

The British Conservative Party and the State, 1929-1940

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Short Abstract

This thesis examines the Conservative Party's attitude towards the role of the state between its loss of the 1929 election and the downfall of the National Government in May 1940. The appropriate extent of government intervention was one of the most important political debates in the twentieth century, and is critical to understanding the social and economic policies of a controversial decade. Despite this, how the governing Conservatives viewed the state remains neglected. Historians of 1930s Tory domestic policy have variously argued it was too interventionist, not interventionist enough, or quite reasonable. This thesis answers this question by examining an extensive range of archival and other primary sources. In doing so, it provides the first overview of the National Government's domestic policymaking.

The thesis has six chapters. Chapter one outlines the evolution of Conservatism from the advent of the mass electorate up to 1929. Chapter two explores the development of Conservative policy in opposition up until the party's unexpected return to government via the multi-party National Government 1931. This is treated separately to the remaining chapters to better assess the impact being in coalition had on policymaking. For the 1931-40 period, the thesis breaks into four case studies: industrial reorganisation, welfare, housing, and education. These four topics were chosen because they were of great contemporary significance. Additionally, because the Conservatives reacted differently in each policy area, comparing them reveals where Tory ideological boundaries lay.

This thesis argues that while most Conservatives were reluctant to turn to the state at first instance, they would at least tolerate state intervention when they believed a key institution was threatened. It further argues that while Conservatism was open to outside influences, whether from coalition partners, ex-Liberals, or civil servants, this was only where those ideas were in accordance with what they understood as Conservative principles.

Long Abstract

Debate over the appropriate role of the state in domestic policy lay at the heart of many twentieth-century political controversies, yet how Britain's most electorally successful political party, the Conservatives, navigated this during the interwar years remains understudied. Just two years after losing the 1929 election, and after enduring an often-troubled spell in opposition, the Conservative Party returned to office in unexpected circumstances as the largest party in a coalition, headed initially by former Labour Prime Minister Ramsay MacDonald. During the 1930s, the Conservative-dominated National Government confronted a series of major social and economic challenges: a currency crisis, soaring unemployment, a decline in world trade, further difficulties for Britain's already troubled staple industries, and balancing demands for greater social reform with demands for cuts to government spending. At the same time, it faced political challenges from the left, the right, and inside and outside of Parliament. Despite these difficulties, the National Government dominated British politics from its formation in 1931 until its sudden downfall in May 1940 during the Norway debate. Given that many proposed solutions to these problems involved central government intervention, this leads to the question of what the Conservative Party felt were the acceptable boundaries of state activity between 1929 and 1940.

No comprehensive account yet exists exploring Conservative Party domestic policy during the interwar period. Much academic work on contemporary social and economic matters is focused on individuals within the Conservative Party, or on groups outside the government itself. Given the increasing role government played in the lives of British citizens and the British economy this is a strange omission. Those who do explore interwar Conservatism usually condemn its harshness towards the unemployed and its reluctance to expand state provision of welfare services. A minority of historians, such as Martin Francis, however, argue that the National Government was 'remarkably interventionist', and attack it for betraying Conservative principles. Finally, a third

group argues that the National Government's programme, while more limited than some would have liked, was a pragmatic response to the difficult circumstances it inherited—it facilitated economic recovery and in doing so kept extremism at bay. By using a series of case studies, this thesis argues that the Conservatives took an essentially pragmatic attitude to the role of the state—where existing civil institutions were failing, government intervention was justified to the extent necessary to rectify that failure. Individual Conservatives differed on when they felt existing institutions needed government intervention. However, most in principle at least tolerated state intervention when there was no apparent alternative and the proposed intervention was in accordance with Conservative principles.

This thesis is structured around two chronological and four thematic chapters. Chapter one provides background to the evolution of Conservative Party ideology from 1885—the advent of a predominantly working-class electorate in the United Kingdom—up to the party's loss of government in 1929. This is necessary to provide the context for later policy developments. Chapter two then considers how Conservative policy towards the state developed during the period in opposition from 1929 until 1931. This period is treated separately because the Conservatives were in opposition and enables a sharper contrast with the subsequent period in government as a coalition. This allows the thesis to ask what, if any, impact the coalition partners had on domestic policy. The thesis then breaks into four policy case studies: industrial reorganisation, welfare, education, and housing. These examples are chosen for two reasons. First, they examine four of the most important domestic policy battlegrounds of the interwar period, and those that were key in shaping the National Government's legacy. Secondly, by examining areas where the Conservatives used state intervention to differing extents at different times, it becomes possible to determine where the Conservatives thought the boundaries lay.

Chapter one outlines the evolution of modern Conservatism. After 1885, the Liberal split over home rule and a focus on imperialism meant the Conservatives did not have to engage in substantial thinking about the state. From the late nineteenth century, however, the shift in policy debates away from unionism and imperialism towards domestic social reform and the emergence of socialism necessitated greater Conservative discussion of the appropriate role of the state. The Conservative response from 1903 was tariff reform, which was meant both to consolidate the British Empire and provide a means of financing social reform without taxing the wealthy. However, the Conservatives struggled electorally from 1903 to 1914, with their tariff policy enjoying little popular, but much internal, support. By the 1920s, in part assisted by the collapse of the pre-war progressive alliance, and no longer held back by constitutional disputes, the party had recovered and adopted a series of reforming measures in areas as diverse as railways, pensions, and local government. Reflecting a trend that continued well into the National Government period, the Conservatives accepted several waves of erstwhile Liberals into their ranks. While some of these, notably Joseph Chamberlain's campaign for tariff reform, had a direct policy impact, they only did so when their ideas were broadly consistent with existing Conservative doctrine. This chapter argues that while different Conservatives prioritised, and interpreted, different tenets of Conservatism differently at different times, their ideas nevertheless developed into a coherent ideology. The party's view of the state was broadly pragmatic, and most Conservatives came to accept a greater degree of state intervention than previously. They did so for a variety of reasons, such as the perceived need to appeal to a mass electorate, to ward off socialism, to cement imperial ties via preferential trade agreements with colonies and dominions, and to maintain Britain's industrial strength.

Chapter two explores the Conservative Party's spell in opposition after the defeat of the second Baldwin government. It traces the party's internal and external battles over tariff reform, which it finally adopted as official policy in October 1930 amidst a worsening economic crisis. Internal

pressure from the party's own tariff reformers and external pressure from the press barons, Lords Beaverbrook and Rothermere, finally compelled the leadership to embrace protection. Though Empire lay at the heart of the press lords' crusade, the worsening economic slump also made tariffs electorally more appealing than previously. On social policy, the Conservatives shifted their rhetoric from emphasising their own role in social reform to stressing the urgent need for cuts. The push for greater economy, and the inability of the second Labour government to deliver it, played a central role in the sudden emergence of the National Government in August 1931. While by 1931 they had expected to return to government in their own right, the Conservatives agreed to serve in the MacDonald-led National Government amid an atmosphere of political and financial crisis. This was partly because Conservatives genuinely believed this was necessary to resolve the crisis, and for tactical reasons, but ideology was critical too. The new government's economy drives enjoyed widespread Conservative support, and the party did not have to make serious compromises on its new tariff policy. The chapter demonstrates the party's selective attitude to state intervention. Where a valued institution, such as the Empire, appeared vulnerable, and an interventionist measure was available that did not harm private enterprise (tariffs), many Conservatives enthusiastically supported it. However, when Conservatives believed that intervention threatened the country's financial position in a time of crisis, as they perceived welfare payments did, they advocated cuts and a temporary halt to further reform. It also demonstrates Conservative red lines—in the right circumstances they would ally with non-Conservatives, but not where they had to compromise on core Tory policies.

Chapter three looks at the party's approach to industrial reorganisation. The 1931-40 period marked a steady increase in state involvement in the economy through the introduction of tariffs, subsidies, marketing boards, quotas, and government-sponsored amalgamations. This took place in a context when many of Britain's traditional industries, such as coal, cotton, and shipbuilding were suffering from structural decline exacerbated by the effects of the Great Depression. It was

also an era in which there was widespread enthusiasm for some form of ‘planning’ after the apparent failures of laissez-faire economics. In three cases, coal mining royalties, London passenger transport, and civil aviation, this intervention went to the point of nationalisation. While regularly stating hostility to socialism and nationalisation, many Conservatives at least reluctantly accepted the increasingly interventionist National Government’s approach as economically necessary to protect Britain’s staple industries, and to maintain its imperial interests. Crucially, Conservatives justified state intervention for economic reasons, and tried wherever possible to strengthen private enterprise. Amalgamations, for example, were meant to ensure industry achieved greater economies of scale and thus efficiency, while tariffs served an imperial as well as an economic purpose. Where it took place, intervention was kept to a minimum, and nationalisation was strictly limited to unusual cases. The chapter also shows the limitations of the influence of National Government’s smaller parties. While prepared to suspend Cabinet solidarity on the issue, Conservatives preferred to shed a small coalition partner, the Samuelite Liberals, than abandon the permanent introduction of tariffs.

Chapter four examines the Conservatives’ attitudes to welfare policy. The National Government began by reducing benefits and placing those who had exhausted their National Insurance contributions onto means-tested assistance payments—previously they had received non-means tested ‘transitional’ benefit. The structure of the means test, based on a household’s income, rather than an individual’s, provoked great resentment. The burden of cuts also fell disproportionately on women. As economic conditions improved, the cuts to benefits were reversed, but assistance payments remained means-tested. The Conservatives enacted modest extensions to the largely insurance-based welfare system. Agricultural labourers and black-coated workers gained access to national insurance, and a modest insurance-based family allowances system was under consideration by the time the National Government fell. There were several reasons why less change occurred in welfare than in industrial reorganisation. Unlike the latter, Conservatives did

not believe that welfare spending strengthened the country's economic position—a strong economy was needed to pay for social reform, while social reform would not pay for itself. The attachment to the means test and insurance principle lay in the Conservative belief that the state should encourage individuals to help themselves and the conviction that state assistance should only go to the truly needy. Welfare reforms that did occur largely conformed to these principles.

Chapter five considers National Government's education policy, with a focus on schools. While British schools remained outside central government control—most were controlled either by local authorities or the churches—any reforms to the structure of the school system or the school leaving age required legislative intervention. As with welfare, the period began with cuts before modest expansion resumed. The 1930s saw little substantial reform other than a belated increase in the school leaving age to 15, with exemptions for 'beneficial' employment, that the outbreak of war prevented ever from coming into force. The problems caused by the 'dual system' of local authority and generally poorer church-run schools were left unresolved. Conservative distrust at giving the state a larger role in the upbringing of children was part of the reason for this. Conservatives were also reluctant to do anything they saw as a threat to existing church-run voluntary schools. Raising the leaving age would have stretched the financial resources of many church-run schools while state assistance to those schools was politically contentious. Finally, many Conservatives doubted the practical benefits of children spending more time in the classroom, which in any event would prove expensive to implement. Only political pressure pushed the National Government to endorse limited change. Crucially, those Conservatives who did see education as economically necessary, such as Harold Macmillan or John Buchan, did support raising the school leaving age.

Chapter six looks at housing policy. The 1930s witnessed a considerable boom in housing construction, though much of it was private. Unusually, this was one area where there was a partial

reduction in the scope of government activity. The state had first become seriously involved in building homes after the First World War. From a Conservative standpoint, this intervention was intended as a temporary measure until the market had recovered from the effects of the conflict. However, throughout the 1920s it proved impossible to abandon state-subsidised housing. By contrast, under the National Government, the focus of government housebuilding shifted. Instead of directly building housing for the masses, state assistance to council housebuilding was limited to slum clearance and reducing overcrowding. The National Government did this because the sudden abandonment of the gold standard in 1931 led to lower interest rates, and hence lower building costs. In such conditions, the Conservative leadership believed, the private sector could satisfy most of Britain's housing needs. Slum clearance and the reduction of overcrowding were the exceptions, because such accommodation was uneconomic for the private sector to build. In doing this, as with the abolition of transitional benefit, Conservatives used the Depression to partially achieve a policy objective they had desired for years. In a similar vein, while the National Government decontrolled rents for middle-class properties, it left them in place for the lower-end dwellings. As with the industrial reorganisation measures, the National Government tried to limit state intervention to instances where it felt that the private enterprise had failed, in this case to provide affordable housing to the least well off.

Overall, this thesis demonstrates the existence of a coherent Conservative ideological approval to the role of government. Individual Conservatives may have been interventionist in some areas but not others—Leo Amery, for example, was against nationalising coal mining royalties, but in favour of introducing tariffs and family allowances. Most, however, accepted government intervention where that appeared to be the only solution to a given problem, and then only to the extent they perceived necessary to resolve that problem. Thus, when confronted with the decline of traditional industries, the Conservatives tried to facilitate the restructuring of those industries while leaving them in private hands wherever possible. The same attitude is apparent in welfare policy, where

Conservatives gradually extended state influence, but preferred where they could to work with the private or voluntary sector, or to create or expand insurance-based schemes. Where intervention was thought unnecessary, or the private sector was doing a satisfactory job, Conservatives resisted using the state. Most, though not all, Conservatives saw little practical value and great financial cost in a further year at school. As such, they only grudgingly moved towards raising the school leaving age after rising pressure to do so. This pragmatic attitude to the state continued to underlie Conservative policymaking into the post-war period.

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Introduction

Why the Conservative Party and the State?

The 1930s in Britain are popularly remembered as grim years marred by widespread poverty, high unemployment, economic difficulties, and a Conservative-led government seemingly uninterested in the suffering of ordinary people. Yet despite major social and economic problems, between 1929 and 1940, the Conservative Party quickly recovered from electoral defeat and resumed its dominant position in British politics. Expecting to win the 1929 general election, the Conservatives instead lost power to Labour,¹ after suffering a swing of ten per cent against them.² Despite its own internal problems, by 1931 the party was in a very strong position to return to power as the Labour government struggled to deal with the ongoing economic crisis.³ However, in a somewhat unexpected turn of events, the Conservatives returned to government not in their own right, but as the largest partners in a coalition or ‘National’ Government headed by none other than the Labour Prime Minister, Ramsay MacDonald. This National Government of Conservatives, a rump of Macdonald-supporting ‘National’ Labour MPs and two Liberal factions (the official Liberals under Sir Herbert Samuel, and the breakaway ‘Liberal Nationals’ under Sir John Simon) then jointly contested the 1931 general election. It went on to win the largest majority in modern British political history.⁴ This was followed by another landslide victory in 1935. During its period in office, there were some changes to the National Government’s composition. One of the Liberal groupings, the Samuelites, subsequently left the government. MacDonald was succeeded by two Conservatives as Prime Minister: Stanley Baldwin in 1935 followed by Neville Chamberlain in 1937. Despite these changes, the National Government remained in power for the rest of the

¹ Andrew Thorpe, *The British General Election of 1931* (Oxford, 1991), p. 30.

² Unless otherwise stated, all electoral statistics are taken from Roger Mortimore and Andrew Blick (eds), *Butler’s British Political Facts* (London, 2018), pp. 376-8.

³ Thorpe, *British General Election of 1931*, p. 46.

⁴ Philip Williamson, *National Crisis and National Government: British Politics, the Economy and Empire* (Cambridge, 1992), p. 455.

decade. Its tenure only came to an end amidst the fallout from the Norway debate in May 1940. Indeed, there is evidence to suggest that, but for the outbreak of the Second World War, the National Government would have stood a better than even chance of re-election.⁵

During its period in office, the National Government had to confront several major domestic policy problems. How the Conservative Party responded to these problems was in no small way influenced by its attitude as to what it considered an appropriate role for the state in resolving them. The government had to respond to high unemployment as a result of the Depression, and to address longer-term structural problems within large sections of British manufacturing and industry.⁶ In addition, it presided over a society suffering from entrenched social inequality and had to balance pressure for retrenchment with continued demands for social reform. On the economic front, it responded by introducing protective tariffs and encouraging rationalisation in Britain's struggling traditional industries. In terms of welfare, the Conservatives began with cuts at the height of the 1931 crisis, before moving to modestly extend the developing welfare system as the economic picture improved. However, where circumstances permitted, it moved towards means-tested benefits and favoured private over local authority housebuilding. All of this took place at a time when universal suffrage—for men since 1918 and women since 1928—was still a new feature of British politics, and its full repercussions unknown.

The evident political success of the National Government naturally leads to the question of how its dominant political component, the Conservative Party, adapted and how it was prepared to use the state to confront the challenges of the period. This question matters for several reasons. First, the battles over the state were at the forefront of twentieth-century British politics. Indeed, such is the importance of this debate that one historian has described the argument over the role of the

⁵ See e.g. John Ramsden, *An Appetite for Power: A History of the Conservative Party since 1830* (London, 1998), p. 291; Stuart Ball, *Portrait of a Party: The Conservative Party in Britain, 1918-1945* (Oxford, 2013), p. 511.

⁶ John Stevenson and Chris Cook, *The Slump: Britain in the Great Depression* (3rd ed., Harlow, 2010), pp. 65-7.

state as ‘the main battleground of ideas’ in twentieth-century British politics.⁷ Secondly, given the ongoing ‘consensus’ debate—the dispute as to whether or not the post-World War Two era represented an unusual degree of ideological agreement between Britain’s two main parties—properly understanding the interwar Conservative Party offers a useful point of comparison to its post-1945 counterpart.⁸ Thirdly, given the Conservative Party’s remarkable success in spite of the policy difficulties it encountered, and its domination of British politics, the methods by which it adapted its ideology shed light on the party’s remarkable capacity to adapt and thrive. This is especially the case given the contrast between what happened in the United Kingdom and what occurred on much of the continent at the same time. Fourthly, it can offer explanations on how parties generally can adapt and thrive in the most testing of circumstances.

On a definitional point, by ‘the state’, this thesis primarily refers to the activities of the central government. While local government was responsible for much service delivery during this time, particularly in housing and education, this was only possible owing to legislation from Westminster, and to a considerable extent by funding from Westminster. Additionally, because of its devolved government and separate political culture to the rest of the United Kingdom, Northern Ireland after 1922 is largely beyond the scope of this thesis—the main political divide there was between unionist versus nationalist as opposed to between Conservative versus Labour on the mainland.

⁷ Mark Garnett and Lord Gilmour, ‘Thatcherism and the Conservative Tradition’, in Martin Francis and Ina Zweiniger-Bargielowska (eds), *The Conservatives and British Society, 1880-1990* (Cardiff, 1996), pp. 78-93, p. 80.

⁸ The ‘consensus’ literature is vast. For arguments in its favour, see Paul Addison, *The Road to 1945: British Politics and the Second World War* (London, 1994); Dennis Kavanagh, ‘The Postwar Consensus’, *Twentieth Century British History*, 3/2 (1992), pp. 175-90. For arguments against, see Lesley M. Smith, *Echoes of Greatness, The Making of Britain* (Basingstoke, 1988); Harriet Jones, ‘Introduction’, in Harriet Jones and Michael Kandiah (eds), *The Myth of Consensus: New Views on British History, 1945-64* (Houndmills, Basingstoke, 1996), pp. iii-xvi.

Historiography

Much has been written on aspects of the role of the state in the twentieth-century Britain, though it rarely focuses on the Conservative Party's attitude towards it.⁹ Green's and Whiting's edited collection includes chapters on subjects as diverse as the expansion of the public sector and the relationship between the state and educational theory.¹⁰ In *Politics and Industrial Society*, Keith Middlemas argued that a 'consensus' existed between the aftermath of the First World War and the 1960s. To Middlemas, 'Party and Parliament declined in governing importance', and 'the importance of ideology in party warfare steadily declined'. During this time, trade unions and employers' associations became 'governing institutions'.¹¹ Unfortunately, this approach risks seriously underplaying the key role played by party politics and ideology in shaping the lives of ordinary citizens. While outside influences could shape policy, as this thesis will argue, the acceptance of those influences depended in many cases on their compatibility with Conservative ideas. Writing more generally, Jose Harris has argued that 'the relationship between state and society' was 'considerably less static than has often been claimed'. 'Into the old bottle of the late Victorian constitution', she wrote, 'much new wine was poured in the form of government intervention in industry, extension of social welfare schemes and general administrative rationalisation'.¹²

David Edgerton has criticised the focus of historians on the growth of the welfare state in explaining the growth of government action in the twentieth century. While welfare mattered, in his view the role of armaments, or the 'warfare state' has been significantly underplayed.¹³ While

⁹ For an older summary of this literature, see Jose Harris, 'Society and the State in Twentieth-Century Britain', in F.M.L. Thompson (ed.), *The Cambridge Social History of Britain 1750-1950 Volume 3: Social Agencies and Institutions*, (Cambridge, 1990), pp. 63-117.

¹⁰ S.J.D. Green and R.C. Whiting (eds), *The Boundaries of the State in Modern Britain* (Cambridge, 1996).

¹¹ Keith Middlemas, *Politics in Industrial Society: The Experience of the British System since 1911* (London, 1979), pp. 18-22.

¹² Harris, 'Society and State', p. 80.

¹³ David Edgerton, *Warfare State: Britain 1920-1970* (Cambridge, 2005), pp. 4-8.

there may be some merit to his thesis, the centrality of social and economic policy to the lives of many means it is still a worthwhile topic of investigation. More recently, Edgerton has argued that the first half of the twentieth century saw the emergence of the 'British nation', a construct he considers 'not a natural state of affairs'.¹⁴ This 'British nation' was characterised by the creation of an industrial 'developmental state', a 'warfare state', and a new British nationalism. On that theme, Edgerton wrote that Conservatives created a 'comprehensive, specifically working-class welfare state' in the 1920s, which Labour in the 1940s made 'national'.¹⁵

Aspects of interwar British ideological history also have been considered. Daniel Ritschel has written on economic planning, though largely concerns himself with groups outside the National Government or on its periphery.¹⁶ Other parties, like the Liberals and Labour, have been explored in some depth.¹⁷ Volumes have been written on the influence of John Maynard Keynes.¹⁸ Even Oswald Mosley's ephemeral New Party has benefited from a 2010 monograph.¹⁹

Where the Conservative Party's domestic policy during this period has been considered, it has largely been in the context of more general works, articles on individual areas of policy, biographies of key figures,²⁰ works on general elections,²¹ particular aspects of the party organisation,²² or

¹⁴ David Edgerton, *The Rise and Fall of the British Nation* (London, 2018), pp. xx-xxvi.

¹⁵ *Ibid.*, p. xxvii.

¹⁶ Daniel Ritschel, *The Politics of Planning* (Oxford, 1997).

¹⁷ For the Liberals, see Peter Sloman, *The Liberal Party and the Economy* (Oxford, 2015). For Labour's economic policy, see Richard Toye, *The Labour Party and the Planned Economy, 1931-1951* (Woodbridge, 2003), chs 2-3, pp. 34-86. For other accounts of the interwar British Labour Party and its internal problems, see Ben Pimlott, *Labour and the Left in the 1930s* (London, 1977); Matthew Worley, *Labour Inside the Gate: A History of the British Labour Party Between the Wars* (3rd ed., London, 2008).

