon the thesis taken as a whole.

The overall themes and conclusions of the thesis form Sections I and III, while Section II draws together the various assessments made in the earlier pages.

I

It has been the objective in the preceding pages to trace the reaction of the British trade union movement to the inter-war unemployment problem. It may be said that wages have appeared as the focus of trade union attitudes, and that in their defence the unions enjoyed a not inconsiderable degree of success.

On the other hand, in the development of economic policies to counter unemployment, the T.U.C. appears to have had no "clear understanding of the problem, [n]or any high degree of economic statesmanship".^I Politically, too, the trade unions had a record of failure. The improved standing of the T.U.C. at the end of the period covered in this thesis reflected the personal capabilities of a small number of individuals, and the general rigidity of wages which had been enforced after 1922. In fact, while the downward stickiness of wages was the major aim of the unions in the face of the levels of unemployment, its achievement in turn tempered their reaction to the continuing numbers without a job.

II

It has been shown that while trade union membership fell dramatically after 1919, the Trades Union Congress proved to be a most resilient organisation. The greatest single threat had perhaps been the Quadruple or Industrial Alliance, but although its collapse owed much to the wrecking tactics of the M.U.R., it was also to the fear that it would develop into a rival body to the General Council. In practice, none of the various attempts to co-ordinate union strategy were noted for their effectiveness, with the exception of Red Friday.

For most of the inter-war period, the trade unions covered less than 25 per cent of the workforce, and it was demonstrated that some relationship between the rate of unemployment and the rate of change in unionisation can perhaps be derived. But the view taken

^I Sidney and Beatrice Webb, *op. cit.*, p.704, referring to the reaction of successive Governments to unemployment in the 1920's.

throughout the thesis was that, in spite of the fall in membership and income, union defensive power was not totally broken by unemployment. While unemployment did not affect all unions equally, (and its incidence among the unskilled did not prevent the expansion of the two general unions in the 1930's), social and economic circumstances not directly determined by the unions must have played an important part in the consolidation of union achievements. The defence of wages is very apparent in the T.U.C. attitude towards unemployment benefits, and the existence of this comprehensive benefits system was perhaps a major element in the stability of wages. The union defence of benefits reflected this fact. That the threat to benefits was also a threat to wages explains in large part the T.U.C.'s re-entry into the political sphere in 1931.

More generally, with regard to relations with the Labour Parliamentarians until that date, it was concluded that the unions' own strategy had permitted the Parliamentary Party the right to operate without trade union direction. Bevin's distrust of politicians, and his attempt to prevent Labour taking office without a majority,¹ was unrepresentative of dominant trade union opinion. Loyalty to the Labour politicians distanced the unions from like critics of Party policy in the I.L.P. especially. But Bevin himself was suspicious of Mosley,² and in October 1930 the General Council had rejected a suggestion made by Cook that Mosley be allowed an opportunity of explaining to them his proposals on unemployment.³

Labour Governments, like their Conservative counterparts, treated the T.U.C. in the same manner as they did other pressure groups. And by their neglect of the political perspective, the unions permitted these two Labour Governments to define a 'national interest' in terms no different from those of their political opponents.

¹ Labour Party Annual Conference Report, 1925, pp.258-260. Bevin also bitterly resented Macdonald's criticisms of the unions in regard to the General Strike. Bevin Papers, C2/4/6, Bevin to Henderson, June 4th 1926.

² Bullock, op. cit., p.450.

³ T.U.C. General Council Minutes, October 22nd 1930.

Indeed in 1924, MacDonald had been allowed his objective of demonstrating a 'fitness to govern' defined by the Conservatives and the Liberals. Thus, while union defensive capability was not destroyed, even under a Labour Prime Minister the unions lacked the ability to demand extensions to Government activity and the right to be fully consulted.

But the muted response to the continuing levels of unemployment during the lifetime of both Labour Governments also reflected the discovery that the bargaining power of labour, while impaired, was not eliminated. It was noted in the chapter on T.U.C. relations with the unemployed that the way in which the workless were left largely unorganised would have been much harder to substantiate had blacklegging and under-cutting actually been taking place. Thus while loyalty to the leadership can explain in large part Beard's claim in his 1930 Presidential Address that he was not appalled by the figure of 2 million unemployed, and that he stood "by the captain - by James Ramsay MacDonald",^I it was also a reflection of the continuing achievement of industrial objectives in spite of the numbers remaining without employment.