¹⁸ For Keynes, see Robert Skidelsky, *John Maynard Keynes: The Economist as Saviour 1920-1937* (London, 1992); Peter Clarke, *The Keynesian Revolution in the Making 1924-1936* (Oxford, 1988).

¹⁹ Matthew Worley, *Oswald Mosley and the New Party* (Basingstoke, 2010).

²⁰ See e.g. Keith Middlemas and John Barnes, *Baldwin, A Biography* (London, 1969); Roy Jenkins, *Baldwin* (London, 1987); Iain Macleod, *Neville Chamberlain* (London, 1961); Robert C. Self, *Neville Chamberlain: A Biography* (Aldershot, Hants; Burlington, Vt., 2006).

²¹ Thorpe, *British General Election of 1931*; Tom Stannage, *Baldwin Thwarts the Opposition: The British General Election of 1935* (London, 1980).

²² See e.g. John Ramsden, *The Making of Conservative Party Policy: The Conservative Research Department since 1929* (London, 1980); Alistair Cooke, 'Neville Chamberlain's Private Army', in Alistair Cooke (ed.), *Tory Policy-Making: The Conservative Research Department 1929-2009* (London, 2009), pp. 5-26; Philip Goodhart and Ursula Branston, *The 1922: The Story of the Conservative Backbenchers' Parliamentary Committee* (London, 1973).

limited time periods.²³ While John Ramsden devoted a chapter to the Conservatives in the National Government in *The Age of Balfour and Baldwin*,²⁴ he did not consider ideology in great depth, though he did explore the politics of tariff reform. Stuart Ball's recent monograph on the inter-war Conservative Party,²⁵ while an invaluable work rich in detail on the party's organisation and structure, is an overarching book on the party as a whole rather than an in-depth study on individual areas of domestic policy.

Perhaps surprisingly given its electoral success and longevity, few studies exist on the domestic policy side of the National Government. One of the few books on the National Government, Nick Smart's *The National Government, 1931-40*, devotes relatively little attention to domestic policy. Instead, it is more concentrated on the government's formation, the dispute over the India Bill, and foreign policy.²⁶ Similarly, Graham Stewart's useful and underutilised account of the clashes between Neville Chamberlain and Winston Churchill during the 1930s contains some discussion of domestic politics but its focus, particularly in its second half, is the political manoeuvrings of its two main protagonists.²⁷ By exploring in depth key areas of National Government domestic policy, this thesis aims to help fill the gap in the literature about Conservative ideology and domestic policy.

The formation of the National Government has been the subject of a number of articles and books.²⁸ Much has also been written on the party's attitude towards appeasement, and the reputations of leading Conservative figures, such as Neville Chamberlain and Baldwin, in the

²³ E.g. Stuart Ball, *Baldwin and the Conservative Party: The Crisis of 1929-1931* (New Haven; London, 1988).

²⁴ John Ramsden, *The Age of Balfour and Baldwin: 1902-1940* (London; New York, 1978).

²⁵ Ball, *Portrait*.

²⁶ Nick Smart, *The National Government, 1931-40* (Basingstoke, 1999).

²⁷ Graham Stewart, *Burying Caesar: Churchill, Chamberlain and the Battle for the Tory Party* (London, 2007).

²⁸ For a discussion of the historiography see Stuart Ball, 'Historiographical Perspective: The National Government, 1931: Crisis and Controversy', *Parliamentary History*, 12/2 (1993), pp. 184-200. The subject is also discussed at length in Williamson, *National Crisis*. See also Humphrey Berkeley, *The Myth that Will Not Die: The Formation of the National Government in 1931* (London, 1978).

National Government remain tainted by that policy.²⁹ So much has been written about foreign policy during the period that 'it must be reaching the stage of historiographic exhaustion'.³⁰

There has also been some discussion on the Conservative Party's role in the National Government. Although opinions differ as to the precise extent to which the Conservative Party dominated the National Government, it is generally accepted that its views prevailed on most issues of domestic policy. The traditional assessment was that the National Government was a Conservative one in all but name. More recent historians have largely rejected this interpretation. John Ramsden dismissed that view as 'misleading and unhistorical'.³¹ Other scholars tend to agree with him.³² However, even those who reject the conception of the National Government as merely a Tory one masquerading as a coalition note that the Conservatives generally had their way on matters relating to the role of the state. David Marquand argued that the non-Conservatives in the National Government cabinet, such as MacDonald, 'had more influence than has sometimes been realised', especially on foreign policy. Marquand went on to argue that 'on the central question of fiscal policy, however, the Conservatives were determined to have their way, and their determination carried all before it'.³³ In addition to their vastly superior numbers,³⁴ the Conservatives' superior organisation also played some role. In the context of the 1935 election preparations, Ramsden has argued that part of the explanation for the Conservatives' policy dominance lay in the fact that,

²⁹ Philip Williamson, 'Baldwin's Reputation: Politics and History, 1937-1967', *Historical Journal*, 47/1 (2004), pp. 127-168.

³⁰ Smart, *National Government*, p. 3. Despite this, more books still appear. For recent accounts of appeasement, see Tim Bouverie, *Appeasing Hitler: Chamberlain, Churchill and the Road to War* (London, 2018); Robert Crowcroft, *The End is Nigh: British Politics, Power, and the Road to the Second World War* (Oxford; New York, 2019). See also Maurice Cowling, *The Impact of Hitler: British Politics and British Policy 1933-1940* (Chicago; London, 1977).

³¹ Ramsden, *Age of Balfour and Baldwin*, p. 323.

³² Stuart Ball, 'Democracy and the Rise of Labour: 1924 and 1929-31', in Stuart Ball and Anthony Seldon (eds) *Recovering Power: The Conservatives in Opposition since 1867*, (Basingstoke, 2005), pp. 134-168, p. 155; Smart, *National Government*, p. 56.

³³ David Marquand, '1914-1932', in David Butler (ed.), *Coalitions in British Politics* (London, 1978), pp. 52-73, pp. 69-71.

³⁴ In 1931, 473 of the total 554 National Government MPs elected were Conservatives.

unlike their coalition partners, they had their own proper research group. This meant that they had already carried out much policy work before the inter-coalition talks on the manifesto began.³⁵

It is also generally agreed that the relative strength of the Conservatives vis-à-vis their coalition partners increased as time wore on. While the junior partners enjoyed stronger influence at the beginning of the National Government, the overwhelming predominance of Conservative MPs in the government's make up, and the defection of the only truly independent party, the Samuelite Liberals, meant that the balance of power shifted towards the Conservatives.³⁶ Consequently, 'by 1937', Ramsden wrote, the 'government was little more than a Conservative front'.³⁷ Nevertheless, while there is broad agreement as to the dominant influence of the Conservative Party on matters relating to the role of the state within the context of the National Government, revisiting the nature and extent of this with reference to key areas of domestic policy is still a worthwhile exercise. This thesis will argue that, as had been the case since Joseph Chamberlain and the Liberal Unionists allied themselves with the Conservatives, Tories were willing to accept and claim credit for coalition party ideas, but only if they accorded with existing Conservative principles. While this thesis offers some support to the prevailing view, it adds nuance to that view and represents the first occasion that it has been studied with reference to specific areas of policy.

Where domestic policy has been considered, much recent scholarship has tended to focus on popular politics and the culture of Conservatism. One example of this is Geraint Thomas's PhD thesis on the popular culture of the National Government.³⁸ However, Thomas focuses more on the popular politics of economic recovery than on Conservative ideology. In a 2013 article,

³⁵ Ramsden, *Making of Party Policy*, p. 84.

³⁶ David Marquand, *Ramsay MacDonald* (London, 1977), pp. 702, 731.

³⁷ Ramsden, *Age of Balfour and Baldwin*, p. 325.

³⁸ Geraint Thomas, 'Conservatives and the culture of 'National' government between the wars' (PhD thesis, University of Cambridge, 2011). A monograph based on the thesis, *Cultures of National Government: Popular Conservatism in Interwar Britain*, had not appeared in time to be considered in this thesis. It will be published by Cambridge University Press.

Thomas discussed the Conservative Party's comparative lack of success in Wales relative to other parts of the United Kingdom in the 1930s. This suggests, he argued, that the Conservatives were less successful at understanding the post-1918 mass electorate than has previously been assumed, and offers 'a unique but salutary challenge to the idea of Conservative "hegemony" in interwar politics'.³⁹ Another thesis on the interwar Conservatives was submitted by Gary Love in 2010,⁴⁰ parts of which he subsequently published in a 2014 article.⁴¹ Love centred his account more upon contributions to periodicals by Conservative backbenchers—at this time Baldwin prohibited frontbenchers from publishing in this way.⁴² Love argued that the 'periodicals were arguably more important than either the right-wing book clubs or Ashridge College for the vital task of sustaining Conservatism as a genuine intellectual and political project'. These contributions also provided a 'reservoir of ideas' from which the post-war Conservative Party could draw.⁴³ More recently, Kevin Passmore has written a comparative study of interwar French and British conservative propaganda.⁴⁴ Finally, the history and activities of the Conservative Party's interwar 'think tank', the Bonar Law Memorial College, Ashridge, have also been the subject of a recent study.⁴⁵ However, while these contributions are significant, they do not directly address the equally important question of Conservative ideology and its impact on policy.

Articles and chapters have also been published on the political thought of individual Conservative politicians, notably the future Prime Minister Harold Macmillan and, to a lesser extent, Arthur

³⁹ Geraint Thomas, 'The Conservative Party and Welsh Politics in the Inter-War Years', *English Historical Review*, 128/553 (2013), pp. 877-913, pp. 912-3.

⁴⁰ Gary Love, 'Conservatives, National Politics, and the Challenge to Democracy in Britain, 1931-37' (PhD thesis, University of Cambridge, 2010).

⁴¹ Gary Love, 'The Periodical Press and the Intellectual Culture of Conservatism in Interwar Britain', *Historical Journal*, 57/4 (December 2014), pp. 1027-1056.

⁴² *Ibid.*, p. 1027.

⁴³ *Ibid.*, pp. 1056-7.

⁴⁴ Kevin Passmore, 'The Theory and Practice of Conservative Propaganda and Organisation in Britain and France in the Interwar Years', in Clarisse Berthezène and Jean-Christian Vinel (eds), *Postwar Conservatism, a Transnational Investigation* (Cham, Switzerland, 2017), pp. 43-77.

⁴⁵ Clarisse Berthezène, *Training Minds for the War of Ideas: Ashridge College, the Conservative Party and the Cultural Politics of Britain, 1929-54* (Manchester, 2015).

Steel-Maitland.⁴⁶ However, although these figures are of historical significance, and feature in this thesis, they were not at the front line of British politics or Conservative policymaking during the period covered by this thesis. Thus, Baldwin spoke to Richard Austen ('Rab') Butler of how he was able to steer the party 'between Harold Macmillan [on the Party's left] and John Gretton [on the Party's right]'.⁴⁷ Macmillan's political break came during the Second World War, and Steel-Maitland never served in Cabinet after 1929. The background influences and politics of Stanley Baldwin have been explored by Philip Williamson in a 1999 monograph.⁴⁸

Among those who have examined the Conservative Party and the state during the 1929-40 period, there is considerable disagreement as to the extent of state intervention that took place, whether that intervention was positive or not, and whether or not the extent of that intervention was consistent with British Conservative tradition. For reasons of space, convenience and structure, while there will be some discussion below of the literature surrounding the case studies in chapters four to six, more comprehensive overviews can be found in the relevant chapters.

The traditional view of the period criticised the National Government for not doing enough to combat the worst effects of the Great Depression and being too rigid in its ideological outlook to countenance the more radical action that was needed. Richard Carr has noted that Baldwin has suffered from 'a rather bad press'.⁴⁹ Several histories of the Conservative Party, especially older ones, take this view. For example, Robert Blake argued that 'in terms of economic policy', the National Government represented 'the worst possible combination' of political beliefs. Among the Conservatives, Baldwin 'never seriously thought' about economic problems. While

⁴⁶ E.H.H. Green, *Ideologies of Conservatism: Conservative Political Ideas in the Twentieth Century* (Oxford, 2002). There is also a chapter on Harold Macmillan's political thought in Mark Garnett and Kevin Hickson, *Conservative Thinkers: The Key Contributors to the Political Thought of the Modern Conservative Party* (Manchester, 2009), pp. 8-21.

⁴⁷ R.A. Butler, 'R.A. Butler Memorandum', July 1935, in Philip Williamson and Edward Baldwin (eds) *Baldwin Papers: A Conservative Statesman, 1908-1947* (Cambridge, 2004), pp. 335-43, p. 343.

⁴⁸ Philip Williamson, *Stanley Baldwin: Conservative Leadership and National Values* (Cambridge, 1999), pp. 13-14.

⁴⁹ Richard Carr, 'Put the People First', in Bradley W. Hart and Richard Carr (eds), *The Foundations of the British Conservative Party: Essays on Conservatism from Lord Salisbury to David Cameron* (London, 2015), pp. 175-194, p. 179.

Chamberlain ‘was indeed a social reformer’, it was ‘essentially in terms of palliatives of the existing system, not in terms of interventionist capitalism’.⁵⁰ This narrative of Conservative inaction is also reflected in articles on areas of individual policy. For example, some historians have argued that the National Government’s unemployment policies demonstrate its philosophical reluctance to do anything that risked altering the social status quo. For example, Frederic Miller wrote that relief policy between 1932 and 1935 was characterised by ‘hurried compromises between internal administrative pressures and socio-economic realities’ as well as illustrating ‘the importance of internal balance in high-level social administration’.⁵¹ Contrary to the image of Chamberlain as a ‘progressive’, his 1932 proposals to deal with mass unemployment were ‘above all socially regressive’.⁵² The National Government applied a means test to the unemployed that was ‘still clearly punitive and inquisitorial’.⁵³

Part of the reason for the inadequacy of the government’s response lay in the restrictions imposed by the Conservative Party’s ideology. Thus, Miller attributed the National Government’s policies to the fact that it was driven by its ‘central objective of ensuring that the depression would cause no fundamental change in existing economic and social relationships’.⁵⁴ Similarly, Lindsay and Harrington wrote that in the area of unemployment relief, if not in other areas, the National Government was ‘handicapped by its ideology’.⁵⁵

⁵⁰ Robert Blake, *The Conservative Party from Peel to Major* (3rd ed., London, 1997), pp. 236-7.

⁵¹ Frederic M. Miller, ‘National Assistance or Unemployment Assistance: The British Cabinet and Relief Policy, 1932-33’, *Journal of Contemporary History*, 9/2 (1974), pp. 163-184, p. 165.

⁵² *Ibid*, p. 165.

⁵³ *Ibid*, p. 169.

⁵⁴ Frederic M. Miller, ‘The Unemployment Policy of the National Government, 1931-1936’, *Historical Journal*, 19/2 (1976), pp. 453-76, p. 453.

⁵⁵ T. F. Lindsay and Michael Harrington, *The Conservative Party 1918-1979* (2nd ed., London, 1979), p. 119.

Still critical of the economic necessity behind the National Government's treatment of the unemployed, Ross McKibbin has argued that the Conservatives' unemployment policies served a political purpose. Thus, in his book *Parties and People: England 1914-1951*, McKibbin wrote:⁵⁶

The ideological centrality of unemployment benefit and the absolute determination of the Conservative and Liberal Parties in 1931 that it should be cut strongly suggest that to the National Government long-term unemployment was of less significance than the restabilization of the economy on terms which excluded the unemployed and was seen to do so. The National Government can, indeed, be thought a coalition against the unemployed: an attempted mobilization of the working against the workless—a weapon in the battle against 'socialism'.

There are various problems with the existing literature, however. First, it arguably fails to take into account the political and ideological constraints that made pursuing more interventionist policies much more difficult. The other problem is that, while in major areas the National Government's record was far from perfect, it was not entirely regressive either. For example, although its approach to the household means test was harsh, it also launched Britain's first serious effort at slum clearance.

By contrast, other historians argue that the Conservative Party in the 1930s intervened a great deal with its economic and social policies. Martin Francis has written that the National Government was 'remarkably interventionist in the economic sphere, pursuing cheap money policies to encourage investment, creating public corporations and marketing boards to encourage investment to aid industrial efficiency'. He even wrote that 'in many senses' the interwar Conservatives were more collectivist than they were in the 1940s.⁵⁷ Similarly, in his multi-volume series on *The British Political Tradition*, W.H. Greenleaf argued that '[i]n war and out of it the

⁵⁶ Ross McKibbin, *Parties and People: England 1914-1951* (Oxford, 2010), p. 102.

⁵⁷ Martin Francis, "Set The People Free?" Conservatives and the State, 1929-1960', in Francis and Zweiniger-Bargielowska (eds), *Conservatives and British Society*, pp. 58-77, p. 60-1.

Conservatives have done more than any other political group to achieve the collectivist state we now enjoy (or suffer under).⁵⁸ Greenleaf is not alone in that view.⁵⁹

Within the school of thought holding that the Conservative Party was interventionist, there is a further divide between those who see this intervention as a positive thing and those who see it as a deeply negative one. One of Neville Chamberlain's earlier biographers, for example, Keith Feiling, praised his subject as a 'radical reformer cast in a conservative frame'.⁶⁰ Future Tory MP and Chancellor of the Exchequer Iain Macleod heaped similar praise.⁶¹ Greenleaf wrote that but for the appeasement controversy, Chamberlain 'might well be recognized as one of the greatest ministers in the field of social and economic reform in the first half of this century: as perhaps he was'.⁶² This view has not gone away amongst Conservative historians. The official historian of the Conservative Party, Alistair Cooke, wrote in 2008 that Baldwin's 'record stands comparison with those of the other great reforming leaders'.⁶³ Cooke went on to argue that all the reform measures introduced by interwar Conservative governments 'pointed the way to a Tory welfare state in which socialism would play no part'.⁶⁴ It is certainly true that advances in the provision of social services took place, notably in the extension of contributory pensions and National Insurance. Overall, however, the National Government's social reform record was mixed, with modest advances in social insurance combined with a failure to extend health insurance or make serious progress on extending secondary education.

⁵⁸ W.H. Greenleaf, *The British Political Tradition Volume Two: The Ideological Heritage* (London, 1983), p. 200.

⁵⁹ Robert Crowcroft and Kevin Theakston, 'The Fall of the Attlee Government, 1951', in Timothy Heppell and Kevin Theakston (eds), *How Labour Governments Fall: From Ramsay Macdonald to Gordon Brown* (Houndmills, Basingstoke, 2013), pp. 61-82, p. 73.

⁶⁰ Keith Feiling, *The Life of Neville Chamberlain* (London, 1947), p. 200.

⁶¹ Macleod, *Neville Chamberlain*.

⁶² Greenleaf, *Ideological Heritage*, p. 245.

⁶³ Alistair Cooke, *A Party of Change: A Brief History of the Conservatives* (London, 2008), p. 19.

⁶⁴ Cooke, *Party of Change*, p. 21. See also Cooke 'Neville Chamberlain's Private Army', p. 23.

Not everyone, however, shares Cooke's optimistic appraisal of National Government's economic and social policy record. Lindsay and Harrington lamented that under the National Government, markets 'became, with the blessing of the Government, rigged in favour of the producers at the expense of the consumers'.⁶⁵ While contemporaries made similar criticisms,⁶⁶ the better explanation is that the Conservatives interfered in markets with an eye to protect them rather than to hurt consumers.

Of those who agree that the extent of the National Government's interventionism was significant, some argue that this was perfectly consistent with the British Conservative political tradition. For example, the Conservative MP and prominent 'wet' Ian Gilmour believed that 'the history of the National Government bears out R. A. Butler's remark in 1956 that "Conservatives have always been ready to use the power of the State"'.⁶⁷ Lindsay and Harrington, for example, noted that 'certainly traditional Tories such as Leo Amery and also, in his way, Harold Macmillan, found it [the National Government's industrial policy] deeply satisfying'.⁶⁸ This was because these measures 'did indeed go some way towards restoring the collectivist, organic, hierarchical, ordered economy which the old Tories had defended, unsuccessfully, against the aggressively individualistic manufacturers of the early nineteenth century'.⁶⁹ Greenleaf too saw Macmillan as 'belonging to and sustaining the tradition of Tory paternalism'.⁷⁰ In his study on Thatcherism, Adrian Williamson argued that into the 1930s the Conservative Party's attitudes towards the state 'remained ambiguous' and that 'ideological consistency was notably absent from Tory life'.⁷¹

⁶⁵ Lindsay and Harrington, *Conservative Party*, p. 117.

⁶⁶ Ernest Davies, *"National" Capitalism: The Government's Record as Protector of Private Monopolies* (London, 1939).

⁶⁷ Ian Gilmour, *Inside Right: A Study of Conservatism* (London, 1977), p. 36.

⁶⁸ Lindsay and Harrington, *Conservative Party*, p. 118.

⁶⁹ *Ibid.*

⁷⁰ Greenleaf, *Ideological Heritage*, p. 245.

⁷¹ Adrian Williamson, *Conservative Economic Policymaking and the Birth of Thatcherism, 1964-1979* (Basingstoke, 2015), p. 27.

Others, however, particularly those of a more 'new right' outlook, argue that the National Government's policies, to say nothing of those advocated by figures such as Macmillan, were inconsistent with the established principles of British Conservatism. The former Tory MP and minister David Willetts has criticised the 'feebleness' of the Conservative response to the challenge of socialism during the Baldwin era. Harold Macmillan's writings were, Willetts argued, 'the most vivid and depressing evidence of how much conservatism had shifted since Salisbury's day'. He added, '[t]hat one of the party's bright young MPs should argue along such lines is striking evidence of how far it [the Conservative Party] was moving away from its principles'.⁷² Unlike Willetts, this thesis contends that there was in fact a long tradition of Conservative interventionism. Although Macmillan was to the left of most National Government-era Conservatives, the principles underlying his beliefs fell within the Conservative tradition.

In addition to those who argued that the National Government did either not very much or a great deal is a third school of thought, that is, that the National Government's policy responses, while not perfect, were nevertheless reasonable given the pressures of the time. Several historians have noted that there were significant constraints that limited the Conservatives' room for policy manoeuvre. Some of these stemmed from the personal beliefs of individual Conservative leaders. For example, Williamson has argued that while Baldwin's positions on economic and social matters were 'affected by assessments of the political situation', 'he also had definite opinions and commitments, particularly on sound finance'.⁷³ Other pressure stemmed from the party itself. Ewen Green, for example, has argued that the internal politics of the Conservative Party made it impossible for the Conservatives to move too close to Keynesian economics, even if a handful of individual MPs, such as Harold Macmillan, Arthur Steel-Maitland, and J.W. Hills did.⁷⁴ Moreover,

⁷² David Willetts, *Modern Conservatism* (London, 1992), pp. 29-31.