Trade unionists consistently emphasised that their wages policies were not an element in the continuing unemployment problem. But the Mond Scheme was discussed in some detail because it threw into sharp relief the choice that was faced between wages and employment. It was shown that the unions' over-riding objection to Mond's proposal was to its implicit assumption that wages were the problem. Only in shipbuilding - the industry suffering from the highest rates of unemployment - did the Mond Scheme receive union support. This is not to say that union opposition was at all instrumental in the Government's rejection of the scheme, indeed the Government's own criticisms were analysed in some detail, but the union attitude

I T.U.C. Annual Report, 1930, pp.68, 69. Beard's remark was echoed at the 1935 Congress, when that year's President stated: "Six years ago, when our Congress met in Nottingham, the figure of 2,000,000 unemployed then recorded did not, perhaps, perturb any of us overmuch". Ibid., 1935, p.67.

was entirely representative of their automatic impulse to protect wages.

The stark choice between wages and employment in the Mining Industry, where wages accounted for around 70 per cent of total costs, illustrated that even the threat of substantial unemployment was not sufficient to undermine union wage bargaining. In the years before 1926, the M.F.G.B. had reached the simple formula that if an undertaking could not support the national agreement then it should go out of business. Considerations of employment would not induce the moderation of wage inflexibility. By demonstrating the relationship between the miners' claim against wage reductions and the case for rationalisation, it was shown that the position of the miners was not essentially different from that of the T.U.C. And the refusal to bargain wages against employment was stated explicitly by the T.U.C. before the Macmillan Committee, and again in the 1944 pronouncement on post-war reconstruction.

Unemployment also threatened earnings, by increasing the incidence of short-time and reducing overtime opportunities. Some sacrifices were made in both these regards, although it is clear that they were unpopular with trade union members. Union leaders found it impossible to prevent overtime working, and the demand for legislation on this issue reflected the unions' weakness concerning both the employers and their own members. In negotiating short-time arrangements, unions were able to mitigate the loss to earnings by maximising entitlements to unemployment benefits. And the apparently permanent nature of the unemployment problem was also used in support of the demand for a shorter basic week. However, it was argued that this was essentially a propaganda argument which was unlikely to carry much weight with the employers. The motivation for reduced hours was not unemployment, but it was among a variety of proposals to which the T.U.C. lent support with the declared objective of reducing the size of the workforce.

Although in this thesis have been outlined many of the policies for which the T.U.C. argued on employment grounds, it is questionable to what extent there evolved a distinctive trade union programme for dealing with unemployment. Within the limits set for the development of an unemployment programme, there existed a full range of policies which were supposed to improve the employment position, but which in the first place were recommended on the basis of their intrinsic merit. Policies like those on Pensions, Hours, and the School-leaving age come to mind in this regard. Moreover, the T.U.C. had a highly restrictive approach to increased employment.^I This presupposed the ability of the economy to develop along a carefully defined path, compatible with a whole range of trade union conditions.

Nevertheless, the Mond-Turner Unemployment Report was treated as an important statement of trade union thinking. In contrast to the early 1920's when the union movement interpreted unemployment in terms of the Government's foreign policy, in the Mond-Turner Report the emphasis is upon a domestic solution. The Report, which is testimony to the T.U.C.'s political moderation after 1926, stresses the need for rationalisation. It also signals the growing distrust of Government monetary policy. Admittedly a compromise document, from which controversial topics were deliberately excised, it was concluded, notwithstanding, that the Report accurately represents the basic attitudes held by the T.U.C. at this time. The unions regarded the Mond-Turner discussions as a genuine attack upon economic and industrial problems - in contrast to most contemporary and later comment which has interpreted them more narrowly as an exercise in Industrial Peace. But the discussions had neither the desired impact on the Government, nor did they alter industrial relationships.

Trade union advocacy of rationalisation - advocacy which in the

^I Evidenced in regard to dilution in the rearmament boom of the late 1930's, and in connection with the absorption of ex-servicemen after World War One.

1920's appears to have exceeded that of the employers - derived from its offering a safeguard to wages, whilst reducing unit costs. However, it was shown that this support waned as unemployment rose rapidly after 1929. Nevertheless, the T.U.C.'s commitment to rationalisation was perhaps directly responsible for its advocacy by the Second Labour Government through the person of J.H. Thomas. There were, in any case, similarities between rationalisation and socialism, but for the T.U.C. the wages argument was always uppermost. It was argued that despite the broad support for rationalisation, the T.U.C. had at best a partial understanding of the processes involved. There was an apparent failure to appreciate the inherent conflict between cartels and increased efficiency, and a simplistic approach towards the impact of productivity improvement upon employment. It was concluded that despite being championed as an employment policy, rationalisation was rather a response to the downward stickiness of wages in the export sector. The immediate need was for short-term solutions among which rationalisation could not be numbered.

In regard to monetary policy, the impact upon wages was again an important determinant of T.U.C. attitudes. The Gold Standard, while its mechanics may not have been understood, was increasingly viewed as a threat to wages, and as an important cause of the unemployment problem. The Mond-Turner talks signified a joint expression of anger against the City by both sides of industry. However, with the exception of Bevin, trade unionists did not either individually nor collectively produce a coherent critique of monetary policy or of Gold.

In the protection of wage rates the unions emphasised the need to keep up the level of working-class purchasing power.^I And by focusing upon the alleged deficiency of purchasing power in the

^I But the T.U.C. gave no support to the 'Living Wage' policy of the I.L.P. - an interference in industrial affairs which Bevin anyway resented. "...you will discover that you cannot handle wages by attaching them to the tail of a particular slogan", he warned Fenner Brockway. Bevin Papers, C2/2/10, Bevin to Brockway, April 13th 1926.

economy, T.U.C. policy did imply a rejection of Say's Law. However, in other respects trade union thinking and policy was still strongly influenced by Nineteenth Century Liberalism. This was perhaps especially true in respect of tariffs. But on this subject there was no consistent trade union attitude. The Free Trade position remained strong during the 1920's, but the unions swiftly came to terms with the new situation after 1932, and there was remarkably little anguish expressed at the demise of Free Trade. The known differences within the movement, together with an instinctive opposition to taxes on food, both acted to prevent a full re-appraisal of its position by the T.U.C. But also important was the fact that tariffs were a policy of the Conservative Party, moreover one believed to be electorally disadvantageous.

One of the major conclusions of this thesis has been that, in the development of policies to meet the unemployment problem, the trade unions were not marked out by a peculiar degree of wisdom. In connection with no topic is this more obvious than migration. The T.U.C.'s continued advocacy of migration schemes in the face of open hostility from the Labour movements in the Dominions exhibited an almost capricious lack of realism. The T.U.C. showed no sensitivity to conditions in the Dominions, nor to the objectives of their leaders. As in the 1930 Report on intra-Imperial trade, it was simply assumed that the interests of Britain and the Dominions were identical. It seems to have been only barely appreciated that Britain could neither impose immigrants nor Empire Free Trade upon Australia, Canada, and New Zealand.

But in discussing the alleged superiority of the T.U.C.'s economic thinking, the real problem lies in attributing weights to the various policy positions taken. Thus, against the opposition voiced to the deflationary impact of Government policy in the 1920's may be counted the trade union support of the balanced budget in 1931. In so much as the attitude towards devaluation was in advance of

other sections of opinion, this may be contrasted with the virtual ignoring of the actual return to gold in 1925. The role of the State in economic activity - and Labour spokesmen had always favoured a more activist Government policy - may be contrasted with the frequently voiced belief that only Socialism could provide a 'cure' for unemployment.^I

Nowhere was policy more ambiguous than in regard to public works. Public works were not a new policy. They dated back to the Minority Report of the Poor Law Commission and beyond. But it was in the period immediately after 1918 in particular that trade unionists emphasised the place of counter-cyclical Government expenditures. Indeed, the various pronouncements suggest an optimism about finding a solution to unemployment, and a belief in public works, which were to be sadly dashed by the 1924 Labour Government. It was argued that the experience of this Government effectively ended union faith in public works during the 1920's.