⁷³ Williamson, *Baldwin*, p. 177.

⁷⁴ E.H.H. Green, 'The Conservative Party and Keynes' in E.H.H. Green and D.M. Tanner (eds) *The Strange Survival of Liberal England* (Cambridge, 2007), pp. 186-211, p. 197.

as Chris Cook and John Stevenson have noted, in 1930s Britain, the state's 'instruments of intervention were fewer' and there 'was no tradition in peace-time of a British government interfering with the operation of industry at large'.⁷⁵ Williamson has argued that the amount of scholarly consideration Keynes has received 'is on a scale explicable only in terms of his subsequent influence'.⁷⁶

On the other hand, although subject to policy constraints, Baldwin took advantage of the political situation to follow a path of more moderate Conservatism than would otherwise have been possible. In that sense, the National Government still appears to have had an impact on the Conservative Party and the evolution of Conservatism. Thus, John Charmley has written that '[i]n general the [National] government's line was close to what Baldwin would have liked to pursue between 1924 and 1929 had he not had the protectionists and the "diehards" on his back'.⁷⁷ Had the Conservatives formed a government on their own, that administration 'would have been more "Imperial" and protectionist' than the National Government turned out to be.⁷⁸ Charmley is not the only historian to argue that the coalition enhanced Baldwin's control over his 'more obdurate backbenchers'.⁷⁹

Historians of the National Government's junior partners, and the biographers of the key figures in those groups, take a similar view. In his book on the Liberal Nationals,⁸⁰ David Dutton has argued that the influence of the Liberal Nationals was that they 'helped determine the sort of Conservatism which dominated the era, in particular enabling Baldwin to fulfil the aspirations he had conceived in the 1920s and to move his party's centre of gravity appreciably to the left,

⁷⁵ Stevenson and Cook, *The Slump*, p. 74.

⁷⁶ Williamson, *National Crisis*, p. 13.

⁷⁷ John Charmley, *A History of Conservative Politics since 1830* (Basingstoke, 2008), pp. 118-19.

⁷⁸ *Ibid*, p. 85.

⁷⁹ G.R. Searle, *Country Before Party: Coalition and the Idea of 'National Government' in Modern Britain, 1885-1987* (London, 1995), p. 180; Williamson, *Baldwin*, p. 44.

⁸⁰ Throughout the National Government period the party was called the 'Liberal National Party'. It changed to the 'National Liberal Party' in 1948.

thereby excluding Tory die-hards from access to power'.⁸¹ As yet there is no study of the smaller coalition grouping, National Labour.

The end result of these constraints and opportunities was that the National Government's overall policy record was still reasonable. According to Ramsden, the National Government had a 'respectable record of modest social reforms'. Although its reforming potential was constrained by the pressures of economic crisis, Chamberlain in particular 'would never be content simply to administer the systems of relief and await an economic upturn'.⁸² In his book on the Conservative Research Department, Ramsden wrote that such was the extent of planning for the advance of the welfare state that:

from the work already done in the Research Department, it seems likely that a Conservative manifesto of 1940 would have included family allowances and the inclusion of dependants of insured persons in health cover – about half of the advances that are usually traced to Beveridge.⁸³

Similarly, Philip Williamson has argued that although Baldwin's governments' economic record was 'mixed', it was still far from uniformly negative. However 'unpleasant' the National Government's cuts were, 'they were perhaps a necessary price' for various other measures. These included 'the resumption of social reform'. In addition, 'by the 1930s his [Baldwin's] Conservatism had also legitimated a more active conception of the state's economic role'.⁸⁴

A similar view was taken in William Frame's 1999 PhD thesis on the Conservative Party and domestic reconstruction, which focuses on the period between 1931 and 1935.⁸⁵ Frame argued that the Conservative Party's/National Government's social and economic policies were 'less

⁸¹ David Dutton, *Liberals in Schism: A History of the National Liberal Party* (London, 2008), p. 6. Similarly, during the 2010-15 Conservative-Liberal Democrat coalition government, the perception that David Cameron was ideologically closer to the Liberal Democrat Leader Nick Clegg than to his own MPs caused some discontent among Conservative backbenchers. Peter Dorey and Mark Garnett, *The British Coalition Government, 2010-2015* (London, 2016), p. 246.

⁸² Ramsden, *Appetite for Power*, p. 288.

⁸³ Ramsden, *Making of Party Policy*, pp. 91-2.

⁸⁴ Williamson, *Baldwin*, p. 358.

⁸⁵ William Robert Gordon Frame, 'The Conservative Party and Domestic Reconstruction: 1931-35' (PhD thesis, Royal Holloway, University of London, 1999).

ambitious but more realistic'.⁸⁶ One of the few works specifically to focus on Conservative domestic policy during the 1930s, it argued that pressure on the leadership for more radical state intervention in the economy from both the left and right of the Conservative Party was significantly reduced by the 'gradual improvement of the economy'.⁸⁷ During this period, Baldwin's 'achievement' was to build 'a centrist block which could marginalise the extremes of left and right, not only in British politics, but more specifically within his own party'.⁸⁸ However, the thesis does not consider the period after 1935. After that date, Frame wrote, 'the increasing prominence of foreign policy issues until 1940 meant that domestic policy was no longer an area upon which the [National] Government would stand or fall'.⁸⁹

Frame's work has several limitations. While it may well be true that foreign policy dominated political discourse after the period considered in his thesis, this does not mean that planning for domestic policy ceased after 1935 and that further reforms were no longer being contemplated. Coal mining royalties, for example, were nationalised in 1938,⁹⁰ and modest extensions enacted, and further extensions proposed, to social and health insurance schemes. Further, as mentioned earlier, in the late 1930s planning was underway for a further expansion of the emerging welfare system. As such, a discussion of social policy in the final years of the National Government is important if one is to fully understand National Government-era policy-making.

Other scholars have focused on the Conservative right wing. In his recent monograph, N.C. Fleming argued that the right-wing, or 'diehard' influence on the party was 'complex and often indirect' between 1922 and 1935.⁹¹ Conservative seat losses at the 1935 general election were not

⁸⁶ Ibid, p. 381.

⁸⁷ Ibid, p. 377.

⁸⁸ Ibid, p. 382.

⁸⁹ Ibid, p. 377.

⁹⁰ Charles Loch Mowat, *Britain Between the Wars, 1918-1940* (London, 1968), p. 448.

⁹¹ N.C. Fleming, *Britannia's Zealots, Volume 1: Tradition, Empire and the Forging of the Conservative Right* (London, 2020), pp. 126.

enough 'to transform the diehard rump into anything that might wield direct influence over Baldwin'.⁹² Though more cohesive on imperial matters, there was a notable 'lack of a distinct, coherent and active approach to many domestic questions'. Above all, economic and, especially, imperial ideas 'defined, activated and unified' the diehards.⁹³ Few were attracted to fascism, with most retaining a sense of party loyalty. Consequently, they 'toed the line on domestic reforms, however reluctantly'.⁹⁴ Similarly, Dietz explored what he terms the 'neo-Tories'—mostly 'young politicians or intellectuals' who desired a radically new direction for British conservatism'.⁹⁵ This group, however, never had much influence over the wider Conservative Party. The party's, 'flexibility', adaptability, and success under Baldwin meant most that Conservatives 'had no interest in a new intellectual direction and radicalization'. The neo-Tories' lack of interest in imperial matters even precluded an alliance with the diehards.⁹⁶

Despite their long involvement with Conservative politics, the relationship between women and the Party remains comparatively neglected, though has been the subject of several recent studies.⁹⁷ Despite initial fears about the political impact of enfranchising women, the Conservatives disproportionately benefited from the new female voters. This seems to have been true across the class divide.⁹⁸ The Marxist feminist Beatrix Campbell has argued that Conservative women generally were more concerned with 'grand causes of Conservatism rather than the detailed concerns of women themselves'.⁹⁹ G.E. Maguire argued that the Conservative Party's track record on women was 'no worse' than that of Labour or the Liberals. While the party was 'markedly more

⁹² Ibid., p. 184.

⁹³ Ibid., p. 129.

⁹⁴ Ibid., p. 210.

⁹⁵ Bernhard Dietz, *Neo-Tories: The Revolt of British Conservatives against Democracy and Political Modernity (1929-1939)*, trans. Ian Copestake (London, 2020), p. 1.

⁹⁶ Ibid., pp. 209-10.

⁹⁷ Clarisse Berthezène and Julie Gottlieb (eds), *Rethinking Right-Wing Women: Gender and the Conservative Party, 1880s to the Present* (Manchester, 2017).

⁹⁸ Ball, *Portrait*, pp. 117-19.

⁹⁹ Beatrix Campbell, *Iron Ladies: Why do Women Vote Tory?* (London, 1987), p. 63.

feminine' than Labour, it was 'a very traditional femininity' which nevertheless proved popular.¹⁰⁰

Women volunteers were also crucial at local government level.¹⁰¹ Julie Gottlieb has explored the role of individual female Tory MPs in the 1930s.¹⁰²

More recently, David Thackeray has explored how the party used a gendered appeal to male and female voters in the aftermath of the First World War. This focused on appealing to women as housewives, and establishing patriotic associations targeted at women who 'may previously have had little interest in party politics'. On the masculine side, the Conservatives appealed to 'the serviceman and the values he had traditionally embodied: patriotism, order and self-restraint'.¹⁰³ Similarly, David Jarvis has argued that the Conservative appeal to women voters was 'complex and perceptive', in that it tied into pre-war gender norms 'yet it also revised them sufficiently to address a dramatically changed political context'. For example, women were referred to as 'family chancellors'.¹⁰⁴ Finally, Clarisse Berthezène has argued that Conservative women used 'a language of citizenship rather than feminism' to progress their interests within the party without antagonising men. Additionally, their 'self-description' for possessing 'common sense' played into the party's 'self-identified anti-intellectualism', specifically the 'well-worked [Conservative] idea that "character" was more important than "brains"' and reason.¹⁰⁵

Others have considered the impact of gender on domestic policy. In *Family, Dependence, and the Welfare State*, Susan Pedersen has argued that welfare in Britain 'developed along deeply gendered

¹⁰⁰ G.E. Maguire, *Conservative Women: A History of Women and the Conservative Party, 1874-1997* (Basingstoke, 1998), pp. 94-5.

¹⁰¹ Ibid., p. 103.

¹⁰² Julie V. Gottlieb, *Modes and Models of Conservative Women's Leadership in the 1930s* in Berthezène and Gottlieb (eds), *Rethinking Right-Wing Women*, pp. 89-103.

¹⁰³ David Thackeray, *Conservatism for the Democratic Age: Conservative Cultures and the Challenge of Mass Politics in Early Twentieth Century England* (Manchester, 2013), pp. 133-152.

¹⁰⁴ David Jarvis, 'Mrs Maggs and Betty: The Conservative Appeal to Women Voters in the 1920s', *Twentieth Century British History*, 5/2 (1994), pp. 129-52, p. 151.

¹⁰⁵ Clarisse Berthezène, 'The Middlebrow and the making of a 'New Common Sense: Woman's Voluntarism, Conservative Politics and Representations of Womanhood', in Berthezène and Gottlieb (eds), *Rethinking Right-Wing Women*, pp. 104-21, pp. 105-6, 109.

lines'.¹⁰⁶ This was due to the central importance that the shapers of welfare policy attached to the idea of the male breadwinner. State policy towards families was 'shaped largely by those groups— notably civil servants and trade unionists—seeking to protect wages and wage negotiations' and 'resistant to the redistributive agendas articulated by socialists and feminists'.¹⁰⁷ As a consequence, the push for family allowances—benefits paid to the mother to assist in the raising of children— initially attracted little support. Only when the arguments moved away from feminist aims to endow motherhood towards eugenic concerns and heightened awareness about the extent of child poverty did they attract wider political support, including from some Conservative MPs.¹⁰⁸

Finally, there have been several recent articles and books on mid-twentieth-century Conservatism. As the following chapter will discuss in greater detail, Emily Jones has explored the role played by the reinterpretation of Edmund Burke in the development of C/conservatism in the late nineteenth and early twentieth centuries.¹⁰⁹ Kit Kowol has used the Fordson Estate as a case study to examine 1930s 'conservative modernism'.¹¹⁰ In the context of exploring what he terms the 'Conservative movement', Kowol has argued that the Conservative Party developed few original ideas in the Second World War. Instead, contemporary fears about threats to Conservative survival drove the party in a more progressive direction. The 'ideas and plans of wartime Tory Progressives' were, he wrote, 'in many ways, interwar Baldwinism shorn of its emollient language and self-conscious anti-utopianism, and taken to its logical extreme'.¹¹¹ Emily Robinson has used the history of emotions approach in her analysis of C/conservatism. '[M]id-century English Conservatism',

¹⁰⁶ Susan Pedersen, *Family, Dependence, and the Origins of the Welfare State: Britain and France 1914-1945* (Cambridge, 1995), p. 12.

¹⁰⁷ Ibid., p. 19.

¹⁰⁸ Ibid., pp. 316-21.

¹⁰⁹ Emily Jones, 'Conservatism, Edmund Burke, and the Invention of a Political Tradition, c. 1885-1914', *Historical Journal*, 58/4 (2015), pp. 1115-39; Emily Jones, *Edmund Burke and the Invention of Modern Conservatism, 1830-1914: An Intellectual History* (Oxford, 2019).

¹¹⁰ Kit Kowol, 'An Experiment in Conservative Modernity: Interwar Conservatism and Henry Ford's English Farms', *Journal of British Studies*, 55/4 (2016), pp. 781-805.

¹¹¹ Kit Kowol, 'The Conservative Movement and Dreams of Britain's Post-War Future', *Historical Journal*, 62/2 (2019), pp. 473-93, p. 480.

she wrote, ‘was balanced on the unacknowledged tension between these two elements: the beautiful and the sublime, the familiarity of the everyday and the solitary encounter with the unfathomable’.¹¹² Using Baldwin as an example, she argued that Conservatism was ‘transmitted through everyday and concrete encounters’ with people and their surroundings. It was both ‘responsive to environment’, and ‘[y]et, it was also imagined as a spiritual duty’.¹¹³

In conclusion, while there is a growing body of literature on various aspects of interwar Conservatism, and Conservatism more generally, the central question of the party’s attitude towards the role of government remains comparatively neglected. Where studies have considered domestic policy, there is no consensus on whether the Conservatives, and the Conservative-led National Government, were interventionist, whether any intervention that did take place was positive, and whether their policies were consistent with the British Conservative tradition. This lack of clear agreement in itself suggests that further investigation is needed. By carrying out such an investigation, this thesis makes a significant contribution to our understanding of the party’s attitude towards the role of the state during a most unusual, if crucial, period in modern British political history.

Methodology and Sources

This is an empirical political study, concerned with what the Conservative Party’s senior policymakers saw as the appropriate role of government between 1929 and 1940. To do this, it uses four case studies: industrial reorganisation, welfare, education, and housing. These have been chosen for several reasons. First, they reflect key areas of great contemporary importance. Secondly, the Conservative Party’s policy responses varied considerably between them—industry

¹¹² Emily Robinson, ‘The Authority of Feeling in Mid-Twentieth-Century English Conservatism’, *Historical Journal*, (2020), p. 1–22. doi:10.1017/S0018246X19000682 <https://www.cambridge.org/core/services/aop-cambridge-core/content/view/9B5D6480ADD3B726616A7F78071E78BE/S0018246X19000682a.pdf/authority_of_feeling_in_midtwentiethcentury_english_conservatism.pdf> (accessed 12 May 2020), p. 22.

¹¹³ Ibid., p. 9–10.

saw the gradual extension of government activity throughout the decade while in housing the government actually reduced the scope of state-backed housebuilding. By comparing the reasons behind the different responses, it is possible to determine the underlying ideology behind those differences.

This study does not, and cannot, explore every aspect of interwar Conservative thought. There is no standalone chapter on Empire. While extremely important to many Conservatives at the time, the role of Empire does not in and of itself relate to the party's attitude towards the state. Empire was, however, extremely important in shaping the party's tariff policy, and thus is discussed in that context. Religion too is a subject that had a bearing on individual policies, notably education, and personal faith mattered a great deal to individual Conservatives. As with Empire though, it is less useful as a topic with which to trace changing attitudes towards government. It is also noteworthy that, while religion still mattered, the 'dealignment' of parties and churches from the First World War onwards made possible the use of cross-denominational appeals by various politicians, including Stanley Baldwin. This contrasted to the situation before 1914 when the Conservative Party was viewed as the defender of the Church of England 'against the Liberal alliance with political nonconformity'.¹¹⁴

Many Conservatives have argued,¹¹⁵ and continue to argue,¹¹⁶ that the party has no ideology. In the late twentieth century, former Cabinet Minister Ian Gilmour did not accept that British Conservatism was 'an "ism"'. It was, he wrote, 'not an ideology or a doctrine'.¹¹⁷ The claim to be 'non-ideological' was long one of the party's 'most distinctive features', and arguably has worked

¹¹⁴ Matthew Grimley and Philip Williamson, 'Introduction: The Church of England, the British State and British Politics During the Twentieth Century', in Tom Rodger, Philip Williamson and Matthew Grimley (eds), *The Church of England and British Politics since 1900* (Woodbridge, 2020), pp. 1-35, pp. 2, 18

¹¹⁵ Ramsden, *Balfour and Baldwin*, p. x.

¹¹⁶ In 2020, Theresa May's former Co-Chief of Staff Nick Timothy wrote, 'Above all, to be a Conservative is to reject abstract theory and ideology'. See Nick Timothy, *Remaking One Nation: The Future of Conservatism* (London, 2020), p. 166; For another example, see Nick Herbert, *Why Vote Conservative 2015: The Essential Guide* (London, 2014), p. 1.

¹¹⁷ Gilmour, *Inside Right*, p. 121.

to its electoral advantage.¹¹⁸ It is thus not surprising that some historians, such as John Ramsden, also have downplayed the importance of ideology in Conservative history. Because the party ‘rarely appealed to the electorate on a matter of belief, much more often on its past record, its general fitness to be trusted in government, its immediate programme and (most important) the proposals of the other side’. Accordingly, Ramsden argued, historians should focus on those rather than on party beliefs.¹¹⁹ Those historians who have attempted to categorise the tenets of Conservative ideology have been criticised for retrospectively inventing what never existed.¹²⁰

There are several problems with denying the existence and importance of Conservative ideological beliefs. First, as the historian and former member of the Unionist Social Reform Committee, Maurice Woods, noted, ‘[t]he fact that the parties themselves may be largely unaware of the central idea or guiding instinct no more disproves its existence than our unconsciousness of breathing stops our breath’.¹²¹ Secondly, as Ewen Green has pointed out, even if we take at face value the Conservatives’ claim to be empirically minded, empiricism itself is an ideological position.¹²² Further, ideological conflicts had a great impact on the party’s electoral fortunes, as the internal debate over tariff reform illustrates. Thus, between 1905 and 1915, ‘[t]his usually least doctrinaire of parties was “consumed by ideological passion”’.¹²³ It is difficult to be consumed by ideological passion without some ideology about which to be passionate. Thirdly, as Michael Freedman has pointed out, the fact that ideology may be flexible does not preclude it from being an ideology.

¹¹⁸ Ramsden, *Balfour and Baldwin*, p. x.

¹¹⁹ Ibid.

¹²⁰ Vernon Bogdanor, ‘Devil in the Detail’, review of Stuart Ball, *Portrait of a Party*, *New Statesman*, 21 June-27 June 2013, pp. 42-3, p. 44.

¹²¹ Maurice Woods, *A History of the Tory Party in the Seventeenth and Eighteenth Centuries with a Sketch of its Development in the Nineteenth Century* (London, 1924), p. 353.

¹²² Ewen Green, *The Crisis of Conservatism: The Politics, Economics and Ideology of the British Conservative Party, 1880-1914* (London; New York, 2004), p. 312.

¹²³ Neal Blewett, ‘Free Fooders, Balfourites, Whole Hoggers: Factionalism within the Unionist Party, 1906-10’, *Historical Journal*, 11/1 (1968), pp. 95-124, p. 95, quoted in David Dutton, *His Majesty’s Loyal Opposition: The Liberal Unionist Party in Opposition 1905-1915* (Liverpool, 1992), p. 4.

Conservatives have been especially guilty of ignoring the ‘possibility of non-doctrinaire ideologies, displaying flexibility and mutability, yet pervading the belief systems of organized societies’.¹²⁴

It is important to stress that this thesis is concerned with Conservatism as related to the Conservative Party rather than conservatism as a more general philosophy. While the two overlap, they are independent of each other.¹²⁵ Consequently, the sources for this thesis are generally from Conservative politicians and sympathisers rather than philosophers of conservatism with a small c. This is reinforced by the tendency of Conservatives to seek legitimacy by invoking historical political figures, notably Benjamin Disraeli, rather than conservative intellectuals.

This thesis examines a wide range of primary sources. These include archival documents, such as Cabinet papers, minutes, letters, and other internal correspondence. These materials are crucial to understanding the internal discussions surrounding policymaking and implementation both within the party and within the Conservative Party itself. Public figures will discuss matters and express opinions in private that may prove disadvantageous to discuss publicly. The thesis also analyses party publications, speeches, and other propaganda. This includes the extensive use of parliamentary debates, which both set out governments’ policy rationale for legislation, and gave a platform to discontented backbenchers. In addition, the published memoirs, diaries and letters of major figures are used to shed light on the thinking of those individuals, or at least how they wished to be seen. Contemporary books and articles written by Conservative figures are important examples of contributions to political debate. Finally, to gauge the political atmosphere both in the country and the party, and for records of speeches and broadcasts, the thesis consults leading newspapers and periodicals including *The Times*, the *Spectator*, and the *Listener*.

¹²⁴ Michael Freeden, ‘The Stranger at the Feast: Ideology and Public Policy in Twentieth Century Britain’, *Twentieth Century British History*, 1/1 (1990), pp. 9-34, p. 15.

¹²⁵ Kevin Hickson, *Britain’s Conservative Right since 1945: Traditional Toryism in a Cold Climate* (Cham, Switzerland, 2020), p. 3.

There are, of course, limitations to this approach. Certain participants' records are more extensively preserved than others, potentially distorting any argument based upon them. This holds true even at the highest policymaking level. Neville Chamberlain left extensive correspondence with his sisters,¹²⁶ for example, while Baldwin's surviving papers offer fewer insights into his inner political thoughts.¹²⁷ Surviving records capture formal relationships, like Cabinet discussions, but exclude those informal influences on policy for which there never existed any formal record. Moreover, decision-makers themselves may not always be conscious of the origins of their own ideas or decline to reveal them. Several valuable edited collections also exist, but again there are only so many of them.¹²⁸ A handful of backbenchers' diaries are known to have survived, though of uneven quality.¹²⁹ Different ideological groups within the party also left varying amounts of surviving source material. For example, younger MPs on the party's left-wing were more likely to publish on Conservatism than right-wingers or moderates.¹³⁰ Nevertheless, while the archive material is skewed, the surviving content is still considerable, and between the archives and published sources there is enough to determine the ideological influences on modern Conservatism. Indeed, another problem is that is impossible to read all the surviving documents within the timeframe of a DPhil candidature. This makes it essential to be selective about which records to examine.