Public works did enjoy a return to favour in the 1930's, and this was given an added impetus by the example of the Roosevelt New Deal. But it is apparent that they were to play only a subsidiary role in the attack on unemployment. The New Deal itself had fired the imagination of the T.U.C. because of its immediate effects upon wages and trade union membership, not because of its programme of Government works. And in the reaction to the New Deal, as during 1931, the union movement placed its ultimate faith in public ownership and control rather than in 'Keynesian' remedies. The contempt shown for Lloyd George's proposals in the late 1920's reflected the still potent distrust felt for him personally, and of course loyalty to the Labour Party leadership. But it also resulted from a genuine disbelief in his measures. While, as has been pointed

I So that at the conclusion of Bevin's comprehensive programme for reducing the size of the workforce, he too added that the final cure for unemployment had to be on the basis of public ownership. Bevin, My Plan, op. cit., p.19.

out, the Labour proposals of the period immediately after the Armistice do presage Lloyd George's New Liberalism.¹ Nevertheless, after the experience of the early 1920's, all sections of the Labour movement had reached the conclusion that unemployment could not be cured under capitalism.

In the extended account of T.U.C. policy leading up to the 1931 crisis, the determination to protect wages and social benefits was highlighted. It was argued that while the T.U.C. had only an imperfect understanding of the nature of the crisis, its proposals were consistent with the protection of the wages position. On the other hand, the very absence of mass blacklegging and the undercutting of union agreements by the unemployed was used to explain the T.U.C.'s unwillingness to organise the unemployed. Even in the early 1920's, the T.U.C.'s relationship with the N.U.W.M. was far from amicable, and was not used to effect an increase in labour's defensive strength. And while political animosity makes intelligible in large part the antipathy for the N.U.W.M.,² this antipathy and the failure to organise an alternative 'moderate' Unemployed Movement was only possible because the unemployed did not compete with union standards in the labour market. The T.U.C. was in any case hamstrung by the desire of its affiliated unions to preserve their autonomy - although this was not wholly irrational in terms of maximising union influence over the unemployed. (That unions remained jealous of their prerogatives and suspicious of T.U.C. direction was also evident in the discussion of rearmament, for example). Nevertheless, the failure to do more to retain the unemployed within the union fold can only be explained in terms of the continuing level of union authority in spite of membership loss, and a system of social benefits which prevented the undermining of that authority.

It may be claimed that the T.U.C. did not totally reject

¹ Mackay *et al.*, *op. cit.* See above, p.36.

² But note that this political antipathy was related to the perception of the C.P.G.B. as an organisational threat. Citrine, *op. cit.*, p.253.

direct action and street protest even after 1926, nevertheless, its tactics were marked by an overriding commitment to more formalised methods of pressure group politics. For example, throughout the period, hunger marches were rejected outright - despite their honourable history in working class protest. Even when the unions' most fundamental interests appeared threatened by the 1927 Trade Disputes and Trade Union Bill, the T.U.C.'s campaign of opposition scrupulously avoided the use of industrial action.¹ During the most vocal period of union interest in unemployment in 1925, it was apparent that industrial militancy was not to be employed, and that the problem was rather one which required a general political solution. This compared with the support pledged at this time to the miners, which may be considered the response to Baldwin's much-quoted remark that in time all workers would be called upon to accept wage reductions.²

In discussing unemployment benefits, the central concern was with their influence upon wage rates. Unemployment benefits, like wages, enjoyed a substantial real improvement over the period, although it was noted that the 'less eligibility' qualification was not breached to any extent. Nevertheless, the existence of the benefits system was a major element in the Government's failure to effect its affirmed policy of wage cuts. It was suggested that this result

¹ Yet within the parameters which were set, the T.U.C.'s campaign against the Trade Disputes Bill was more energetic than some have realised. In April and May 1927 the story dominated the front page of the Daily Herald - the Bill or the campaign against it were lead stories in the paper no less than 23 times between April 5th and May 21st. In June a very successful demonstration was held in Hyde Park, although this was three days after Baldwin's use of the guillotine to see the Bill through its final stages. It was the result rather than the campaign itself which was disappointing. The Government's measure succeeded in large part in uniting the union movement's various elements after the General Strike. The Act itself, while a financial blow to the Labour Party, did not seriously influence the development of either the Party or the unions between the wars.

² The miners reported the remark to the Special Conference of Trade Union Executives on July 30th 1925; the Daily Herald reported it to the movement as a whole the following day. Some time elapsed before Baldwin issued a rather elliptical denial. The accuracy of the report of Baldwin's words remains inconclusive, since there exists no verbatim account of the meeting with the miners on July 29th. Nevertheless, it was an accurate representation of the Government's policy.

followed from both the influence of benefits upon individual competition for jobs in the labour market, and upon the stand unions were able to take in their wage bargaining. Trade union concern with the provision of benefits reflected this connection with wages, and might be contrasted with the comparative neglect of the unemployed which was shown by the unions in most other regards. Even in regard to benefit conditions and levels, the T.U.C. respected the formal methods of exerting influence. But the tactics of the N.U.W.M. both at the local and national level were complementary with those of the T.U.C., and did much to highlight the threat of social disorder which could have resulted from any comprehensive dissolution of the benefits system. The 1935 Unemployment Assistance Board crisis may have resulted by mistake, but the agitation which it excited illustrated that benefits, if not inviolate, could not be substantially reduced without major political upheaval. This threat, which had been a major factor in the development of the scheme of unemployment provision after the post-war inflation, was the implicit and unspoken patron of the benefits system. By implication, it was also an important element in the Government's inability to enforce on a sufficient scale the wage reductions which it sought.

III

In this thesis it has been shown that the potential threat to wages and earnings was the major concern of the T.U.C., and of the unions which formed it, in regard to unemployment. After the disastrous experience of 1921 and 1922, it may be claimed that in seeking to protect the wages position the unions were remarkably successful. Even in those years of real reductions in standards at the beginning of the 1920's, the trade unions successfully protected the hours reductions which had been so recently achieved. The T.U.C. was almost unique in facing two successive

decades of large-scale unemployment, yet living standards increased and organisation and standing improved. This has not been a comparative study, but it is difficult to bring to mind another trade union movement which made similar advances between the wars.

However, although the levels of unionisation were not uniformly endangered by the depression, the relative stability of wages in the far from propitious economic and industrial circumstances of the inter-war period cannot be explained exclusively in terms of intrinsic trade union power. A most important and effective external safeguard was the unemployment benefits system which had evolved rapidly after World War One. Thus, ironically, despite the T.U.C.'s own general repudiation of militancy after 1926, the threat of disorder played some part in the protection of union standards, since the benefits system itself was buttressed in some way by the fear of social unrest.

In real terms, substantial improvements were made by trade unions simply by the holding of money wages. Again there was the fortuitous circumstance of falling prices and rising domestic productivity, but the experience of the inter-war period is only consistent with the view that labour's bargaining power was not wholly ended by unemployment. As an anonymous trade unionist remarked in 1932, summarising the industrial history of the previous decade:

"Nobody will deny that the Unions' first obligation is to maintain wages. To have succeeded in maintaining wages, the price of labour, in a period which has seen the general price level sinking, year by year and month by month, to the dismay of all beholders, is an extraordinary achievement.. ..[The unions] are doing their job and doing it well. The 'rigidity' of wages, about which so much has been written,

is a complaint from the standpoint of capitalist economics, that the Unions have been successful in doing for the wage-earners what they were created to do".^I

The trade union reaction to unemployment was in turn determined by the threat to wages, and the fact that this threat was to a large extent successfully combatted.

I 'A Trade Unionist Thinks Aloud: Stand Fast!' The New Clarion, June 11th 1932.

APPENDIX TABLE A.NUMBERS OF TRADE UNIONISTS REPRESENTED ATTHE T.U.C., 1919-1939.

<u>Year</u>	<u>Total trade union membership.</u>	<u>Trade union membership affiliated to the T.U.C.</u>	<u>Percentage of trade union membership affiliated to the T.U.C.</u>	<u>T.U.C. membership as a proportion of peak.</u>
1918	6,533,000	5,283,676	80.8	-
1919	7,926,000	6,505,482	82.1	100
1920	8,348,000	6,417,910	76.9	98.7
1921	6,633,000	5,128,648	77.3	88.8
1922	5,625,000	4,369,268	77.7	67.2
1923	5,429,000	4,328,325	79.7	66.5
1924	5,544,000	4,350,982	78.5	66.9
1925	5,506,000	4,365,619	79.3	67.1
1926	5,219,000	4,163,994	79.8	64.0
1927	4,919,000	3,874,842	78.8	59.7
1928	4,806,000	3,673,144	76.4	56.5
1929	4,858,000	3,744,320	77.0	57.6
1930	4,842,000	3,719,401	76.8	57.2
1931	4,624,000	3,613,273	78.1	55.5
1932	4,444,000	3,367,911	75.8	51.8
1933	4,392,000	3,294,581	75.0	50.6
1934	4,590,000	3,388,810	73.8	52.1
1935	4,867,000	3,614,551	74.3	55.6
1936	5,295,000	4,008,647	75.7	61.6
1937	5,842,000	4,460,617	76.4	68.6
1938	6,053,000	4,669,186	77.1	71.8
1939	6,298,000	4,866,711	77.3	74.8

Source for Cols. 1,2: Pelling, op.cit., pp.262-3.