¹²⁶ Many of Neville Chamberlain's letters to his sisters have been published. See Robert C. Self (ed.), *The Neville Chamberlain Diary Letters* vol. 1. *The Making of a Politician, 1915-20* (Aldershot, 2000); Robert C. Self (ed.), *The Neville Chamberlain Diary Letters* vol. 2., *The Reform Years, 1921-27* (Aldershot, 2000); Robert C. Self (ed.), *The Neville Chamberlain Diary Letters* vol. 3, *The Heir Apparent 1928-33* (Aldershot, 2002); Robert C. Self (ed.), *The Neville Chamberlain Diary Letters* vol. 4. *The Downing Street Years, 1934-1940* (Aldershot, 2005).

¹²⁷ Williamson and Baldwin (eds), *Baldwin Papers*, pp. 1-2.

¹²⁸ Stuart Ball (ed.), *Conservative Politics in National and Imperial Crisis: Letters from Britain to the Viceroy of India 1926-31* (London; New York, 2017); Robert Rhodes James (ed.), *Memoirs of a Conservative: J.C.C. Davidson's Memoirs and Papers 1910-37* (London, 1969).

¹²⁹ For published backbench diaries and letters, see John Barnes and David Nicholson (eds), *The Empire at Bay: The Leo Amery Diaries Volume Two: 1929-1945* (London, 1988); John Ramsden (ed.), *Real Old Tory Politics: The Political Diaries of Sir Robert Sanders, Lord Bayford, 1910-35*, (London, 1984); Stuart Ball (ed.), *Parliament and Politics in the Age of Churchill and Attlee: The Headlam Diaries, 1935-1951* (Cambridge, 1999); John Julius Norwich (ed.), *The Duff Cooper Diaries: 1915-1951* (London, 2005); Robert Rhodes James (ed.), *Chips: The Diaries of Sir Henry Channon* (London, 1967). The embargo on the Channon diaries having come to an end, a full version of the diaries, edited by Simon Heffer, was in preparation at time of writing this thesis. For the diaries of a National Labour MP, see Nigel Nicolson (ed.), *Harold Nicolson Diaries and Letters 1930-1939* (London, 1966).

¹³⁰ Ball, *Portrait*, pp. 11.

Regarding published sources, memoirs contain inaccuracies, both deliberate and accidental. Memory is not always reliable, and facts are not always faithfully recorded. Further, the public reasons given for supporting a point of view do not always correspond with what the person was actually thinking. Cabinet and other committee minutes vary in their level of detail. Examining the topic through a 'high politics' lens is also a far from universally popular approach, since it risks underplaying the role of larger social and economic undercurrents, notably the impact of the Great Depression, structural changes in the British economy, and the legacy of the First World War. Further, there is the danger of generalising about the collective beliefs of any organisation, let alone one as large as the Conservative Party.

Nevertheless, examining the development of policy by focusing on the party leadership is necessary and valuable for several reasons. First, while the gaps in the source material are real, there is enough to make possible a reconstruction of the party's general attitude towards such a large question as the role of the state. Secondly, some discussion of 'high politics' is necessary,¹³¹ even if in its pure form, as practised by Maurice Cowling, it overlooks factors beyond the personalities of its main actors.¹³² While this thesis certainly does not deny the considerable role that underlying social and economic problems had in shaping the policy debate, it stresses that the choices political leaders make in response to those problems have an enormous impact on the wider population. Different people have different reactions to the same problems. This matters especially in a 'top-down' organisation like the Conservative Party.¹³³ Even where the leadership's positions differed from sections of wider party opinion, the leadership ultimately made the policy decisions, and affected

¹³¹ Maurice Cowling, *The Impact of Labour, 1920-1924: The Beginning of Modern British Politics* (Cambridge, 1971), pp. 1-12.

¹³² Robert Crowcroft, 'Maurice Cowling and the Writing of British Political History', *Contemporary British History*, 22/2 (2008), pp. 279-286.

¹³³ Tim Bale, *The Conservative Party from Thatcher to Cameron* (Cambridge, 2011), pp. 12-13.

the lives of millions of British citizens in the process. The recent crisis over Brexit offers a timely reminder about how decisions made at the top can have enormous repercussions.¹³⁴

How Conservative Policy was Made

In order that subsequent chapters make sense, it is necessary to briefly sketch how the Conservative Party operated during this time. The party Leader, in this case Stanley Baldwin from 1922 until 1937, followed by Neville Chamberlain from 1937 to 1940, in theory bore ultimate authority for stating Conservative policy.¹³⁵ As usually is the case with any organisation, the reality was more complicated than the theory.

While the Leader had considerable room for policy manoeuvre, he was nevertheless constrained by wider party opinion. The decision to adopt protection at the 1923 election, for example, was genuinely Baldwin's personal initiative.¹³⁶ He could make such a drastic move in no small part because protection enjoyed widespread support across the party. However, his freedom of manoeuvre was not absolute. As chapter two will show, his subsequent reluctance to embrace tariffs in light of the disastrous 1923 election result was a key factor in his leadership problems between 1929 and 1931. In the face of heavy pressure from inside and outside the party, he was eventually compelled to embrace protection once again. Political strength also played a role—Baldwin's position was greatly strengthened when he commanded a large majority post-1931 compared to his post-1929 election loss.

¹³⁴ For two accounts of Brexit focusing on the political dimension, see Tim Shipman, *All Out War: The Full Story of Brexit* (London, 2017); Tim Shipman, *Fall Out: A Year of Political Mayhem* (London, 2017). A third volume was in preparation but had not yet appeared at the time of writing.

¹³⁵ Ball, *Portrait*, pp. 444-9

¹³⁶ Williamson, *Baldwin*, pp. 27-9.

Party leaders, Baldwin in particular,¹³⁷ were also content to delegate much policymaking to subordinates. With the Leader's blessing, individual Cabinet or shadow cabinet ministers could have substantial impact on policy. Most notably during the period considered by this thesis, Neville Chamberlain personally took the policy initiative, whether at the Ministry of Health in the 1920s or as a prime mover behind the Cabinet Conservative Committee in 1934-5. It is doubtful that many of the reforms of the 1924-29 Baldwin government, such as the Local Government Act, would have occurred without Chamberlain's efforts.

Beyond the Leader and his inner circle, policy ideas were formulated and debated in Cabinet when the party was in government. Major policy decisions were signed off at Cabinet level. Although Cabinet disproportionately included representatives of the coalition parties throughout the National Government years, Conservative influence increased as time went on. Moreover, Cabinet was more concerned with 'short-term tactics rather than long-term strategy'.¹³⁸ Even within Cabinet some decision making took place without the involvement of the Liberal Nationals or National Labour. For example, the Cabinet Conservative Committee ('CCC') established in 1934, and comprising all the Conservative members of Cabinet, met between March 1934 and July 1935 in order to devise a programme in advance of the 1935 general election.¹³⁹ The meetings were deliberately held at the CRD office because it was felt 'highly desirable not to arouse any suspicions in the minds of other people about such a meeting'.¹⁴⁰ This was before a Cabinet policy committee was established that included representatives of the coalition parties.¹⁴¹ In opposition, the shadow

¹³⁷ Winston Churchill similarly allowed others, notably 'Rab' Butler, to shape domestic policy both during and after the Second World War.

¹³⁸ Ball, *Portrait*, p. 446.

¹³⁹ 'C.C.C. Meetings', undated, CRD 1/64/3.

¹⁴⁰ Joseph Ball, 'Some Notes of Discussion with the Chancellor on 9/2/34', CRD 1/64/1.

¹⁴¹ Cabinet established the committee on 16 October. Chaired once again by Neville Chamberlain, six of its nine members were Conservatives. See Cabinet conclusions, 16 October 1935, CAB 47(35). See also, 'Government Policy Committee Report', 23 October 1935, CP 193(35); Cabinet conclusions, 23 October 1935, CAB 48(35).

cabinet, called the Business Committee between 1929 and 1931, was a more informal grouping,¹⁴² which Baldwin preferred to avoid summoning.¹⁴³

To formulate the detail of policy, the leadership relied on policymaking machinery inside and outside the party itself. Established in 1929 when the party was in opposition, the Conservative Research Department ('CRD') continued to play an important role when the party was in government.¹⁴⁴ Before 1929, a policymaking 'Secretariat' had been established in 1924,¹⁴⁵ though it was disbanded following that year's successful general election.¹⁴⁶ While the CRD was initially under Lord Eustace Percy's control,¹⁴⁷ Neville Chamberlain quickly assumed the Chairmanship, a position he retained until 1940. Labelled 'Neville Chamberlain's Private Army', during this period, the CRD remained a small organisation, but on occasion played an extensive role in policy development.¹⁴⁸ The CRD, for example, largely developed the party's tariff policy, which was implemented in 1932. As the Conservative Party was in government for most of the 1929-40 period, much policy research and development took place within the formal structures of the civil service or state-sanctioned committees. The CRD remained largely outside the control of Central Office, and a 1937 report noted that there 'appears to be no liaison whatever between the Conservative Research Department and the Central Office'.¹⁴⁹ While the coalition partners did

¹⁴² Ball, *Baldwin and Conservative Party*, p. 67. The modern practice of MPs shadowing individual portfolios was first introduced by Labour during its 1951-64 spell in opposition. During the Conservatives' stint in opposition between 1945 and 1951, the shadow cabinet was named the Leader's Consultative Committee. See Harold Macmillan, *Tides of Fortune, 1945-1955* (London, 1969), pp. 43-4. The minutes of only one Business Committee meeting appear to have survived. See Business Committee, minutes, 20 March 1930, MS. Eng. C. 6652 (Joseph Ball Papers). The author could find nothing in the Conservative Party Archive.

¹⁴³ John Barnes and Richard Cockett, 'The Making of Party Policy', in Anthony Seldon and Stuart Ball (eds), *Conservative Century: The Conservative Party since 1900* (Oxford; New York, 1994), pp. 347-82, p. 353.

¹⁴⁴ For the history of the CRD, see Ramsden, *Making of Party Policy*, and Cooke (ed.), *Tory Policy-Making*.

¹⁴⁵ Leo Amery, 'The Policy Secretariat', 18 November 1924, Baldwin MSS, vol. 48.

¹⁴⁶ Barnes and Cockett, 'Party Policy', p. 359.

¹⁴⁷ Conservative Central Office, Untitled official statement, 16 November 1929, MS. Eng. C.6652 (Ball papers).

¹⁴⁸ Cooke, 'Chamberlain's Private Army', pp. 5-26.

¹⁴⁹ 'Report of Lord Monsell's Committee on the Conservative Research Department', December 1937, CCO 500/1/8.

have their own research departments,¹⁵⁰ these do not appear to have had anything close to the resources and influence of the CRD.

When the party was in government, memoranda by civil servants, or reports produced by inquiries or government-appointed committees did influence or shape policy direction. The Hadow Report on adolescent education in 1926 and Sir William Beveridge's reports in his capacity as head of the Unemployment Insurance Statutory Committee are two examples that will be explored in this thesis. However, civil servants or government inquiries usually only had influence over policy when their recommendations were ideologically suited to the government of the day.

Beyond Central Office, the Conservative Party was highly decentralised, and its affiliated bodies had little direct influence over policy. The backbench 1922 Committee had,¹⁵¹ for the most part, little influence over the direction of party policy during this time. It attempted to exercise influence with an ambitious economy report in 1932, but the ensuing backlash left it 'on the sidelines for the rest of the decade'.¹⁵² The National Union of Conservative and Unionist Associations acted as the representative body of the Conservative associations, all of which were autonomous and largely beyond the control of Central Office. As an early post-war report into the Conservative Party's organisation observed, the National Union enabled 'the collective opinion of the Party to find expression'. However, while 'the opinions of the Executive Committee are sought from time to time', the National Union's role was 'primarily deliberative and advisory'.¹⁵³ In practice, however, party leaders were 'unwise' to ignore grassroots opinions too brazenly on too many sensitive

¹⁵⁰ The Liberal National Research Department developed its own policy proposals. For example, it proposed a land settlement scheme that received a lukewarm reception from the CRD. See memorandum, Major Hobbes to Joseph Ball, 4 April 1935, CRD 1/68/1.

¹⁵¹ For histories of the 1922 Committee, see Goodhart, *The 1922*, and Philip Norton, *The Voice of the Backbenchers: The 1922 Committee: The First 90 Years, 1923-2013* (London, 2013).

¹⁵² Stuart Ball, 'The 1922 Committee: The Formative Years 1922-45', *Parliamentary History*, 1/9 (1990), pp. 129-57, pp. 141-4

¹⁵³ National Union, 'Final Report of the Committee on Party Organisation', 1949, CHUR 2/12, p. 7

issues.¹⁵⁴ As the battle over tariffs after 1929 illustrates, the newspapers, notably those owned by Lords Beaverbrook and Rothermere, could also, by stirring key segments of party opinion against the leadership, have significant influence over the development of policy.¹⁵⁵

Several affiliated or quasi-affiliated bodies existed but few of these had any significant policy impact. Established in 1906, the Party's youth division, the Junior Imperial League, was claimed to be 'the largest Political Youth Movement in the Country' with around 100,000 members.¹⁵⁶ Politically, though, it was largely 'polite and deferential' and did not clash ideologically with the senior membership.¹⁵⁷

Despite their importance to Conservative electoral success, women's direct internal influence on policy was also limited. Outside the official party but closely linked to it was the Primrose League, whose creation in 1883 marked the first direct female involvement in party politics. By the period addressed in this thesis—1929 to 1940—the League was in decline as women increasingly joined the Conservative Party proper following the extension of the franchise in 1918. However, it still played a role in educating the new female electorate, drumming up Conservative anti-socialism, and encouraging popular imperialism.¹⁵⁸ From 1931 its decline gathered pace as Labour's weakness and the growth of the official Conservative women's organisation reduced its importance to the party.¹⁵⁹ After they were permitted to join the party, women generally formed their own constituency branches that operated independently of the male constituency associations, but that were linked by a joint executive.¹⁶⁰ It should be noted that many women supported this

¹⁵⁴ Stuart Ball, 'The National and Regional Party Structure', in Seldon and Ball (eds), *Conservative Century*, pp. 169-220, p. 202

¹⁵⁵ See chapter two.

¹⁵⁶ 'Palmer Committee Report on the Junior Imperial League', 14 December 1943, CCO 500/1/10, p. 4.

¹⁵⁷ Ball, *Portrait*, pp. 154-6. The League was closed in 1939 and after 1945 was replaced by the Young Conservatives.

¹⁵⁸ On the inter-war Primrose League, see Matthew C. Hendley, 'Conservative Women and the Primrose League's Struggle for Survival, 1914-32', in Berthezène and Gottlieb (eds), *Rethinking Right-Wing Women*, pp. 66-88.

¹⁵⁹ *Ibid.*, pp. 77-8.

¹⁶⁰ Maguire, *Conservative Women*, pp. 74-5

arrangement, as they felt it gave them ‘more responsibility’, even though it helped to keep women ‘on the fringes of party politics’.¹⁶¹ Women employed by the party remained subject to different conditions to men.¹⁶²

In sum, although wider party and public opinion imposed constraints on Conservative policy formation, the leadership still had considerable say over the formation and direction of policy.

Thesis Structure

This thesis is divided into six chapters. Chapter one provides the necessary background to Conservative ideology from the era of mass suffrage until the loss of power in 1929. It argues that while the Conservative Party initially struggled to adapt to a political landscape more concerned with social reform, a reasonably clear Conservative approach to the state existed by the 1920s. This approach was characterised by a preference for modest state intervention in the economy either when new industries were struggling to develop efficiently, or existing staple industries began to decline. This was in no small part due to growing difficulties faced by Britain’s traditional export industries after World War One. Even before 1914, the introduction of tariffs enjoyed widespread support within the Conservative Party, largely because they were seen as necessary to consolidate the British Empire, and Britain’s great power status with it. Unfortunately, they proved electorally unviable in the face of strong cultural support for free trade. In terms of welfare, the Conservative leadership accepted the political necessity for social reform but preferred to do so in an evolutionary rather than revolutionary way. Wherever possible, as with Neville Chamberlain’s pensions reforms, benefits were to be structured on an insurance basis. Although successive Labour and Conservative governments allowed the insurance principle effectively to lapse in terms

¹⁶¹ Joni Lovenduski, Pippa Norris and Catriona Burness, ‘The Party and Women’, in Seldon and Ball (eds), *Conservative Century*, pp. 611-35, pp. 619-21; Maguire, *Conservative Women*, pp. 74-5.

¹⁶² Lovenduski, Norris and Burness, ‘Party and Women’, p. 621.

of National Insurance payments, this was, for Conservatives, by political necessity rather than ideological conviction.

Having established the background, chapter two explores the party's battle in opposition, documenting its struggles over tariffs and the formation of the National Government. It explores how Conservative policy changed in that it finally adopted protection and embraced welfare cuts it had shied away from in earlier years, notably moving the National Insurance system back onto an insurance basis. It argues that these changes are best understood not as representing an ideological change, but of economic and political circumstances shifting the balance in favour of policy ideas that many Conservatives had desired. When deteriorating economic conditions finally turned public opinion against free trade, it was impossible for the leadership to resist demands for a protectionist platform.

The remaining chapters, covering the period from 1931 to 1940, are thematic. The reason for treating the opposition and government periods separately is that it allows for an easier comparison of the influences both of being in government and of the junior coalition partners. The first thematic chapter, chapter three, looks at the National Government's approach to industrial reorganisation. While there was a steady increase in state intervention, the pattern followed a very similar trajectory to that seen in the 1920s. Where the government intervened, it usually did so to bolster struggling private enterprises. For example, it nationalised coal mining royalties for the stated purpose of nudging private investment towards investing in more efficient pits, not because it believed in nationalisation for the sake of it.

Chapter four looks at welfare policy. After implementing cuts upon taking office, the Conservatives resumed the modest extensions of existing contributory benefits as the economic picture improved. These extensions followed a similar pattern to the 1920s, that of incremental

rather than drastic change. However, the Conservatives never dismantled the unpopular means-testing introduced at the height of the Depression, means testing that enjoyed considerable support across the party. Having finally realised the opportunity to place the welfare system back on an insurance and means-tested basis, Conservatives were not going to change course.

Chapter five explores education policy. Here, in contrast to industrial reorganisation and welfare, very little changed in practical terms. While there were ongoing debates about raising the school leaving age, there was little enthusiasm for reforms that many Conservatives felt were unnecessary. Many did not see there was any benefit to keeping children longer in school, and felt that doing so represented an expensive way to undermine parental choice and expand the reach of the state in a potentially dangerous fashion.

Finally, chapter six examines housing. Unusually, the National Government partially reduced the scope of state intervention by decontrolling some rents and limited future government-funded housing to slum clearance. Because Conservatives believed that changed economic conditions would facilitate the expansion of private housebuilding, they thought it was unnecessary to continue most pre-National Government subsidies. They did, however, oversee Britain's first large scale attempts at slum clearance.

This thesis argues that although most Conservatives were wary of state action, at least to some extent, they could tolerate it provided state action was necessary to preserve an existing institution, was not too expensive, and kept to a minimum. There were limits to Conservative adaptability, however, when the survival of a key institution, like the British Empire, was perceived to be at risk. Conservatives were not entirely willing to trade principle for electoral gain. Overall, the Conservatives took an essentially pragmatic attitude towards the role of the state between 1929

and 1940. As the conclusion will argue, the approach taken by the National Government was much the same as that taken by the post-war Conservative Party until the 1970s.

Chapter One: The Conservatives and the State, 1885-1929

Introduction

It is impossible to analyse the extent of ideological change within the Conservative Party between 1929 and 1940 without first outlining the tenets of that ideology and how they evolved. Between the emergence of a largely working-class electorate in 1885 and the general election of 1929, the Conservative Party was compelled to develop and articulate its position on the appropriate role of the state. Previously, as key political divides were over constitutional issues, this had not been necessary. However, from the late nineteenth century, the centre of political debate began to shift towards social reform, which by necessity involved the state. Constitutional issues did not entirely disappear—bitter debates over Ireland raged in the 1880s and between 1910 to 1914 in addition to a major constitutional crisis surrounding the power of the House of Lords—but their relative importance faded. Initially this did not pose a significant electoral problem for the Conservatives—the Liberal split over Ireland ensured that the party remained largely confined to the wilderness until the 1906 Liberal landslide. From that defeat until 1914, the Conservatives languished in opposition, a period described as a ‘crisis of Conservatism’, a crisis that arguably only ended with the advent of the First World War.¹ While many of the party’s MPs and supporters believed that tariff reform—the Conservative Party’s own policy initiative—was the solution to Britain’s social and industrial problems, the electorate was unconvinced. The early post-war years, however, proved much more politically fertile ground. Aided by the collapse of the Liberals, and no longer bogged down by constitutional disputes, by the 1920s the Conservative Party not only stabilised and secured majority government but embarked on social reforms of its own. In response to post-war difficulties, it also increasingly intervened in the economy. Ultimately, Conservative

¹ Green, *Crisis*, pp. 332-3.

philosophy proved flexible enough, after some early difficulties, for the party to transition successfully to mass democracy. Despite this adaptability, however, the party's members and supporters at times had major differences, and there were limits as to how far it could go.

There are limitations in trying to categorise tenets of Conservatism. Even if one accepts the existence of a Conservative doctrine, there remained 'quite distinct schools of political thought' within the party.² Moreover, different tenets of Conservatism emerged at different times, were understood differently, and were weighed differently by different Conservatives. The relative importance of key issues waxed and waned over time. For example, the importance of Empire relative to that of social issues for members of Conservative constituency associations declined considerably during the inter-war years.³ Ireland was an even more powerful example. Although unionism was at the core of Conservative politics until the First World War, it faded away in the 1920s. After senior Conservatives found themselves in government after 1915, the burden of office, the effects of the First World War, the deteriorating situation in Ireland, and changing public opinion in Great Britain forced a more pragmatic approach from the leadership to the Irish question. Once Southern Ireland separated from the United Kingdom, the issue receded into the background for decades.⁴ Even with these limitations, however, some common ideological threads stand out. Various studies have considered these.⁵ Further, that a particular strand could be lower priority at a certain time does not mean that all discussion of it ceased. Finally, why some strands became more dominant than others itself tells us a great deal about the twentieth-century Conservative Party.