APPENDIX TABLE B.NUMBERS OF UNIONS AFFILIATED TO THET.U.C., 1919-1939.

<u>Year</u>	<u>Total number of trade unions.</u>	<u>Number of unions affiliated to the T.U.C.</u>	<u>Proportion of unions affiliated to the T.U.C.</u>
1919	1,360	215	15.8
1920	1,384	213	15.4
1921	1,275	206	16.2
1922	1,232	194	15.7
1923	1,192	203	17.0
1924	1,194	205	17.2
1925	1,176	207	17.6
1926	1,164	204	17.5
1927	1,159	196	16.9
1928	1,142	202	17.7
1929	1,133	210	18.5
1930	1,121	210	18.7
1931	1,108	209	18.9
1932	1,081	208	19.2
1933	1,081	210	19.4
1934	1,063	211	19.9
1935	1,049	214	20.4
1936	1,036	214	20.7
1937	1,032	216	20.9
1938	1,024	217	21.2
1939	1,019	223	21.9

Source for Cols. 1,2: Pelling, op. cit., pp.262-3

Note: The figures in Column 1 were derived by Pelling from the Ministry of Labour Gazette and in fact refer to trade unions and other employee organisations. They thus include a small number of bodies which cannot be considered as bona fide trade unions. Furthermore, using the same system of classification, slightly smaller figures for each year were collated in the Abstract of Labour Statistics, 1922-1936, Cmd.5556, 1937, p.137. It must be considered then, that to some extent, the figures in Column 1 exaggerate the number of trade unions operating in each year.

APPENDIX TABLE C. GENERAL COUNCIL ELECTIONS, 1921 - 1938.

<u>Year</u>	<u>Groups</u> <u>Contested</u> <u>(Maximum,</u> <u>18)</u>	<u>Seats</u> <u>Contested</u> <u>(Maximum,</u> <u>32)</u>	<u>Total no.</u> <u>of</u> <u>Candidates</u>	<u>Incumbents</u> <u>Defeated</u>	<u>No. of Groups</u> <u>in which defeated</u> <u>candidate came</u> <u>within 10% of</u> <u>winning seat.</u>
1921	12	20	64	-	0
1922	7	14	46	1	0
1923	8	14	49	0	0
1924	13	21	58	1	0
1925	11	21	53	1	1
1926	8	15	46	1	1
1927	10	17	49	0	0
1928	7	13	42	0	0
1929	9	16	45	0	0
1930	11	20	47	0	0
1931	9	14	47	0	0
1932	9	14	43	0	0
1933	7	12	40	0	0
1934	7	14	40	1	0
1935	7	13	42	1	1
1936	10	19	47	0	0
1937	8	15	43	0	0
1938	8	14	44	0	1

Source: T.U.C. Annual Reports.

APPENDIX TABLE D.STATISTICS OF INDUSTRIAL DISPUTES,1919 - 1939.

<u>Year</u>	<u>ALL DISPUTES</u>			<u>DISPUTES INVOLVING WAGES</u>		
	<u>Aggregate no. of working days lost</u>	<u>No. of Disputes</u>	<u>Number of Workers involved (000's)</u>	<u>No. of Disputes</u>		<u>Number of Workers involved (000's)</u>
1919	34,970,000	1,352	2,401	857 (63%)		1684 (70%)
1920	26,570,000	1,607	1,779	1079 (67%)		1450 (82%)
1921	85,870,000	763	1,770	560 (73%)		1705 (96%)
1922	19,850,000	576	512	385 (67%)		206 (40%)
1923	10,670,000	628	343	353 (56%)		147 (43%)
1924	8,420,000	710	558	436 (61%)		422 (76%)
1925	7,950,000	603	401	305 (51%)		275 (69%)
1926	162,230,000	323	2,724	148 (46%)		1087 (40%)
1927	1,170,000	308	90	165 (54%)		31 (34%)
1928	1,390,000	302	80	169 (56%)		38 (48%)
1929	8,290,000	431	493	224 (52%)		440 (89%)
1930	4,400,000	422	286	249 (59%)		156 (55%)
1931	6,980,000	420	424	232 (55%)		239 (56%)
1932	6,490,000	389	337	230 (59%)		292 (87%)
1933	1,070,000	357	114	188 (53%)		46 (40%)
1934	960,000	471	109	228 (48%)		46 (42%)
1935	1,960,000	553	230	255 (46%)		56 (24%)
1936	1,830,000	818	241	369 (45%)		77 (32%)
1937	3,410,000	1,129	388	588 (52%)		181 (47%)
1938	1,330,000	875	211	339 (39%)		68 (32%)
1939	1,360,000	940	246	482 (51%)		98 (40%)