² F.E. Smith, *Unionist Policy and Other Essays* (London, 1913), p. 5.

³ Jonathan Bates, 'The Conservative Party in the Constituencies, 1918-39' (DPhil thesis, University of Oxford, 1994), pp. 126-7.

⁴ See Alan Macleod, 'The Conservative Party and the Irish Question, c. 1885-2010', in Carr and Hart (eds), *Foundations of British Conservative Party*, pp. 84-104, pp. 90-3.

⁵ See e.g. Stuart Ball, 'The Principles of British Conservatism from Balfour to Heath, c.1910-75', in Carr and Hart (eds), *Foundations of British Conservative Party*, pp. 1-38.

Many historians of the party have argued that its ideology stems from two sources: a 'libertarian' or 'neo-liberal', and a 'paternalist'/'one nation'/'tory' strain.⁶ This interpretation dates from at least the 1960s,⁷ and still has academic supporters.⁸ As one of its prominent exponents, W.H. Greenleaf, explained, the 'paternalist' or 'collectivist' strand became the politically stronger of the two during the period considered by this thesis. This strand was a loose grouping influenced by ideas ranging from noblesse oblige to nineteenth-century 'tory radicalism' and its twentieth-century 'continuators'. The 'collectivists' increasingly accepted state intervention as Britain's economic position weakened, including some degree of social reform and various 'ad hoc' economic measures.⁹ Its supporters drew the line, however, at measures resembling the 'deliberate repudiation of property rights' or, in their eyes, that smacked of totalitarianism.¹⁰ On the other hand, there was a 'libertarian' or 'neo-liberal' strand which sought to minimise the role of government.¹¹ The 'libertarians' themselves broadly consisted of two groups: orthodox free traders and more moderate figures willing to accept limited extensions of state intervention.¹² This strand remained strong in the late nineteenth century, and though 'hardly a dominant emphasis in the counsels of the party' by the Second World War, it continued to enjoy 'notable exponents'.¹³

In contrast to Greenleaf, Ewen Green argued the party's attitude towards state intervention depended on how it saw the effectiveness of existing private institutions.¹⁴ Given that, as Green pointed out, many Conservatives held both 'paternalist' and 'neo-liberal' opinions at the same time,

⁶ Harriet Overton Warner Jones, 'The Conservative Party and the Welfare State 1942-1955' (PhD thesis, London School of Economics and Political Science, University of London, 1992); Peter Dorey, *British Conservatism: the Politics and Philosophy of Inequality* (London, 2011).

⁷ John Selin Saloma, 'British Conservatism and the Welfare State: An Analysis of the Policy-Process within the Conservative Party' (PhD thesis, Harvard University, 1961), pp. 47-57.

⁸ For example, Peter Dorey's account of the Conservative Party's approach to inequality divided his study between 'One Nation' Conservatives, who support some measures to reduce inequality, and 'neo-liberal' Conservatives, who oppose government measures to reduce inequality. See Dorey, *British Conservatism*, pp. 49-52, 111-2.

⁹ Greenleaf, *Ideological Heritage*, pp. 204-38.

¹⁰ *Ibid.*, p. 262.

¹¹ *Ibid.*, pp. 192-5.

¹² *Ibid.*, pp. 263-5.

¹³ *Ibid.*, pp. 287, 308.

¹⁴ Green, *Ideologies*, pp. 260-1. Green was more favourable to the idea of the paternalist/libertarian divide in his earlier work. See *Crisis*, p. 317.

characterising party ideology in such terms seems problematic. Thus, rather than examining Conservatism through a 'paternalist'/'neo-liberal' divide, this chapter will examine Conservative ideas thematically. Several existing studies have followed this approach.¹⁵

Various studies exist on the evolution of the 1885 to 1929 Conservative Party.¹⁶ In his 2017 study, Daniel Ziblatt has argued that the relative strength of the Conservative Party's organisation in the United Kingdom was a crucial factor in the country's successful transition to full democracy.¹⁷ Ian Packer has explored the party's approach to land ownership in the period immediately before the outbreak of the Great War.¹⁸ In his account of popular Conservatism, centred around the Primrose League, Martin Pugh argued that during the Edwardian period, 'the central tenets of Conservatism—the House of Lords, the Union with Ireland, the Anglican Establishment' were attacked. This 'drove the party into a self-defeating negativism'.¹⁹

In his detailed study of Edwardian Conservatism, Green has argued that the Edwardian Conservative Party turned to protection because it 'seemed to the bulk of the Conservative Party to offer solutions to a set of difficulties' in the Edwardian period.²⁰ Though originally intended to promote imperial unity, tariffs came to embody a comprehensive policy platform that, at least in theory, would have united cross-class interests. It would have done this by protecting British industries and, by extension, the workers employed by those industries.²¹ Additionally, it would have offered a way to finance social reform without the need to increase the tax burden on the wealthy, and in a manner consistent with a tradition of Tory statism. In his later work, Ewen Green

¹⁵ See e.g. Philip Norton, 'Philosophy: The Principles of Conservatism' in Philip Norton (ed.), *The Conservative Party* (London, 1996), pp. 68-82; Ball, *Portrait*, pp. 9-81; John Barnes, 'Ideology and Factions' in Seldon and Ball (eds), *Conservative Century*, pp. 315-45.

¹⁶ Space constraints only permit an overview of the literature covering this period.

¹⁷ Daniel Ziblatt, *Conservative Parties and the Birth of Democracy* (Cambridge, 2017), pp. 21-3.

¹⁸ Ian Packer, 'The Conservatives and the Ideology of Land Ownership, 1910-1914', in Francis and Zweiniger-Bargielowska (eds), *Conservatives and British Society*, pp. 39-57.

¹⁹ Martin Pugh, *The Tories and the People 1885-1935* (Oxford, 1985), p. 159.

²⁰ Green, *Crisis*, p. 11.

²¹ *Ibid.*, pp. 192-3.

also wrote chapters on the political thought of the Conservative Prime Minister Arthur Balfour and the protectionist Cabinet Minister Arthur Steel-Maitland.²²

There is general agreement that considerable evolution took place between the 1880s and the period immediately before 1914. Fair and Hutcheson argued that three factors forced a greater structure on Conservative thought. First, the expanded electorate led to 'a natural desire for greater clarity of ideas'. Secondly, 'there was a need to offer voters a positive policy'. Finally, the alliance with the Liberal Unionists 'brought about an infusion of programmatic politics from the leftward side of the spectrum'. Joseph Chamberlain, they wrote 'would endow the Conservative Party with the ideological concerns of social imperialism and tariff reform, and an intransigent stand on Irish home rule'.²³ In the only recent monograph on the Liberal Unionists, Ian Cawood argued that '[t]he Liberal Unionists were the means by which the mid-Victorian tradition that the Liberals governed on behalf of the entire community, rather than on behalf of sectional or class interests, became transmitted to the Conservatives'.²⁴

More recently, Emily Jones has argued that British C/conservatism as a body of intellectual thought 'came into being in the years 1885 to 1914'.²⁵ In common with Liberals and other rival political groups, the creation of a mass electorate led to a 'search of new identities' as constitutional issues were 'an increasingly insufficient basis for party identity'.²⁶ The incorporation of Edmund Burke as a pillar of Conservative thought was a key part of this. Previously seen as a bipartisan figure,²⁷ but difficult for the Tories to embrace wholeheartedly because of his Irish Catholic family background,²⁸ the Conservatives embraced Edmund Burke from the 1880s after the debates over

²² Green, *Ideologies*, chs 1, 3.

²³ John D. Fair and John A. Hutcheson, Jr., 'British Conservatism in the Twentieth Century: An Emerging Ideological Tradition', *Albion*, 19/4 (1987), pp. 549-78, pp. 550-1.

²⁴ Ian Cawood, *The Liberal Unionist Party: A History* (London, 2012), p. 252.

²⁵ Emily Jones, 'Invention of a Political Tradition'; Jones, *Edmund Burke*, p. 196.

²⁶ Jones, *Edmund Burke*, pp. 157-60.

²⁷ *Ibid.*, pp. 52-4.

²⁸ *Ibid.*, pp. 34-5.

Irish Home Rule. Courtesy of the Liberal Unionists, Burke became identified with C/conservatism.²⁹ The impact of those debates, in addition to the reinterpretation of Burke's writings that stressed the 'organic, historical, and developmental nature of his thought', combined with his opposition to the French revolution, facilitated his adoption by Conservatives.³⁰ By the Edwardian period, especially the time of Lloyd George's 1909 budget, 'Burke's work, name, and legacy were adopted enthusiastically by a considerable number of political Conservative Unionists'. Consequently, he became recognised as the founder of modern Conservatism.³¹

Others, looking at the war or the interwar period, have concluded that a significant shift took place after 1914. Stubbs has argued that the First World War 'brought the Conservative Party squarely into the twentieth century' by forcing the resolution of the constitutional issues that dominated pre-war politics, thus compelling Conservatives to think about the role of the state.³² Not everyone agrees. Middlemas and Barnes observed that '[t]he Conservative philosophy of social reform [in 1925] was still what it had been in 1908—reforms as wide [as] and perhaps wider than those of the radical parties, but only when trade and prosperity allowed'.³³ Arguably, there is also little evidence for any 'New Conservatism' emerging between 1924-9. As Clement Macintyre pointed out:

Beyond a few superficial policy reforms, there is little evidence of a substantial re-evaluation of the essence of Conservatism in the transformed political environment of the 1920s. Such changes as did occur were limited and were not accompanied by a broader change in the underlying political philosophy of the Conservative Party.³⁴

²⁹ Ibid., pp. 153-5.

³⁰ Ibid., pp. 194-6

³¹ Ibid., pp. 228, 232.

³² John Stubbs, 'The Impact of the Great War on the British Conservative Party', in Chris Cook and Gillian Peele (eds), *The Politics of Reappraisal 1918-1939* (London; Basingstoke, 1975), pp. 14-38, p. 35.

³³ Middlemas and Barnes, *Baldwin*, p. 286.

³⁴ Clement Macintyre, 'Policy Reform and the Politics of Housing in the British Conservative Party 1924-1929', *Australian Journal of Politics and History*, 45/3 (1999), pp. 408-22, p 411.

Moreover, while in social policy, the Conservatives played a more interventionist role in the 1920s than they had in the Edwardian period, there is more direct policy continuity in other spheres. Writing on the Conservatives and the First World War, Nigel Keohane has argued that Conservatives discovered ‘few fresh answers’ during the conflict. Thanks to the war, he wrote, ‘many pre-war shibboleths’, including ‘patriotism, imperialism, tariff reform, the primacy of agriculture and social efficiency... cemented their place within the Conservative canon’.³⁵ Internal support for introducing tariffs remained strong after the First World War, which would lead to a crisis after the loss of the 1929 election.

On the Conservative Party’s approach to the state before 1929, Matthew Fforde has argued that ‘[a] principal function of the Conservative Party in the formative years which preceded the First World War was resistance to state intervention’.³⁶ ‘Those Conservatives of the 1970s and 1980s who discern in their nineteenth century and early-twentieth century antecedents evidence for a long tradition of left-wing Conservatism are in error’, he has added.³⁷ The problem with Fforde’s argument, as Green pointed out, is that Fforde confused classical liberalism with Conservatism.³⁸ Taking a slightly different view, David Dutton has contended that the party had ‘no single coherent attitude towards the role and limits of the state’ prior to 1914.³⁹ While this chapter agrees with Dutton that Conservative policies on key issues, such as tariffs and social reform, were still in flux, key principles behind those policies were in place by the outbreak of World War One.

The chapter will begin by outlining the key tenets of Conservatism that shaped the party’s attitude towards the state, and how those tenets were reflected in the party’s policymaking until its 1929

³⁵ Nigel Keohane, *The Party of Patriotism: The Conservative Party and the First World War* (Farnham, England, 2010), pp. 207, 214.

³⁶ Matthew Fforde, *Conservatism and Collectivism: 1886-1914* (Edinburgh, 1990), p. 168.

³⁷ *Ibid.*, p. 161.

³⁸ E.H.H. Green, ‘The Strange Death of Tory England’, *Twentieth Century British History*, 2/1 (1999), pp. 67-88, p. 78.

³⁹ David Dutton, *His Majesty’s Loyal Opposition: The Unionist Party in Opposition 1905-1915* (Liverpool, 1992), p. 254.

election loss. It will explore three of the party's core ideas: its cautious approach to change, belief that some form of inequality is beneficial, and the Disraelian concern with the condition of the people. Next, the chapter discusses how the Conservatives approached social reform during this time. It then moves onto the Conservatives' attitudes to property rights and explores how Conservative state intervention was used to reinforce private property rather than weaken it. It then offers a brief account of the 1929 election defeat. The chapter argues that, while there were significant divisions among Conservatives, certain common themes stand out from Conservative social and economic policies, which support the existence of a distinctive Conservative approach to the state. Despite serious internal policy disagreements, Conservatives were generally prepared to accept state intervention if a key institution was at risk, or to forestall more radical change from their political opponents.

Change and the Organic Nature of Society

From the early twentieth century many Conservatives viewed society as analogous to a living organism, an analogy that shaped Conservative conceptions of the state, and was adapted from contemporary understandings of Edmund Burke's writings.⁴⁰ Like any other organism, society was very complicated. Any attempt to meddle with it, therefore, risked grave, unforeseeable consequences.⁴¹ Organicism led to profound scepticism of theory. '[I]f political abstractions come unnaturally to the English genius, they are doubly so to the conservatively minded', wrote the Conservative-minded historian Keith Feiling.⁴² Theorising was problematic because human reason had its limits and understanding something as difficult as society was beyond those limits. In contrast to their opponents, Conservatives believed that the darker sides of human nature needed strong institutions to be controlled. Liberals, for example, stood 'for a faith in human nature'.⁴³

⁴⁰ Jones, *Edmund Burke*, pp. 193-6.

⁴¹ Ball, 'Principles of British Conservatism', p. 21.

⁴² Keith Feiling, *A History of the Tory Party 1640-1714* (Oxford, 1924), p. 484.

⁴³ Cambridge University Liberal Club, *Cambridge Liberal Policy* (Cambridge, 1920), p. 4.

Similarly, Conservatives criticised socialists for their excessive faith in the state's capacity to address human ills.

Though wary of grand theories, most Conservatives stressed that they did not oppose all change.⁴⁴ They were, however, strongly opposed to revolutionary change. Continuing the organic analogy, change representing natural growth was acceptable.⁴⁵ Change was also sometimes necessary to preserve the very institutions that Conservatives held dear by forestalling more drastic change. For example, Benjamin Disraeli extended the franchise in 1867, not because he supported reform in principle, but because he saw an opportunity both to divide his enemies and to prevent them from introducing their own reform bill that would have weakened the Conservative Party's electoral position.⁴⁶ Similarly, the party under Lord Salisbury did not oppose the 1884 Reform Act once it secured concessions from William Gladstone around redistributions of seats.⁴⁷ Particularly as socialism emerged from the late nineteenth century, many Conservatives feared that the working class would turn to 'subversive doctrines' if the Conservatives could not provide 'better housing, better education, better conditions of labour'.⁴⁸

Given that Conservatism placed such an emphasis on slowing down what it perceived as excessive change, the focus of its policies shifted in line with what its main rivals were proposing. This represents the 'positional' nature of Conservatism.⁴⁹ While Victorian Conservatism was shaped by its opposition to classical liberalism, its early twentieth-century counterpart was shaped by its

⁴⁴ J.J. Coxhead, *The Conservatism of the Future: Being a Letter Addressed to Lord Randolph Churchill, M.P.* (1884), p. 2. No place of publication given.

⁴⁵ Belief in organicism was not unique to Conservatism. For example, Lloyd George argued in 1910 that it was *Liberalism* that represented 'the evolutionary principle in politics. Liberals too believed it was 'possible to so to alter and adjust the conditions of existence without revolution'. See Harold Begbie, *Safety, Honour and Welfare: A Conversation with The Right Honourable D. Lloyd George, M.P.* (London, 1910), p. 10. Owing to COVID-induced library closure, the author could not confirm the page number.

⁴⁶ Ramsden, *Appetite for Power*, pp. 92-8.

⁴⁷ *Ibid.*, pp. 145-9.

⁴⁸ Cuthbert Headlam, 'The Prime Minister and His Critics in the Conservative Party', *English Review* (November 1925), pp. 623-8, p. 624, in D/He 111/3.

⁴⁹ Ball, *Portrait*, p. 23.

opposition first to the New Liberalism, and later to socialism. Thus, Pierse Loftus wrote that as ‘Socialist and Communist and Radical and Fascist’ were united ‘in the assault against individual Liberty’, ‘it would appear that Toryism, which formerly stood for authoritarian statism against the extreme individualism of Manchester Radicals, is now the sole defender of Liberty against the increasing claims of the State’.⁵⁰

Conservatives styled themselves as pragmatists. Instead of rigidly applying theories to various social and economic problems, they would apply whatever remedy was appropriate in the circumstances.⁵¹ According to Neville Chamberlain, even socialist ideas could be considered, as long as they did not cost too much and have a detrimental effect on trade.⁵² The idea of the Conservatives as practical is a recurrent one, and was projected backwards onto earlier generations of Tory politicians.⁵³ In the rare instance where the Conservatives proposed radical change, as in the case of tariff reform, they justified it on conservative grounds. While Liberals remained wedded to free trade, Conservatives argued that fiscal conditions should be determined by the needs of the time. For the conditions of 1906, this meant, as will be seen, the introduction of tariffs.⁵⁴

The belief in society as a living organism also encouraged Conservatives to emphasise the importance of national unity in place of class divisions.⁵⁵ On occasion this proved successful. Lord Halifax⁵⁶ observed in 1926 that Baldwin’s ‘great asset’ was ‘the position he has managed to establish

⁵⁰ Pierse Creagh Loftus, 1877-1956. MP for Lowestoft, 1943-45. Biographical information is taken from *Who's Who & Was Who* (online ed.) unless otherwise stated. For the quote, see Pierse Loftus, *The Creed of a Tory* (London, 1926), p. 135.

⁵¹ Frederick Edwin Smith, 1872-1930. Barrister and Conservative politician. MP for Walton, 1906-19; Solicitor-General, 1915; Attorney-General, 1915-9; Lord High Chancellor, 1919-22; Secretary of State for India, 1924-8. Created First Baron Furneaux, 1919; Viscount Furneaux, 1921; First Earl of Birkenhead, 1922. For the quotation, see F. E. Smith, ‘Introduction’ to J. W. Hills, W. J. Ashley and Maurice Woods, *Industrial Unrest: A Practical Solution: The Report of the Unionist Social Reform Committee* (London, 1914), pp. v-viii, p. v.

⁵² A Gentleman with a Duster [Harold Begbie], *The Conservative Mind* (London, 1924), p. 68.

⁵³ Woods, *History of Tory Party*, p. 356.

⁵⁴ Arthur Balfour, ‘Mr A. J. Balfour’s election address’, in Iain Dale (ed.), *Conservative Party General Election Manifestos 1900-1997* (London; New York, 2001) pp. 9-10, p. 10.

⁵⁵ Cuthbert Headlam, *The League and its Objects: An Address by Mr Cuthbert Headlam* (London, 1913), in D/He 111/1.

⁵⁶ Edward Frederick Lindley Wood, 1881-1959; created Baron Irwin of Kirby Underdale; 1925, succeeded his father as 3rd Viscount Halifax in 1934; created Earl of Halifax in 1944. MP for Ripon, 1910-25. Under-Secretary for the

for himself in the last twelve months, irrespective of party'. Baldwin, thought Halifax, was 'really genuinely trusted'.⁵⁷

These attitudes meant that the Conservatives were more reluctant than their socialist or New Liberal rivals to embrace state intervention. Most Conservatives did not think that state intervention would be particularly effective at resolving social issues, notably unemployment. Thus, Lord Hugh Cecil⁵⁸ wrote, '[t]he State's duty... is to render to every individual as much good as it can, consistently with its duty to other individuals, and strictly to refrain from inflicting undeserved injury on any'.⁵⁹ Rather than rely on the state, Conservatives instead thought it preferable and more effective for individuals to help themselves.⁶⁰

However, while Conservatives opposed what they saw as excessive state intervention, most did not oppose all state intervention. What constituted excessive interventionism varied depending on ideological preferences, and over time. Between 1880 and 1929, there was a noticeable expansion in what were considered acceptable, or at least tolerable, forms of state intervention. 'Undoubtedly', wrote a Unionist Social Reform Committee report in 1914, there had been 'a great change in the attitude of almost all thoughtful observers with regard to the relations between the individual and the State'.⁶¹ Throughout the period, however, few Conservatives went so far as categorically to rule out some role for the state. Even the maverick free trader Cecil wrote that '[m]odern Conservatism inherits the traditions of Toryism which are favourable to the activity and

Colonies, 1921-2; President of the Board of Education, 1922-3, 1932-5; Minister of Agriculture, 1924-5; Viceroy of India, 1926-31; Secretary of State for War, 1935; Lord Privy Seal, 1935; Leader of the House of Lords, 1935-8, 1940; Lord President of the Council, 1937-8; Foreign Secretary, 1938-40; Ambassador to the United States, 1941-6.

⁵⁷ Halifax to Stonehaven, 6 April 1926, in Stonehaven MSS, MS 2127 Series 1, Folder 2.

⁵⁸ Hugh Richard Heathcote Gascoyne Cecil, 1869-1956. MP for Greenwich, 1895-1906; MP for Oxford University, 1920-37. Created 1st Baron Quickwood, 1941.

⁵⁹ Lord Hugh Cecil, *Conservatism* (London, 1912), pp. 168-9.

⁶⁰ George Lloyd and Edward Wood, *The Great Opportunity* (London, 1918), p. 79; *Looking Ahead: A Re-Statement of Unionist Principles and Aims*, NU no. 2350 (London, 1924), p. 5.

⁶¹ Hills, Ashley and Woods, *Industrial Unrest*, p. 3.

authority of the State.⁶² That this was written in 1912, when Cecil was increasingly isolated among Conservatives in rejecting protection, was significant.

Inequality

Another key concept springing from the Conservatives' distrust of radical change and of the organic nature of change was a belief that some inequality was in fact both natural and, at least to some extent, a force for good. This had significant implications for the shape of Conservative welfare reforms, and the arguments used to justify them.

Conservatives of all stripes did not oppose inequality, though the extent of inequality they supported varied. Hugh Cecil wrote that 'the vast inequalities that exist in human nature and in the opportunities which fortune throws in the way of decent human beings, are quite sufficient to account for the inequalities in the resulting distribution of wealth'.⁶³ Inequality itself could be a good thing. Cecil thought that generous charitable donations were likely thanks to highly-ranked landowners. The charitable tradition would probably 'die away' if private wealth were capped.⁶⁴ Even more progressive Conservatives thought inequality could be positive. Stanley Baldwin believed 'that men are not born equal' and thought it impossible to make everyone equal. Moreover, inequality contributed to prosperity as a 'man of genius' acted as an 'elder brother' to the mediocre.⁶⁵ The selfish desire to improve one's own position would in turn benefit wider society. People started businesses, for example, primarily to benefit themselves and their families, but by doing so provided goods and services from which others benefited.⁶⁶

⁶² Cecil, *Conservatism*, p. 169.