Source for Col.I: Pelling, op. cit., pp.262-3.

All other Columns derived from Knowles, op. cit., Table V., pp.314-5.

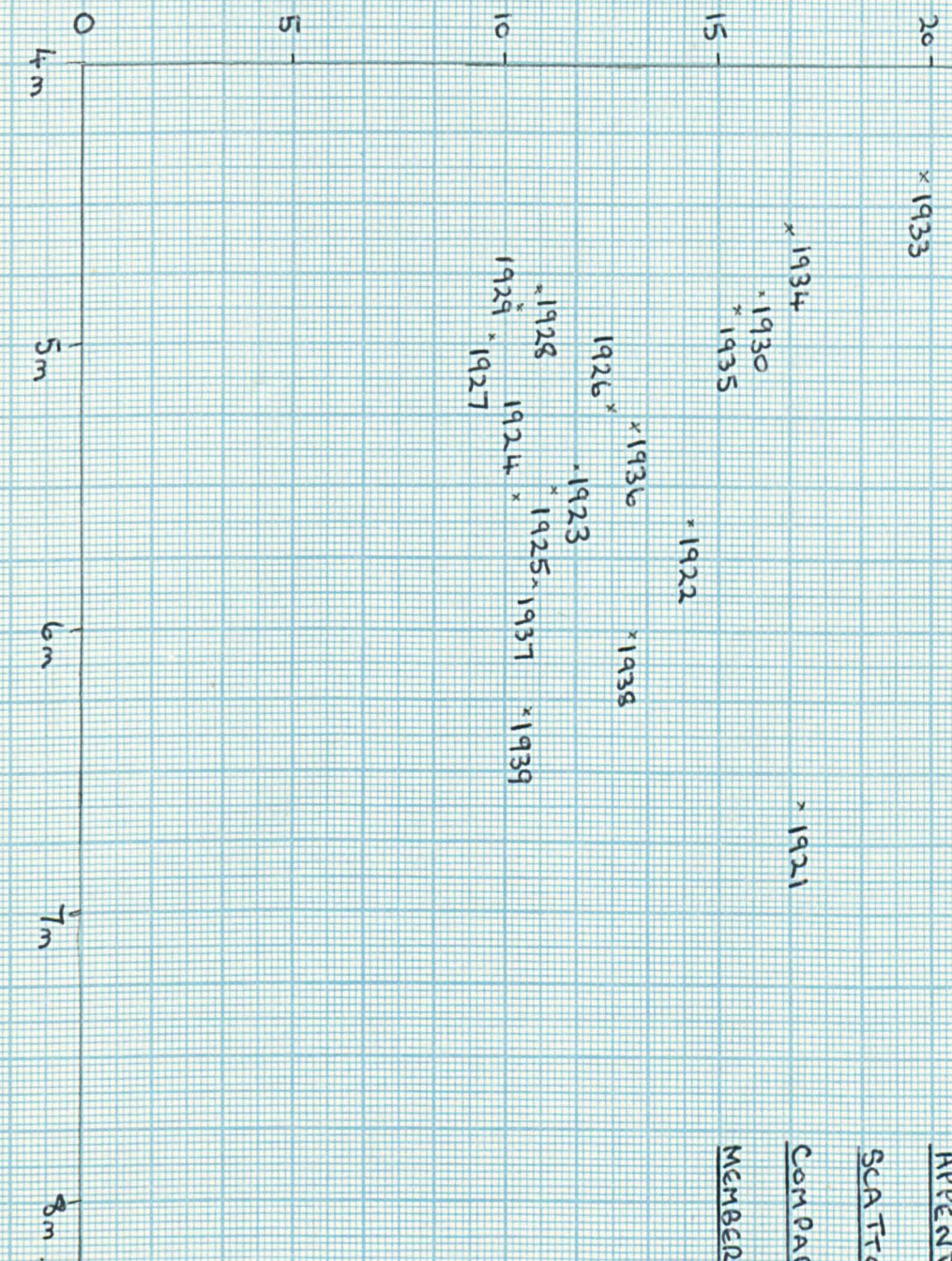
APPENDIX TABLE E.