⁶³ *Ibid.*, p. 182.

⁶⁴ *Ibid.*, p. 186.

⁶⁵ Begbie, *Conservative Mind*, p. 26.

⁶⁶ Dorey, *British Conservatism*, p. 9

Eliminating inequality would cause substantial pain, and even risked a slide into dictatorship. This was because to eliminate inequality, the state would need to assume considerable powers. Even if these powers were introduced by those with a noble intent, they risked being misused. Thus Arthur Bryant warned that '[b]ureaucracy begins as well-meaning grandmotherism and ends as tyranny'.⁶⁷ This fear had a long history.⁶⁸ The fear that radicalism risked sliding into tyranny would be echoed not only in the period considered by this thesis, but into the post-World War II era as well.⁶⁹

Condition of the People

Another relevant Conservative tenet is the party's stated concern for the condition of the people. This concept originates with Benjamin Disraeli, Conservative Prime Minister between February and December 1868, then again between 1874 and 1880. In his second premiership, he introduced a series of reforms that included, but were not limited to, the first (ineffective) attempts to improve working-class housing, legislation to enhance the legal standing of trade unions, and an extension of elementary school education. While the extent of Disraelian social reform has since been exaggerated, and Disraeli himself did not always take a great personal interest in measures devised by his ministers, his reforms were nevertheless significant.⁷⁰

Disraeli assumed 'almost mythical' status among certain future Conservatives.⁷¹ Through his speeches, notably those at Manchester and the Crystal Palace in April and June 1872,⁷² he articulated what would become accepted as the foundations of Disraelian Conservatism. In the

⁶⁷ Arthur Bryant, *The Spirit of Conservatism* (London, 1929), p. 32.

⁶⁸ *The Building Up of a Tyranny. The Tendency of Radicalism*, NU no. 828 (London, 1909); Geoffrey G. Butler, *The Tory Tradition: Bolingbroke, Burke, Disraeli, Salisbury* (London, 1914), p. 28.

⁶⁹ One example is Winston Churchill's notorious 'Gestapo Speech' before the 1945 general election. See, Winston Churchill, 'Election Broadcast, 4 June 1945' in Robert Rhodes James (ed.), *Winston S. Churchill: His Complete Speeches*, vol. 7 (New York, 1974), p. 7172.

⁷⁰ For discussion of Disraeli's impact on Conservatism, see Greenleaf, *Ideological Heritage*, pp. 204-16.

⁷¹ *Ibid.*, pp. 211-12.

⁷² T.E. Kebbel, (ed.), *Selected Speeches of the Late Right Honourable Earl of Beaconsfield* (London, 1882). For the Manchester speech, see pp. 409-522. For the Crystal Palace speech, see pp. 523-35.

Crystal Palace speech, he argued that the third ‘great object of the Tory party’ was ‘the elevation of the condition of the people’, which included housing, access to ‘air, light, water’, and regulating the workplace.⁷³ For Disraeli, the Conservatives were the ‘national party’, made up of different classes ‘whose different conditions and different aims give variety and vigour to our national life’.⁷⁴ The phrase ‘one nation’ Conservatism—associated with a paternalistic version of Conservatism that expressed concern for the welfare of the population—traced its origins to a passage in Disraeli’s novel, *Sibyl*. It should be noted that Disraeli did not actually invent the term, and it was not commonly used until Stanley Baldwin started deploying it in the interwar years.⁷⁵ In December 1924, for instance, Baldwin said he hoped that Conservative MPs would be ‘Unionist in the sense that we stand for the union of those two nations of which Disraeli spoke two generations ago; union among our people to become one nation of our own people’.⁷⁶ Not all Conservative leaders, one should add, were enthusiastic about Disraeli’s legacy—his immediate successor, Lord Salisbury, personally disliked him and felt little need to invoke him. Despite this, Disraeli has proved useful for legitimising a Conservative reforming tradition,⁷⁷ and continues to be.

However, while many substantive Conservative social reforms only took place under Stanley Baldwin in the 1920s, social reform as an issue was increasingly being debated before 1914. This was partly because social issues began to assume a greater prominence. Unemployment, for example, emerged as a political issue from the late nineteenth century.⁷⁸ In 1912, Lord Hugh Cecil, Salisbury’s youngest son, wrote that ‘[t]he duty of the State, then, to give assistance to those that suffer may be regarded either as a matter of national charity, or national gratitude, or as a matter of mere expediency. And on none of the three grounds has Conservatism any reluctance to support

⁷³ Ibid., pp. 531-2.

⁷⁴ Ibid., p. 524.

⁷⁵ David Seawright, *The British Conservative Party and One Nation Politics* (London, 2010), pp. 4-7. In the novel, Disraeli referred to the ‘[t]wo nations; between whom there is no intercourse and no sympathy’: the rich and the poor. Benjamin Disraeli, *Sibyl, or, The Two Nations*, (London, 1845, 1907 ed.), pp. 76-7.

⁷⁶ Stanley Baldwin, *On England* (London, 1926), pp. 73-4.

⁷⁷ Pugh, *Tories and the People*, pp. 191-2. For Disraeli, see Robert Blake, *Disraeli* (London, 1966).

⁷⁸ José Harris, *Unemployment and Politics: A Study in English Social Policy 1886-1914* (Oxford, 1972), pp. 1-5.

the policy'.⁷⁹ Similarly, the arch-imperialist and tariff reformer Leo Amery wrote, 'all Unionists can agree as to the desirability, nay even the necessity, of establishing a national minimum, based, not on a mere subsistence wage, but on a living wage—as a working fact'.⁸⁰ This mattered, because if the individual suffered, so too did the whole community.⁸¹ Indeed, as will be discussed, one argument for tariff reform was that the revenue from any tariffs could finance social reform.

Conservatives and Social Reform in Practice

Although Conservative leaders took different attitudes to social reform, there were still common threads to their actions.⁸² Under Lord Salisbury (1881-1902), the party paid relatively little interest to social reform, partly because the political circumstances did not require it. Instead, the party benefited from shrewd statecraft, a split within the Liberal Party, and the cross-class appeal of Empire and resistance to Irish Home Rule. Salisbury's nephew and successor, Arthur Balfour (1902-11), struggled to adapt to more difficult political terrain and devise a Conservative response to calls for greater social reform that satisfied both the party and the wider electorate. The leaderships of Andrew Bonar Law (1911-21; 1922-3) and Austen Chamberlain (1921-2) were overshadowed by the First World War and the Lloyd George Coalition Government, which ended in 1922. The final period considered by this chapter is the early leadership of Stanley Baldwin (1923-37). Baldwin was Prime Minister between 1922 and 1923, and again between 1924 and 1929; his second government demonstrated a much greater interest in social reform, particularly after an appeal to the people over tariffs electorally backfired and Neville Chamberlain was reinstalled at the Ministry of Health.

⁷⁹ Cecil, *Conservatism*, p. 179.

⁸⁰ L. S. Amery, 'Introduction' to Harry Roberts, *Constructive Conservatism* (London, 1913), pp. 3-6, p. 5.

⁸¹ *Ibid.*, p. 5.

⁸² Theoretically the position of 'Leader of the Conservative Party' did not exist until 1922. Before that date, the Party had separate leaders in the House of Lords and the House of Commons. In substance, however, whichever of the two leaders was either serving as Prime Minister, or had occupied that position in the most recent Conservative Government, acted as an overall leader. See Ball, *Portrait*, pp. 450-1. This paragraph takes its leadership dates from Ramsden, *Appetite for Power*, pp. 511-2.

Under Lord Salisbury,⁸³ social reform, though emerging as an issue, was never top priority. The Conservatives heavily benefited from a split in the Liberal Party following Prime Minister William Gladstone's sudden conversion to the cause of Home Rule for Ireland. Following Gladstone's change of policy, a number of Liberals defected from Gladstone, and sat with the Conservatives under the Liberal Unionist banner. These included Joseph Chamberlain, former radical and father of two future Conservative Party leaders. While initially maintaining their independence, from 1895 the Liberal Unionists entered into a formal alliance with the Conservative Party.⁸⁴ After the formation of the coalition with the Conservatives, however, 'the Party largely fell into disuse'.⁸⁵ Finally, the two parties fused in 1912, creating the Conservative and Unionist Party.⁸⁶ Indeed, Joseph Chamberlain later became 'so prominently associated with the Conservative cause that many people forget he began his political life as an advanced radical'.⁸⁷ At the general elections of 1895 and 1900, the Conservatives focused on issues that reached across class lines, such as appeals to Empire, anti-Home Rule sentiment, patriotism and the Boer War.⁸⁸ As a result of these fortuitous political circumstances, although there were some key social reforms, such as the Workman's Compensation Act of 1897, these were limited. Under that legislation, employers became liable for accidents and injuries suffered by their workmen.⁸⁹ However, even this legislation, though useful as evidence of Conservative interest in social reform, was unwelcome

⁸³ For the Conservative Party under Lord Salisbury, see Richard Shannon, *The Age of Salisbury, 1881-1902: Unionism and Empire* (London; New York, 1996); Robert Blake and Hugh Cecil (eds), *Salisbury: The Man and His Politics* (London, 1987).

⁸⁴ Cawood, *Liberal Unionist*, pp. 100-2. The Liberal identity did not completely die. Austen Chamberlain 'resented' the Conservative label. Instead, 'to the day of his death' he styled himself a 'Unionist'. See '[Neville] Chamberlain; A Candid Portrait', 1939, in MRGN 1/5, p. 2.

⁸⁵ *Ibid.*, p. 251.

⁸⁶ Liberal parties entering coalitions with Conservative administrations have an unenviable track record. The Lloyd George Liberals were mauled at the 1922 election after the end of that coalition, being reduced from 133 seats to 62. Like the Liberal Unionists, the Liberal Nationals, later the National Liberals, faded in importance and ultimately fused with the Conservative Party in 1968. More recently, the Liberal Democrats collapsed from 57 seats to just eight after their five-year coalition between 2010 and 2015.

⁸⁷ 'Chamberlain', in MRGN 1/5, pp. 1-2.

⁸⁸ Ziblatt, *Conservative Parties*, pp. 131-2.

⁸⁹ *Working-Class Legislation Passed by Conservatives & Unionists*, NU no. 509 (London, 1905).

within some elements of the party.⁹⁰ The 1888 Local Government Act was also of long-term significance. With the establishment of 62 elected county and 61 county boroughs, it laid the foundations for the modern system of British local government. This is relevant for this thesis given that local authorities gradually acquired powers over major areas of welfare policy. To begin with, however, the new councils were limited to highways, bridges, asylums, weights, measures, and some authority over policing.⁹¹

Social reform remained a secondary concern when Salisbury's successor, Arthur Balfour, succeeded to the premiership. As with his uncle, Balfour did oversee some reform, most significantly the 1902 Education Act. Under that legislation, the existing school boards were abolished, and their responsibilities were transferred to county councils. The legislation was at least in part introduced on efficiency grounds after concerns that the different school boards were failing properly to link with secondary schools, or unify the elementary school system.⁹² Though it had a significant impact—within 12 years more than 1,000 new secondary schools opened—the Conservatives failed to benefit politically.⁹³ The policy also revealed the limits of radical and liberal influence within the Government—Joseph Chamberlain had little choice but to accept ratepayer support for denominational schools, a policy which was deeply unpopular with his nonconformist base.⁹⁴

It should be stressed that not all Conservatives were so reluctant to embrace social reform during this time. Lord Randolph Churchill, leader of the 'ultimately ephemeral but notorious' Fourth

⁹⁰ Shannon, *Age of Salisbury*, p. 465.

⁹¹ Steven Howell, 'The Conservatives and Local Government Reform, Localism and the Big Society since 1888, in Carr and Hart (eds), *Foundations of British Conservative Party*, pp. 133-50, pp. 135-7.

⁹² Bernard Harris, *The Origins of the British Welfare State: Social Welfare in England and Wales, 1800-1945* (Basingstoke, 2004), pp. 147-8.

⁹³ Chris Renwick, *Bread for All: The Origins of the Welfare State* (London, 2017), p. 113.

⁹⁴ Cawood, *Liberal Unionist*, p. 230.

Party,⁹⁵ for example, pushed heavily for a more extensive reform programme.⁹⁶ Churchill, however, played his cards badly. When he offered his resignation to Lord Salisbury, the latter accepted, and his position within the party never recovered. Like Disraeli, his name proved useful to later generations of progressive-minded Conservatives as evidence for a reformist Conservative tradition.⁹⁷ Lord Randolph was not the only one who felt social reform to be necessary. Lord Carnarvon, for example, discussed ‘the necessity for a policy which would at one and the same time give confidence to owners of property and would show the working classes that it was the full intention of the Government to ameliorate their lot. This I said was a difficult matter, but quite a possible one.’⁹⁸ None of this had much impact on the course of Salisbury’s Government. Similarly, when Liberal Unionists, notably Joseph Chamberlain, tried to push for reform, their calls to do so usually fell on deaf ears. Hence, without a clear political imperative, there was not enough pressure for the Conservative Party to drastically change course.

As the nineteenth century gave way to the twentieth, however, the Salisbury position of relative inaction became more and more difficult to sustain. The Conservatives had two problems. First, the emphasis on Empire and preserving the union with Ireland ceased to deliver the electoral goods.⁹⁹ At the 1906 general election, a resurgent Liberal Party trounced the Conservatives, winning 400 seats and leaving the Conservatives with just 157. Of great long-term significance, 1900 saw the first election of two MPs representing the Labour Representation Committee (soon renamed the Labour Party). This increased to 30 in 1906 because Labour had been aided by an electoral pact struck with the Liberals. Under this arrangement, Liberal and Labour candidates refrained from competing directly against each other. Instead, one would step aside for the other

⁹⁵ Ziblatt, *Conservative Parties*, p. 84.

⁹⁶ Ramsden, *Appetite for Power*, p. 167.

⁹⁷ *Ibid.*, p. 144.

⁹⁸ Peter Gordon (ed.), *The Political Diaries of the Fourth Earl of Carnarvon, 1857-1890. Colonial Secretary and Lord Lieutenant of Ireland*, (London, 2009), 9 November 1889, p. 463.

⁹⁹ Ziblatt, *Conservative Parties*, pp. 141-2.

when needed.¹⁰⁰ Although from the outset Liberal-Labour relations were never universally harmonious, the alliance held until the First World War.

Further, there was a growing interest in social reform, which politically necessitated a response from the Conservatives. The modern concept of unemployment as a societal rather than an individual problem was invented in the late nineteenth century. This led to debate about what the response of the state should be.¹⁰¹ Additionally the Boer War had supposedly exposed the country's declining physical health, and led to a cross-party belief that greater state intervention may be needed to address this problem.¹⁰²

The Conservatives struggled badly to reinvent themselves in the years leading up to the Great War. Green has argued that the Conservatives became a 'mess', as 'the unity constructed on the basis of the "economics of political integration" was destroyed'.¹⁰³ Dutton has taken a similar position.¹⁰⁴ But for the First World War, according to Green, the party may have collapsed altogether.¹⁰⁵ Ziblatt has disagreed with Green's pessimistic counterfactual, and argued that the 'bulk of the evidence after 1910' suggests that the party 'was on the rebound'. He based this claim on Conservative success in by-elections between 1910 and 1914 and the content of campaign material from those by-elections.¹⁰⁶ A more thorough analysis of this question is beyond the scope of this thesis. Suffice to say, it is difficult to see how the party could have enjoyed at least the level of its post-war success without the collapse of the progressive alliance that blocked its path to office until the Great War.

¹⁰⁰ Samantha Wolstencroft, *The Progressive Alliance and the Rise of Labour, 1903-1922: Political Change in Industrial Britain* (Cham, Switzerland, 2018), pp. 36-9.

¹⁰¹ Green, *Crisis*, pp. 46-7

¹⁰² Dutton, *Loyal Opposition*, p. 251.

¹⁰³ Green, *Crisis*, pp. 267, 304.

¹⁰⁴ Dutton, *Loyal Opposition*, p. 295.

¹⁰⁵ Green, *Crisis*, pp. 332-3.

¹⁰⁶ Ziblatt, *Conservative Parties*, pp. 159-62.

Between 1905 and 1914, the Liberal Government, under the leadership of Herbert Asquith from 1908, enacted a series of key reforms. The government was ideologically underpinned by the so-called 'New Liberalism'.¹⁰⁷ This represented a shift in the existing Liberal understanding of liberty and justified greater state intervention on the grounds that it was impossible to be truly free unless one could satisfy one's basic needs.¹⁰⁸ Liberal measures included the first old-age pensions, unemployment insurance, and a minimum wage for miners.¹⁰⁹

Now in opposition, the Conservatives supported some measure of social reform but struggled to find an electorally viable way of paying for it that was compatible with the Conservative tradition. The party felt unable to oppose the Asquith pensions legislation, which it thought would enjoy considerable popular support, and seemed to have been financially viable. When pensions proved much more expensive than originally envisaged, however, Conservatives spoke out, which in turn allowed the Liberals to claim that Conservatives never supported pensions in the first place.¹¹⁰ This forced the Conservatives onto the defensive. As with later periods, Conservatives stressed their own role in social reform. 'Don't forget that it was the Unionist Party which brought pensions within the sphere of practical policies', one party pamphlet reminded its readers in 1909.¹¹¹ This would not be the last time that Conservatives were forced onto the defensive on a welfare issue.

Recognising the political need for greater social reform but needing to find a way to pay for them, the Conservatives' response was to propose the reintroduction of tariffs. Although the original motivation for their introduction was to consolidate imperial unity at a time when the Empire's future appeared less assured, the policy satisfied a number of policy needs simultaneously.

¹⁰⁷ As this thesis has done with C/conservatism, Liberalism refers to the ideology of the Liberal Party while liberalism in lowercase refers to liberalism as a philosophy.

¹⁰⁸ David Dutton, *A History of the Liberal Party in the Twentieth Century* (Basingstoke, 2004), pp. 11-12. For a detailed account of the 'New Liberalism', see Michael Freedon, *The New Liberalism: An Ideology of Social Reform* (Oxford, 2011).

¹⁰⁹ Dutton, *Liberal Party*, pp. 21-2.

¹¹⁰ Pugh, *Tories and the People*, p. 162.

¹¹¹ *Old-Age Pensions: The Attitude of the Unionist Party*, NU no. 789 (London, 1909).

Protection would strengthen the Empire by allowing Britain to enter into preferential trading relationships with colonies and dominions made impossible by free trade. By increasing the relative competitiveness of British firms compared to foreign ones, it would strengthen British industry and protect British jobs. Additionally, the revenue from tariffs would allow Conservatives to finance social reform. Tariff reform was thus 'a means to imperial unity, to industrial stability, to social reform'.¹¹² Unfortunately for Conservatives, any potential social benefits to protection were politically more than cancelled out by Liberal warnings that tariffs would mean an increase in the cost of people's food. This was a major factor in the party's 1906 defeat.

The Liberal Chancellor David Lloyd George's 1909 'People's Budget' represented a further challenge for Conservative politicians. The budget contained several objectionable provisions to Conservatives: a rise in income tax for high earners, the introduction of land taxes, a rise in spirit and tobacco tax, and an increase in death duties.¹¹³ For Conservatives these measures were deeply problematic for two reasons. First, their expressly redistributive element smacked to Conservatives of 'socialism'. Secondly, by raising taxes on the wealthy to finance social reform, the Liberals demonstrated that they could finance social reform without resorting to protection.¹¹⁴

The Conservatives responded by using their numbers in the House of Lords to reject the budget. This led to a major constitutional crisis. Following two general elections in 1910, at which the Liberals returned with the assistance of Labour and the Irish nationalists, the Tory peers caved in after it became clear that the Liberals were prepared to pack the Lords with their own supporters. The resulting Parliament Act of 1911 permanently ended the veto power of the Lords. By 1914 there was still little sign that the party had developed a clear position on social reform.¹¹⁵

¹¹² Arthur Boutwood, *National Revival: A Re-Statement of Tory Principles* (London, 1913), p. 81. For Boutwood's significance to Conservatism, see Green, *Ideologies*, pp. 46-56.

¹¹³ 'The Budget: New Taxes for Social Progress', *Manchester Guardian*, 30 April 1909, p. 9.

¹¹⁴ Liberal Publications Department, *100 Points in Liberal Policy and of the Liberal Record* (3rd ed., London, 1909), p. 7.

¹¹⁵ Green, *Crisis*, p. 305-6.

As with the Salisbury period, some Conservatives wanted to go much further, but they were a minority. Perhaps going further than most, former Independent Labour Party member Harry Roberts acknowledged that '[i]t is idle to pretend that the poverty problem can appreciably be modified except at the price of some sacrifice'. He added that poverty was primarily caused by the distribution of wealth, and that '[i]t is futile not to recognise and face this fact'.¹¹⁶ The official party position differed.¹¹⁷ Of greater importance was the Unionist Social Reform Committee, whose membership included a number of prominent MPs, including the future Prime Minister Stanley Baldwin,¹¹⁸ and which engaged in some of the party's 'earliest, detailed discussion of Conservative principles concerning the role of the State in the provision of social welfare'.¹¹⁹

As has already been hinted at, the party's electoral fortunes improved considerably after 1914. The First World War had a profoundly disruptive effect upon British politics. In the short term, it allowed the Conservatives to return to government without an election, albeit in coalition first under Asquith, then under Lloyd George. The Lloyd George Liberal/Conservative Coalition remained in office with Conservative support until 1922—having not won an election since 1900, and unsure of their own prospects after the extension of the franchise, Conservatives felt it politically necessary to remain in coalition under a successful wartime leader.¹²⁰ In 1918, at the so-called 'coupon election', the coalition won 478 out of 707 seats, of which 335 were held by Conservatives. Of far greater long-term significance, the Liberal Party split, and never recovered. While a faction led by Lloyd George remained in coalition, another faction, still led by Asquith,

¹¹⁶ Harry Roberts, 1871-1946. Author and medical practitioner. For the quote, see Roberts, *Constructive Conservatism*, p. 17.

¹¹⁷ Gladys Bradford, 'Social Reform', in Lilian Mary Bagge (ed.), *The Unionist Worker's Handbook* (London, 1912), pp. 151-66, p. 153

¹¹⁸ Hills, Ashley and Woods, *Industrial Unrest*, p. iii.

¹¹⁹ Green, *Ideologies*, p. 6.