GEOGRAPHICAL DISTRIBUTION OF TRADES
COUNCILS WITH UNEMPLOYED ASSOCIATIONS
ATTACHED, 1935.

South-East and London:	Ashford, Canterbury, Dover, Newbury, Reading, Sidcup, West Ham. (Total 7)
South-West:	Bath, Bristol, Plymouth, Weymouth. (Total 4)
East Anglia:	Beccles, Ipswich, Lowestoft, March, Stowmarket. (Total 5)
Lancashire:	Bolton, Clitheroe, Gorton, Leigh, Manchester, Preston, Radcliffe, Southport, Stockport, Westhoughton, Walkden. (Total 11)
North-East:	Blaydon, Carlisle, Darlington, Middles- brough, Newcastle, Stockton and Thornaby. (Total 6)
Lincolnshire:	Grantham, Lincoln. (Total 2)
Yorkshire:	Brighouse, Castleford, East Ardesley, Halifax, Leeds, Normanton, Rotherham, Shipley, Spenn Valley, York. (Total 10)
Midlands:	Birmingham, Derby, Dudley, Ilkeston, Mansfield, Northampton, Nottingham, Nuneaton, Oldbury, Smethwick, West Bromwich. (Total 11)
Welsh Borders:	Hereford, Wrexham. (Total 2)
Wales:	Aberdare, Abergavenny, Brynmammon, Ebbw Vale, Llanelly, Mold and Buckley, Neath, New Tredegar, Newport, Pontypool, Pontypridd, Port Talbot, Rhymney. (Total 13)

Source: Derived from T.U.C. File: 135.63.

PERCENTAGE
INSURED
UNEMPLOYED.



APPENDIX DIAGRAM 1.

SCATTER DIAGRAM

COMPARING TRADE UNION

MEMBERSHIP WITH UNEMPLOYMENT.

TOTAL TRADE
UNION MEMBERSHIP

APPENDIX DIAGRAM 2.

SCATTER DIAGRAM COMPARING

THE ANNUAL RATES OF CHANGE IN

UNIONISATION AND LEVELS OF

UNEMPLOYMENT.



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National Joint Council Minutes.

ii) Individual Files.

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II2·II	Wages: Bedaux System.	-
I35·0I	Unemployment Documents.	1923-29
I35·03	Unemployment; Industrial Committee; Documents.	1928
I35·06	Public Works.	1932-33
I35·II	Joint Advisory Committee on Unemployment: Minutes.	1923-25
I35·I2	Joint Committee on Unemployment, Land Reform and Emigration: Minutes and Papers.	1925-26
I35·2	Unemployment Conferences.	1921-37
I35·2I	Special Unemployment Conference, July 1925.	1925
I35·3I	Unemployed Sunday.	1925
I35·32	Hunger March to London from South Wales.	1927
I35·33	Unemployed Marches.	1936-38

I35.4I	Deputation to Unemployment Policy Committee of Labour Government, June 1924.	I924
I35.42	Deputation to Ministry of Labour, December 1925.	I925
I35.43	General Council Meeting with J.H. Thomas on Unemployment, November 1929.	I929
I35.44	Deputation to Prime Minister.	I93I
I35.5I	Trade union membership amongst the unemployed.	I933-35
I35.6I	Unemployed Associations: Union opinions.	I928-29
I35.62	Conference of Unemployed Associations.	I933
I35.63	Unemployed Associations: Questionnaire.	I935
I35.69	National Federation of Unemployed Associations.	I932-36
I35.7I5	Social Service Scheme: London Council for Voluntary Occupation during unemployment.	I933
I35.79	T.U.C. Services for Unemployed Committee.	I934-35
I35.82	Test and Task Work.	I933
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