¹²⁰ *Ibid.*, pp. 118-9.

went into opposition.¹²¹ The Labour Party, which displaced the Liberals as the main anti-conservative force, never achieved the electoral success that the pre-war Liberal Party had enjoyed. As the Liberals withered, more of their former vote drifted towards the Conservatives than to Labour. Finally, the disappearance of most Irish seats with the creation of the Irish Free State further removed a large block of reliably anti-Conservative MPs.

However, the effect on the ideology of the Conservative Party was more limited. As Keohane has written, the war 'did not revolutionize the party'.¹²² Although wartime pressures forced Conservatives to abandon some principles, like opposition to extending the franchise, others, such as tariff reform, became 'more firmly entrenched'.¹²³ The War did accelerate the pre-war trend towards increased state intervention. Some of this was intentional, as in the new interest taken by government in the funding of universities.¹²⁴ The Lloyd George Liberal-Conservative coalition also introduced reforms in housing, education, and social insurance. While many of these gains were undermined by subsequent cuts, notably under the so-called 'Geddes Axe', the gains were not entirely lost.¹²⁵ This did not mean that Conservatives had suddenly been converted towards greater welfarism. Many Conservatives were deeply unhappy at what they saw as the Coalition's 'extravagance', which in their eyes helped to undermine its anti-socialist credentials.¹²⁶ The Anti-Waste League, for example, founded by Lord Rothermere, won two by-elections in 1921 by calling for reduced government spending. As with the Empire Free Trade candidates Rothermere sponsored a decade later,¹²⁷ the popularity of this cause among Conservative supporters helped to frighten the leadership into making the Geddes cuts.¹²⁸

¹²¹ For an old, yet valuable, assessment of the Great War's role in destroying the Liberal Party, see Trevor Wilson, *The Downfall of the Liberal Party* (London, 1966).

¹²² Keohane, *Party of Patriotism*, pp. 214-5.

¹²³ Stubbs, 'Impact of Great War', pp. 32-3.

¹²⁴ John Taylor, *The Impact of the First World War on British Universities* (Basingstoke, 2018), p. 330

¹²⁵ Kenneth O. Morgan, *Consensus and Disunity: The Lloyd George Coalition Government 1918-1922* (London, 1979), p. 107. See further discussion in chapters four, five, and six of this thesis.

¹²⁶ Green, *Ideologies*, p. 121-6.

¹²⁷ See chapter two.

¹²⁸ Green, *Ideologies*, pp. 122-4; Ramsden, *Balfour and Baldwin*, pp. 145-6.

The party system was in flux during the 1920s, especially between 1922 and 1924, as Labour entrenched its position and the Liberals attempted recovery. The coalition ultimately collapsed when Conservative MPs rebelled against the prospect of renewing the alliance with Lloyd George. Never universally popular among Conservatives, the coalition was further weakened by opposition to its Irish policy, allegations of personal corruption, and concerns about perceived fiscal extravagance. Ultimately, fear that continued coalition risked the very identity of the Conservative Party led to a famous party room revolt at the Carlton Club that saw the ousting of Austen Chamberlain and the return of Bonar Law as party leader and Prime Minister of the first wholly Conservative Government since 1905.¹²⁹ The Conservatives won a comfortable majority, but illness soon forced Bonar Law's retirement. Law's successor, Stanley Baldwin, however, took the party back into opposition after an ill-considered election in 1923 on a renewed protectionist platform. The Conservatives' vote share remained stable, but they lost their majority.

Baldwin's failure led to the formation of the short-lived first Labour Government under Ramsay MacDonald.¹³⁰ Though only the second largest party in the Commons, the Conservatives' embrace of tariffs left the Liberals, now the third party, with little choice but to support a minority Labour administration. The Labour Government ultimately fell after anti-communist fears led the two opposition parties to unite against it in a no-confidence vote in October 1924. While Labour had fallen, that it had held office at all ensured that it, not the Liberals, was now the clear alternative governing party.¹³¹ At the 1924 general election, the Conservatives returned to power with a substantial majority. The Liberals were decimated.

¹²⁹ Green, *Ideologies*, ch. 4, pp. 115-34.

¹³⁰ For the first Labour Government, see John Shepherd and Keith Laybourn, *Britain's First Labour Government* (Basingstoke, 2006).

¹³¹ Keith Laybourn, 'The Fall of the First MacDonald Government', in Heppell and Theakston (eds), *How Labour Governments Fall*, pp. 14-37, p. 36.

The real period for Conservative social reform was the so-called 'New Conservatism' of the Second Baldwin Government of 1924 to 1929, when social reform again played a much larger role in political debate. Though Baldwin occupied Number 10, it was Neville Chamberlain who, as Minister of Health,¹³² oversaw the bulk of legislative change. Within a month of returning to Government, Chamberlain took to Cabinet 25 proposals for social reform. On 26 November 1924, Cabinet gave provisional approval to Chamberlain's legislative programme.¹³³ Over the next five years, the Conservative government implemented 21 of Chamberlain's 25 proposals.¹³⁴

Reflecting a pattern that Conservatives would follow into the 1940s, Conservative reformist legislation, while expanding welfare, was carefully designed to follow Conservative principles. In the 1925 pensions legislation, the age qualification was lowered from 70 to 65, and the means test scrapped. Crucially, however, access to the earlier pensions was placed on a contributory basis, meaning they were financed by contributions from employers and employees rather than taxation. In doing this, the legislation lost the redistributive character that many Conservatives had found objectionable.¹³⁵ To Conservatives, the contributory principle was also necessary to ensure the scheme's financial viability.¹³⁶

Housing was another key focus of Neville Chamberlain in the 1920s. Under his 1923 Housing Act, the Exchequer offered a £6 subsidy to councils or private builders who constructed homes within a specified size. Chamberlain only expected the subsidy to serve as an interim measure pending recovery in the private sector.¹³⁷ The purpose of his new subsidies, Chamberlain told the Commons

¹³² The Ministry of Health covered a much wider policy remit during Neville Chamberlain's time than its modern successor. It included 'not just every aspect of health, hospitals, sanitation, welfare and nursing but also old age pensions, health insurance, roads, housing and town planning, along with the vast apparatus of the Poor Law and local government'. See Self, *Neville Chamberlain*, p. 106.

¹³³ Cabinet conclusions, 26 November 1924, CAB 64(24).

¹³⁴ Self, *Neville Chamberlain*, p. 106.

¹³⁵ Renwick, *Bread for All*, p. 164-6.

¹³⁶ Proof of CUCO *Neville Chamberlain: Tribute to a Revered Leader* (1940), in RAB, G/11, p. 7.

¹³⁷ John Burnett, *A Social History of Housing, 1815-1985* (2nd ed., London, 1986), p. 231.

was ‘to tide over the interval until these houses could be built without assistance’. Indeed, he went so far as to say that ‘the only question left for me to decide was, what was the smallest subsidy which we must give, in order to obtain the hearty co-operation of the local authorities’.¹³⁸ In other words, even when the government endorsed state intervention, the level of it was kept to a minimum. Ultimately, Chamberlain had to continue the subsidies, albeit at the lower rate of £4 per house, though his legislation did lead to the construction of 438,000 homes.¹³⁹ As will be seen, Conservatives would continue to claim political credit for their housebuilding efforts for many years.

Of particular significance was Neville Chamberlain’s 1929 Local Government Act, an Act that was very much his personal achievement. This represented a major reordering of the emerging welfare system and a consolidation of power in the hands of local government. The old Poor Law Boards of Guardians were abolished and their hospitals handed to local authorities. Additionally, councils gained control over civil registrations and some highways.¹⁴⁰ On the welfare front, the legislation finally separated outdoor relief from indoor relief. By transferring control over workhouse inmates and the education of poor children to newly-established health and local education committees respectively, the legislation attempted to remove some of the stigma attached to the Poor Law. Like the Disraelian social reforms, while nevertheless significant, it represented more of a symbolic rather than a concrete change. The absence of pressure on local authorities to expand services, the effects of the Depression, and a lack of further public investment meant that many of the hoped-for improvements never materialised during Chamberlain’s lifetime.¹⁴¹ In many respects this was a typical Conservative measure—it streamlined and restructured the existing arrangements rather than fundamentally altering the welfare system.

¹³⁸ HC Debates, 5th ser., vol.163, col 307, 24 April 1923 (Neville Chamberlain).

¹³⁹ Burnett, *Social History of Housing*, p. 231.

¹⁴⁰ Howell, ‘Conservatives and Local Government’, p. 137.

¹⁴¹ Self, *Neville Chamberlain*, pp. 128-32.

Several factors explain why the 1924 to 1929 Conservative Government took on a more reformist line than its immediate Conservative predecessors. First, the expansion of the franchise under the 1918 Representation of the People Act¹⁴² played a key role. Under the legislation, virtually all men, and women over 30 either eligible to pay rates or married to men who were, gained the vote. Before the War, Conservative opinion was divided on whether to enfranchise women, with the majority likely against it.¹⁴³ The reforms came about after a Speaker's Conference appointed by Herbert Asquith in 1916 recommended radical electoral reforms.¹⁴⁴ With so many young men risking life and limb for the country, it became difficult to resist universal male suffrage. In this context, opposition to women's suffrage, a 'minor element' of the bill, also faded away.¹⁴⁵ Conservatives did not universally embrace electoral reform during the war. However, once the proposals came to light, Conservatives felt pressured to support them for fear of being labelled reactionary and, in some cases, out of fear of revolution if change did not occur.¹⁴⁶ Significantly, Conservatives did, however, win concessions to prevent a change away from the first-past-the-post voting system. In this respect, there were parallels with tentative Conservative support for earlier extensions to the franchise. Reform perceived as inevitable was reluctantly allowed through, but with Conservative electoral interests protected where possible.¹⁴⁷ Again recognising the inevitable, the Conservatives enfranchised all women over 21 in 1928, without much enthusiasm among large sections of the party.¹⁴⁸

Franchise reform had a considerable psychological effect on Conservatives. Although more recent studies have suggested that the consequences of the 1918 Act were not especially damaging to

¹⁴² For the Conservative Party and the Act, see Neal R. McCrillis, *The British Conservative Party in the Age of Universal Suffrage: Popular Conservatism, 1918-1929* (Columbus, 1998), pp. 9-45.

¹⁴³ Ibid., pp. 12-13

¹⁴⁴ Keohane, *Party of Patriotism*, p. 131.

¹⁴⁵ Maguire, *Conservative Women*, pp. 65-9.

¹⁴⁶ McCrillis, *Universal Suffrage*, pp. 15-16.

¹⁴⁷ Keohane, *Party of Patriotism*, pp. 146, 166-7.

¹⁴⁸ Williamson, *National Crisis*, p. 45.

Conservative interests,¹⁴⁹ at the time many Conservatives feared its impact would be highly disadvantageous. Thus Noel Skelton, of whom more later in this chapter, wrote that the fact that Britain was ‘now, electorally, a complete democracy’ represented ‘[a] new and tremendous element’ in the new political landscape.¹⁵⁰

Several factors beyond the franchise played a role too. The personal interest of Neville Chamberlain was crucial in driving a legislative programme that many others in the party would have lacked the interest to pursue. As already noted, the post-war absence of further serious constitutional disputes also freed up the Conservative Party to engage once again in constructive policymaking. Economic and social problems, to be discussed below, played a further role. Additionally, while it is easy to say in hindsight that the Conservatives’ prospects had improved thanks to their opponents’ divisions, this was far from clear at the time. In addition to the return of large numbers of returning ex-servicemen, revolutionary fervour, and the emergence of the socialist Labour Party as the main second alternative to the Conservatives, unemployment remained stubbornly high. Conservatism would thus have to adapt were it to thrive in a seemingly hostile climate.

Consequently, by 1929, most Conservatives had at least grudgingly accepted far greater state involvement in welfare than their counterparts in 1885 would have imagined or tolerated. The philosophical underpinnings behind those policies, however, shifted less than one might think. Hence, while the details of individual policy measures can be traced to a changing social and economic climate, political calculation, or individual initiative, the philosophical justification behind those measures remained fairly consistent.

¹⁴⁹ Ball, *Portrait*, pp. 508-9.

¹⁵⁰ Noel Skelton, *Constructive Conservatism* (Edinburgh, 1914), p. 10.

Property Rights

After the 1880s, the Conservatives became increasingly identified as the defenders of private property more generally, rather than just defenders of landed aristocratic interests. Although the policy methods by which the Conservatives defended property rights varied, and increasing state intervention took place as time went on, the principles themselves remained consistent: Conservatives were reluctant to interfere with private property except as a means to improve economic efficiency or preserve British power.

Traditionally the party of the landowning class, the party's base widened during the 1880s as the formerly liberal-leaning business class and old Whigs gradually shifted their allegiance towards the Conservatives. These groups became concerned that the Liberal Party was becoming increasingly redistributive and abandoning its traditional support for freedom of contract and property rights more generally. This was reflected in the shift of business MPs from the Liberals to the Conservatives. At the beginning of the 1880s, two thirds of businessmen MPs sat on the Liberal benches. By the 1890s, however, the situation had reversed, with two thirds of those MPs either Conservatives or Liberal Unionists.¹⁵¹

Accordingly, while recognising the importance of social reform, Conservatives were adamant that this should not come at the expense of property. While J.J. Coxhead suggested '[r]eforms in the tenure of land' as a possible element of a Conservative programme, for example, these should 'scrupulously protect the rights of property'.¹⁵² Conservatives were, however, willing to intervene where clear economic circumstances so demanded. For example, when discussing the coal crisis in 1926, Lord Bledisloe wanted to 'emphatically to press' upon Cabinet that 'whatever may be felt

¹⁵¹ Green, *Ideologies*, pp. 79-8.

¹⁵² Coxhead, *Conservatism of the Future*, p. 2.

by a Conservative Government about interference with private enterprise, this problem is never going to be settled...without emphatic press[ure] under statutory authority from the Government itself'.¹⁵³

Conservatives of all stripes used a variety of arguments to defend the centrality of private property. First, they perceived its maintenance as an economic necessity. Thus, Hugh Cecil wrote in 1923 that '[t]he whole commercial and industrial life of the country depends on treating property as a sacred thing which is not to be violated'.¹⁵⁴ As discussed earlier in the context of inequality, threats to property were also seen as threats to freedom. Thus, on property rights 'rest the character and economic freedom of the individual citizen'.¹⁵⁵ Morality also came into the equation. Although '[i]t is true that the passions of acquisition and possession are very easily liable to abuse, and they must then be restrained', he added that 'in their legitimate sphere they are part of the Divine equipment of man and are entitled to be respected'.¹⁵⁶ Finally, Conservatives were influenced by their attitude towards human imperfection. A successful economic system needed to let men act 'in their own way'. This could not happen if the state held back creativity in a misguided attempt to 'counteract his faults'.¹⁵⁷ Even those on the left of the party supported the importance of private property.¹⁵⁸

As Conservative housing policy illustrates, however, property rights could be used as an offensive sword as well as a defensive shield. Particularly as the perceived threat of socialism became more acute, part of the Conservative response was to try to give the people a stake in the economy. Most famously, in 1924 the Scottish Conservative MP Noel Skelton first talked about a 'property-owning

¹⁵³ Lord Bledisloe to Baldwin, 6 May 1926, in Baldwin MSS vol. 18.

¹⁵⁴ *Conservative Ideals: An Address*, NU No. 2184 (London, 1925), p. 6.

¹⁵⁵ Skelton, *Constructive Conservatism*, p. 9.

¹⁵⁶ *Conservative Ideals*, p. 7.

¹⁵⁷ Bryant, *Conservatism*, pp. 129-30.

¹⁵⁸ Robert Boothby, John de Vere Loder, Harold Macmillan and Oliver Stanley, *Industry and the State: A Conservative View* (London, 1927), pp. 12-13.

democracy',¹⁵⁹ a phrase that would enjoy a long political shelf-life.¹⁶⁰ In Philip Williamson's words, the phrase originally meant 'a reinforcement of individualism through industrial profit sharing, agricultural smallholdings, and co-operative schemes', though it subsequently became associated with home ownership.¹⁶¹ The idea behind this was that by extending property ownership more widely, ordinary citizens would have a greater stake in society, and consequently have less incentive to embrace more revolutionary ideas. Thus, in contrast to socialists whose concern was 'the improvement of the industrial status of the worker' and the Liberals whose concern was political freedom, Conservatives believed that owning property gave individuals 'the feeling of power and responsibility'.¹⁶² This was significant in a period of growing middle-class home ownership.¹⁶³

As already noted, one interventionist policy that many, if by no means all, Conservatives consistently *did* support was the introduction of tariffs. As Ewen Green has argued, although tariffs emerged as official party policy in the early twentieth century, support for them within the Conservative Party predated Joseph Chamberlain's Damascene conversion.¹⁶⁴ The late nineteenth century also saw free trade coming under intellectual attack with historical economists such as William Cunningham and A.J. Ashley challenging the idea that it was universally beneficial. Free trade had worked to Britain's advantage in the mid-nineteenth century, they contended, but was less suited to an era of increasing protection abroad. Ultimately, free trade thinking was flawed because it wrongly assumed that traders acted purely as individuals without regard to national self-

¹⁵⁹ Archibald Noel Skelton, 1880-1935. MP for Perth, 1922-3; 1924-31; MP for Combined Scottish Universities, 1931-5. For the origins of the phrase, see Ben Jackson, 'Property-Owning Democracy: A Short History', in Martin O'Neill and Thad Williamson (eds), *Property-Owning Democracy: Rawls and Beyond* (Chichester, 2012), pp. 33-52, p. 38.

¹⁶⁰ In the twenty-first century, Conservatives still advocated the 'property-owning democracy' as an alternative to socialism. See, Conservative MP Kwasi Kwartang, 'The Tories need a new vision of a property-owning democracy to take on Corbyn's socialism', *Telegraph* (online), 2 August 2017, <https://ezproxyprd.bodleian.ox.ac.uk:2506/ha/default.aspx#/?&_suid=1515969247555010089516468929016> (accessed 14 January 2018).

¹⁶¹ Philip Williamson, 'Skelton, (Archibald) Noel, politician', in *Oxford Dictionary of National Biography* (Oxford, 2008).

¹⁶² Boothby et al, *Industry and the State*, pp. 12-13.

¹⁶³ See chapter six.

¹⁶⁴ Green, *Crisis*, p. 110-1.

interest, and ignored the growing tendency of nations to compete against each other economically.¹⁶⁵

Between 1903 and 1923, the Conservative Party struggled to determine a consistent tariff policy and the issue was not ultimately resolved until 1932.¹⁶⁶ In 1913, F.E. Smith wrote that the Conservatives had shifted towards a tariff policy: '[o]pinion has consolidated within the party more rapidly and more completely upon this than upon any subject which has given rise to deep-seated domestic controversy within recent history'.¹⁶⁷ This was an exaggeration—many of the party's Lancashire MPs remained hostile to food taxes, and other MPs wavered in their public support for the policy.¹⁶⁸ By January 1913, after threats of Bonar Law's resignation, the party's policy shifted to postponing 'as regards foodstuffs till after a second election', though it otherwise stuck with the imperial preference policy. '[P]ractically the whole party' signed a memorial in support of the new position.¹⁶⁹

The issue did not seriously explode again until after the War. After assuming the Prime Ministership in 1922, Bonar Law ruled out introducing tariffs at that year's general election. Upon Bonar Law's resignation, however, Baldwin sought his own mandate on a tariff reform platform. Unlike earlier incarnations of the policy, Baldwin's stated focus was employment—tariffs would both protect workers from foreign competitors and act as a bargaining tool for the lowering of other nations' tariffs.¹⁷⁰ Unfortunately for him, and for Conservative tariff reformers, the electorate was not interested, and Baldwin's government fell. After 1923, protection stood 'more in the light of a political sword of Damocles, suspended rather insecurely over our party's head, than as a

¹⁶⁵ Ibid., pp. 162-72.

¹⁶⁶ See subsequent chapters.

¹⁶⁷ Smith, *Unionist Policy*, p. 7.

¹⁶⁸ Leo Amery to Sir Robert Borden, 6 January 1913, in John Barnes and David Nicolson (eds), *The Leo Amery Diaries Volume One: 1896-1929* (London, 1980), pp. 89-90.

¹⁶⁹ Amery to Borden, 10 January 1913 in *ibid.*, pp. 91-2. Amery 'could not bring' himself to sign.

¹⁷⁰ Williamson, *Baldwin*, pp. 172-4.

practicable industrial policy’, as Boothby et al presciently remarked.¹⁷¹ Modest attempts at Imperial Preference likewise achieved little.

Even after the 1923 disaster, protection did not entirely disappear from Tory policy. A small measure of protection had in fact been introduced during the conflict. From 1915 under the so-called McKenna duties,¹⁷² the coalition government subjected imported luxury goods to a 33 ⅓ per cent tax to help fund the war effort. These goods included cars, records, and instruments. Significantly, and unlike earlier measures, they were not matched by taxes on locally-produced goods, giving a clear advantage to domestic manufacturers.¹⁷³ In 1924, the first Labour Government, with its staunchly pro-free trade Chancellor, Philip Snowden, allowed the duties, which had been ‘intended only as a temporary war tax’, to lapse.¹⁷⁴ The Conservatives heavily criticised the removal of the McKenna duties. Sir Robert Horne condemned a decision made ‘on grounds of theory with no practical value’. It risked increasing unemployment in car manufacturing, for example, at a time when no one was complaining about the cost of purchasing new vehicles.¹⁷⁵ Though born of wartime conditions, Conservatives were loath to see them removed. After its return to power, the Baldwin Government re-imposed the duties the following year, adding lorries to the list of goods covered.¹⁷⁶

The McKenna duties were not the only example of nascent British protectionism. The Key Industries Act of 1919 was designed to protect industries crucial to national defence. Legislation against dumping—when goods are exported at a price lower than the cost of production—was

¹⁷¹ Boothby et al, *Industry and the State*, p. 21

¹⁷² Named after the Liberal Chancellor of the Exchequer, Reginald McKenna.

¹⁷³ Charles P. Kindleberger, ‘Commercial Policy between the Wars’, in Peter Mathias and Sidney Pollard (eds), *The Cambridge Economic History of Europe. Vol. 8, The Industrial Economies: The Development of Economic and Social Policies* (Cambridge, 1989), pp. 161-196, pp. 161-2.

¹⁷⁴ ‘The Budget’, *The Times*, 30 April 1924, p. 7.

¹⁷⁵ ‘The Budget Debate’, *ibid.*, 1 May 1924, p. 8.

¹⁷⁶ Kindleberger, ‘Commercial Policy’, p. 165.

another example. Under the 1921 Safeguarding of Industries Act, industries could apply to an ‘impartial tribunal’ for protective duties if certain conditions were met. First, they had to be ‘faced with such severe and unfair foreign competition that’ employment was ‘adversely affected’. Secondly, any protective duty would have to ‘increase employment’ in the industry concerned, and not hurt employment ‘in any other industry’.¹⁷⁷ Initially extending to glass, gloves, and gas mantles, it expanded in 1925 to add ‘leather, lace, cutlery, pottery, packing paper, and enamel’.¹⁷⁸

Conservatives defended these budding protectionist measures on economic and fairness grounds. As one pamphlet noted, ‘[b]y preventing foreign goods which compete unfairly with British products.... The Conservatives have given employment to thousands of British workers...’.¹⁷⁹ Predictably, the Liberals continued to attack safeguarding,¹⁸⁰ and Labour pledged to eliminate ‘protective duties’.¹⁸¹ There remained clear limits as to how far Conservatives were prepared to push the matter—party propaganda felt compelled to explicitly deny the link between safeguarding and protection,¹⁸² and to refute the claim that safeguarding increased prices for consumers.¹⁸³ Full protection would have to wait.

Tariffs, however, were far from the only interventionist measures advocated by Conservatives. During the Great War, the party, as a member of the Coalition Government, supported various measures that, at least temporarily, massively extended the scope of state intervention in the economy. While reluctant to move dramatically at first, direct state intervention in industry became

¹⁷⁷ CUCO, *Hints for Speakers*, 8 November 1928, No. 45, in Baldwin MSS vol. 196, pp. 12-13.

¹⁷⁸ Kindleberger, ‘Commercial Policy’, p. 162.

¹⁷⁹ *Dishonesty Exposed*, NU No. 2582 (London, 1928).

¹⁸⁰ See e.g. Liberal Publications Department, *Taxes that Women Pay by Order of the Conservative Government*, Leaflet No. 2739 (London, 1928), in Baldwin MSS vol. 197.

¹⁸¹ Labour Party, *Labour and the Nation* (London, 1928) in Baldwin MSS vol. 195, p. 49.

¹⁸² *Lord Derby on Safeguarding. The Views of a Free Trader (Extract from Lord Derby's Speech at Rochdale, October 27th, 1928)*, NU no. 2833 (London, 1929), p. 1.

¹⁸³ *Hints for Speakers*, No. 45, p. 12.

more common.¹⁸⁴ As Keohane noted, the War ‘shifted the minimum level of state intervention up a gear’.¹⁸⁵ Following deteriorating labour relations, the coal industry was taken under state control in 1917,¹⁸⁶ and only returned to private hands in 1921. The state also took over the railways, although their management remained outside state control. Instead, they fell under a Railway Executive Committee made up of existing railway managers. Large numbers of ships were requisitioned for military purposes. Controls over merchant shipping increased as the conflict dragged on. At the War’s end, around 90 per cent of global shipping was controlled by the Allied Maritime Transport Council, and the overwhelming majority of British imports were arranged by the state.¹⁸⁷ The Ministry of Munitions, first headed by Lloyd George, ‘was like an octopus with its tentacles reaching out into the whole economy’, including ‘control of essential raw materials, factory space, sources of power and labour’.¹⁸⁸

However, Conservatives justified these measures on grounds of efficiency and the necessity of winning the War, rather than social concerns.¹⁸⁹ The Conservatives were committed to total war, and the state had a duty to provide security for the British people. Bonar Law argued that ‘we must risk everything, including national bankruptcy’ to end the conflict soon. This opinion was not unanimous, and there was some internal dissent on key wartime measures, such as the introduction of conscription.¹⁹⁰

As with welfare, these wartime measures left a peacetime legacy. For example, as chapter three will discuss in greater depth, the takeover of the railways, which not only contributed to the running-

¹⁸⁴ For discussion of the state in the First World War, see Kathleen Burk (ed.) *War and the State: The Transformation of British Government, 1914-1919* (London, 1982).

¹⁸⁵ Keohane, *Party of Patriotism*, p. 183.

¹⁸⁶ Barry Supple, *The History of the British Coal Industry, Volume 4: The Political Economy of Decline* (Oxford, 1987), pp. 70-7.

¹⁸⁷ H.J. Dyos and D.H. Aldcroft, *British Transport: An Economic Survey from the Seventeenth Century to the Twentieth* (Harmondsworth, 1974), pp. 297-300.

¹⁸⁸ Chris Wrigley, ‘The Ministry of Munitions’, in Burk (ed.), *War and the State*, pp. 32-56, pp. 46-7.

¹⁸⁹ Keohane, *Party of Patriotism*, p. 183.

¹⁹⁰ *Ibid.*, p. 27.

down of the stock, also called into question the survival of the many pre-war railway companies. In this context, the 1921 Railways Act merged more than 100 existing railway companies into four.¹⁹¹ More generally, wartime intervention arguably created the precedent for further 'state supervision' of various industries in the 1920s and beyond.¹⁹²

Further interventionist measures were introduced by the 1924 to 1929 Baldwin Government. Though initially under private control, the BBC was soon re-established as a state monopoly in radio broadcasting within the United Kingdom on practical grounds.¹⁹³ The establishment of the Central Electricity Board in 1926 was another example of Conservative interventionism. A relatively new industry in the 1920s, the British electricity sector had emerged without any planning or central direction. The result was a mess. Frequencies differed from one part of the country to another and only one third of the country had a proper electricity supply.¹⁹⁴ To address these problems, as they would with future measures, the Conservatives intervened, but as little as they thought possible. To this end, in 1926 the Baldwin Government set up the Central Electricity Board. Rather than taking ownership of the entire electricity sector, however, the Board merely took ownership of electricity distribution infrastructure. It acted as a 'middleman' between privately-owned power stations and the private or local-government owned electricity retailers.¹⁹⁵ The Government justified its policy on efficiency grounds; Britain would 'lag behind in the industrial race' unless something was done about its electricity industry.¹⁹⁶ Rather than an attack on private enterprise, the Bill was said to strengthen it. In this respect, parallels can be drawn with the nationalisation of the coal mining royalties in the 1930s, for example, which similarly kept intervention to strict limits.

¹⁹¹ Derek H. Aldcroft, *The Inter-War Economy: Britain, 1919-1939* (New York, 1970), p. 214.

¹⁹² Keohane, *Party of Patriotism*, p. 206.

¹⁹³ See chapter three.

¹⁹⁴ HC Debates, 5th ser., vol. 193, cols 1691-3, 29 March 1926 (Colonel Ashley).

¹⁹⁵ E. Eldon Barry, *Nationalisation in British Politics* (London, 1965), p. 298.

¹⁹⁶ HC Debates, 5th ser., vol. 193, cols 1693, 29 March 1926 (Colonel Ashley).

Despite this enhanced role of the state, however, clear ideological red lines remained for Conservatives, even if where to apply those red lines remained a subject for internal debate. Throughout the period, Conservatives opposed interventionist measures that interfered with property rights for the sake of doing so, or to finance social reform. In 1885, for example, one pamphlet warned it would be ‘*most indefensible* [italics in original] if the State were to take possession, either in whole or in part, of the land of the country’. This was because, for example, the state would be forced to show tenants far less flexibility than private landlords in an attempt to prevent favouritism.¹⁹⁷ Later, during the First World War, many Conservatives remained unconvinced by the need for the state regulation of alcohol. By contrast, there was much more widespread support for greater state involvement in munitions production, as unlike alcohol regulation Conservatives saw this as far more central to the war effort.¹⁹⁸

Practically all Conservatives, however, opposed outright nationalisation. Echoes of this existed before 1914. Nationalising coal mining royalties, warned one 1905 pamphlet, would cost £150,000,000, and countries that already had state-ownership laboured under higher royalties than the UK did under private ownership.¹⁹⁹ As the Labour Party grew, attacks on nationalisation became a Conservative staple, and one which helped to distinguish the party ideologically. Experience showed that nationalisation was ‘a worldwide failure’, in countries and industries as diverse as Canadian shipping, Australian railways and Soviet mining.²⁰⁰ One Conservative pamphlet warned that it had led to unemployment ‘higher than anywhere else’, ‘mines ruined’, ‘railways ruined’, and, ‘criticism stifled’.²⁰¹

¹⁹⁷ *Campaign Notes 1885: Peasant Proprietorship and Land Nationalization* (London, 1885), pp. 10-11.

¹⁹⁸ Keohane, *Party of Patriotism*, pp. 175, 178.

¹⁹⁹ *Mining Royalties*, CCO No. 508 (London, 1905).

²⁰⁰ *The World-Wide Failure of Nationalisation: Some Official Facts and Figures*, NU no. 2814, (London, 1928).

²⁰¹ *A Nationalisation “Record”*, NU no. 3010 (London, 1929).

Several factors explain the increasing interventionism of the pre-1929 Conservative Party. Part of the answer lies in the intellectual and political climate of the time. Support for state intervention grew across the political spectrum. The Liberals had been moving towards support for greater state intervention since the 1890s, a trend which continued after 1914. At the 1922 Liberal Summer School, for example, the editor of the *Economist*, W. T. Layton, argued that although he could not see a general argument for extending the state's role in industry, Liberals should 'keep an open mind' and 'not be afraid to face an enlargement of the field of State management from time to time'.²⁰²

Of particular concern for Conservatives was the emergence of the avowedly socialist Labour Party as the main anti-Conservative force in British politics. Conservatives had worried about socialism before the Great War, but these concerns accelerated after 1918.²⁰³ That year, the Labour Party adopted a new, explicitly socialist, constitution. Its famous Clause IV called for 'the common ownership of the means of production'.²⁰⁴ While the clause had less direct significance within Labour itself at the time, partly added as 'a sop to the professional bourgeoisie' and because of its 'vagueness',²⁰⁵ Labour's official embrace of socialism unnerved some Conservatives.²⁰⁶ In a context in which most political parties and intellectuals were embracing interventionism, it was more difficult for the Conservatives completely to buck the trend.

In such a climate, even the creation of the Central Electricity Board caused some problems. While the matter was a 'keen personal interest' of Baldwin's, it was 'carried through a reluctant Cabinet'.²⁰⁷ Labour certainly noticed the Conservatives' embrace of limited interventionism and cited this as

²⁰² W. T. Layton, 'The State and Industry' in *Essays in Liberalism: Being the Lectures and Papers which were Delivered at the Liberal Summer School at Oxford, 1922* (London, 1922), pp. 145-164, p. 154

²⁰³ Green, *Ideologies*, p. 120.

²⁰⁴ Martin Pugh, *Speak for Britain: A New History of the Labour Party* (London, 2011), p. 111.

²⁰⁵ Ross McKibbin, *The Evolution of the Labour Party 1910-1924* (Oxford, 1974), pp. 91-8.

²⁰⁶ Green, *Ideologies*, p. 120.

²⁰⁷ Williamson, *Baldwin*, p. 174.

vindication of its own pro-nationalisation stance. '[T]hough "Nationalisation" is anathema to the Conservative Government', *Labour and the Nation* pointed out, the 'intolerable anarchy' in the electricity industry forced the Tories 'to organise and co-ordinate electricity production and its wholesale distribution' under the state-controlled Central Electricity Board. 'So, in spite of themselves [the Conservatives]', the pamphlet continued, 'are even false prophets induced by the logic of facts to bear tardy testimony on the side of truth'.²⁰⁸

Public opinion also played a role. That the Conservatives eschewed an explicitly protectionist platform at the 1924 and 1929 elections was not so much due to an internal reaction against tariffs as a response to successive electoral defeats on the subject. The more limited safeguarding policy was as close to protection as the leadership was prepared to go until the Great Depression.

Economics were another key factor. The motivations behind tariff reform are in themselves telling. While Joseph Chamberlain's support for the proposal was grounded in the desire for imperial unity, for others, such as Arthur Steel-Maitland, imperial unity itself had an economic dimension. In a world increasingly headed in a protectionist direction, imperial preference—that is, Britain erecting tariff walls around itself but granting preferential access to imports from its colonies and dominions—would both protect British producers from unfair competition, and would ensure that British exporters enjoyed favourable access to the Empire's markets.²⁰⁹ Without access to imperial markets, some feared, Britain risked sliding into the ranks of third-rate powers.²¹⁰ In 1923, for example, the Minister of Health argued that the 'openings' for British trade in a less open world lay '[o]bviously in the Dominions, which have been built up by means of English spirit and English courage'.²¹¹

²⁰⁸ *Labour and the Nation*, p. 23.

²⁰⁹ Green, *Ideologies*, p. 79.

²¹⁰ *Ibid.*, pp. 67, 195, 206.

²¹¹ 'Draft of speech by Sir Arthur Griffith Boscawen', 13 October 1923, Baldwin MSS Vol. 6.

The economic situation only worsened as the 1920s progressed. After a short post-war boom, Britain's traditional industries, such as coal, shipbuilding, iron and steel, and the railways all ran into trouble as export markets dried up, foreign competition intensified, and industries struggled to modernise. The situation was not helped by the decision in 1925 to return the pound to the gold standard which artificially overvalued the currency, thus reducing the competitiveness of British exports.²¹² Unemployment remained stubbornly high throughout the decade, not dipping far below a million after 1921.²¹³ The problems were too deep-rooted for the private sector to resolve unaided, and continued throughout the decade. As the former Conservative Minister and later Earl of Crawford, David Lindsay, wrote in 1928:

So far as general trade is concerned, the story does not seem to vary. Financial returns appear to be good, Ministers continue to make optimistic speeches; and yet Iron and Steel, with Coal and Shipbuilding and Textiles, continue in dire distress. Even where they are working, losses are being incurred by the most up-to-date and efficient firms.²¹⁴

The coal industry proved especially problematic. The industry's problems were not initially apparent to contemporaries. However, it gradually became evident that demand for British coal both from Britain's own declining industries and from abroad was falling.²¹⁵ Further, the dispersion of private ownership across the country was believed to undermine the industry's competitiveness by preventing the concentration of resources into larger, more efficient pits.²¹⁶ Labour relations remained difficult, to say the least. The situation came to a head in 1926 when the miners went on strike, with support from unions in other sectors, culminating in the General Strike of 1926. Even in this industry, as chapter three will argue, the Conservatives were extremely reluctant to pursue nationalisation, and only incrementally moved towards increased state oversight.

²¹² Sidney Pollard, *The Development of the British Economy 1914-1990* (4th ed., London, 1992), pp. 49-57.

²¹³ Liberal Industrial Inquiry, *Britain's Industrial Future* (London, 1928), pp. 269-71.

²¹⁴ Crawford to Stonehaven, 16 March 1928, Stonehaven MSS, Series 1, Folder 4.

²¹⁵ Supple, *British Coal Industry*, pp. 171-79.

²¹⁶ David Greasley, 'The Coal Industry: Images and Realities on the Road to Nationalisation' in Robert Milwall and John Singleton (eds), *The Political Economy of Nationalisation in Britain 1920-50* (Cambridge, 1995), pp. 37-64, pp. 51-2.

Critically, in this context, Conservative interventionism was not aimed at undermining private enterprise, but strengthening it. This was, after all, the justification used for the Central Electricity Board legislation, and Conservatives would continue to cite this reasoning into the 1930s. Other Conservative policies aimed at helping firms to rationalise or restructure themselves.²¹⁷ Even those on the party's left saw the goal of further state intervention as being to create a situation in which industry was 'as far as possible self-governing'. Further intervention would be 'scarcely ever required in future'.²¹⁸ Indeed, the party's Labour opponents criticised the Baldwin Government for using the state to advance the interests of private owners. For example, *Labour and the Nation* complained that the 'attitude of the Government towards them [iron and steel, shipbuilding, cotton, and other staple industries] has been marked by the same persistent sacrifice of national interests to the selfish demands of short-sighted employers'.²¹⁹

In sum, from the early twentieth century, the Conservatives demonstrated their willingness to use the state if this could be justified on efficiency, imperial, or national interest grounds. The attachment to private property, or at least to British private property, remained. Even where greater state intervention took place, it was justified on distinctly Conservative grounds: it was to strengthen private enterprise, not to undermine it.

The 1929 Election

Ahead of the 30 May general election, many in the party were confident of success. Not everything had gone smoothly in the government's term. While the Conservative Government had a solid legislative record, several of its more popular reforms had taken place too early on to pay electoral

²¹⁷ Williamson, *Baldwin*, pp. 174-5.

²¹⁸ Boothby et al, *Industry and the State*, p. 180.

²¹⁹ *Labour and the Nation*, p. 8.

dividends. Additionally, its recent legislative activity, like derating and the Local Government Act, was not universally popular among Conservatives.²²⁰ Despite this, victory was widely, though not universally, expected. The Secretary of State for India, Lord Peel, observed that 'our Whips and Central Office continue to be very confident about results'.²²¹

However, the Conservatives faced several external pressures. Under David Lloyd George's renewed leadership,²²² the Liberal Party made its last serious bid for power and produced several major policy documents.²²³ Reunited behind a radical platform, and newly flushed with cash courtesy of Lloyd George's dubiously-acquired political fund,²²⁴ the Liberals ran over 500 candidates.²²⁵ As part of his appeal to the electorate, Lloyd George pledged to use loan-financed schemes to pay the unemployed.²²⁶ Ramsay MacDonald's Labour Party was now 'positively respectable' and its leaders 'well known national figures' to the electorate. In contrast to the Liberals, Labour's manifesto was moderate, and its appeal was directed to the centre.²²⁷

The Conservative campaign failed to inspire. Running under the 'Safety First' slogan, it aimed to capitalise on Baldwin's personal popularity, and to present the Conservatives as offering reasonable and achievable promises in contrast to the perceived unworkability of Lloyd George's more adventurous proposals.²²⁸ The manifesto did not contain radical proposals. It pledged to retain and extend safeguarding so that any manufacturing concern 'large or small' could make 'its case for a

²²⁰ Stuart Ball, '1916-1929', in Anthony Seldon (ed.), *How Tory Governments Fall: The Tory Party in Power since 1783* (London, 1996), pp. 231-83, pp. 267-8.

²²¹ Peel to Irwin, 23 May 1929, C152/5/1/19, in Ball (ed.), *Letters from Britain*, p. 270.

²²² He assumed leadership of the Liberal Party following Asquith's retirement in 1926.

²²³ Of relevance to this thesis, see, Liberal Industrial Inquiry, *Britain's Industrial Future*; National Liberal Federation, *We Can Conquer Unemployment: Mr Lloyd George's Pledge* (London, 1929).

²²⁴ Williamson, *National Crisis*, pp. 22-34. The fund was mostly acquired through the sale of honours. See Dutton, *Liberal Party*, p. 90.

²²⁵ The Liberals did not manage this again until February 1974.

²²⁶ Sloman, *Liberal Party and Economy*, pp. 51-5.

²²⁷ Andrew Thorpe, 'The 1929 General Election and the Second Labour Government', in John Shepherd, Jonathan Davis and Chris Wrigley (eds), *Britain's Second Labour Government, 1929-31: A Reappraisal* (Manchester, 2011), pp. 16-36, pp. 19-21.

²²⁸ Ball, '1916-1929', pp. 268-9

safeguarding duty to an impartial tribunal'. A general tariff and duties on imported food were expressly ruled out.²²⁹ On social reform, its promises included more action on slum clearance,²³⁰ and lowering the qualifying age for the blind pension from 50 to 40.²³¹

The Conservatives won the largest vote share but fell short on seats. At 38.2 per cent, their vote share was down from 48.3 per cent in 1924, while Labour secured 37.1 per cent. Despite their energetic campaign, the Liberals managed just 23.4 per cent. The election conclusively demonstrated that the Liberals were no longer a viable contender for power in their own right.²³² While Labour won 288 seats, the first time it became the largest party in Parliament, the Conservatives secured only 260, and the Liberals just 59. The increased number of Liberal candidates did, however, increase the number of three-cornered contests, which helped to split the anti-Labour vote.²³³ As had occurred after the 1923 poll, the Labour Party under Ramsay MacDonald formed a minority administration with Liberal support.

Conclusion

Conservatism evolved considerably between 1885 and 1929, yet there remained significant continuity in the party's thought. It is certainly true that most Conservative politicians by 1929 tolerated a much greater role for the state than their predecessors had 40 years earlier. The party also suffered major divisions that made orderly policymaking extremely difficult, especially between 1906 and 1914. Had the First World War not destroyed the progressive alliance, it is even possible that it might not have remained the dominant force on the right.

²²⁹ *Mr. Stanley Baldwin's Election Address*, NU no. 3014 (London, 1929), in CRD 1/7/2, p. 7.

²³⁰ *Ibid.*, pp. 19-20

²³¹ *Ibid.*, p. 20.

²³² Wilson, *Downfall*, pp. 350-1.

²³³ These increased from 223 in 1924 to 447 five years later. Ball, '1916-1929', p. 275.

Conservatism was open to various influences, but only where those influences were compatible with existing Conservative ideology. Individuals had considerable impact in shifting policy—witness Salisbury’s legislative caution compared to Neville Chamberlain’s role in shaping social reform legislation in the 1920s. Conservatives were also open to policy ideas from outside their own ranks, as the influence of Joseph Chamberlain and the ex-Liberals over tariff reform demonstrates. Ultimately, however, Conservatism only imported ideas that were consistent with what were understood to be principles of Conservatism. Joseph Chamberlain’s tariff reform tied in with existing support for Empire and existing sympathy for protection. Finally, electoral necessity, or at least perceived electoral necessity, could drive the party to adopt or tolerate measures that went further down an interventionist road than many members would have travelled on their own accord. Public opinion also drove the leadership to abandon tariffs between 1924 and 1929, despite protection being the one form of intervention around which most Conservatives rallied.

Overall, the party’s core philosophy towards the appropriate role of the state, that is the justifications the party used for accepting or rejecting change, did not change markedly. The Conservatives sought to control the pace of change, and to prevent radical ideologies from taking root. Ultimately, despite its Edwardian troubles, the party’s ideology proved flexible enough for the party to transition to the age of industrial mass democracy. That it could do this was in no small part due to its opponents’ divisions after 1916, and to the resolution of pre-war constitutional battles, but it also owed something to the party’s adaptability. Having therefore established the long-term trajectory of Conservative ideological development prior to 1929, the following chapter will now explore how this continued following the party’s 1929 election loss.

Chapter Two: ‘Outside the Realm of Prophecy’, The Conservatives in Opposition, 1929-31

Introduction

The two years between the Conservative Party’s 1929 election loss and its landslide victory under the National Government umbrella in 1931 were some of the most turbulent in its twentieth-century history. As a result of the election, the party’s left was ‘decimated’, and its diehard core proportionally strengthened.¹ No longer held together by the cohesive effect of being in government, the party soon became wracked with division over protection. Making matters worse, two of the country’s most powerful press barons, Lord Beaverbrook and Lord Rothermere, fuelled internal Conservative Party divisions through their campaign for Empire Free Trade. Partly as a result, Baldwin’s leadership was seriously threatened on several occasions, and his position was not assisted by his own failures as an opposition leader. However, by mid-1931, the party’s fortunes had stabilised and many expected it would soon return to the treasury benches, in no way assisted by the minority Labour government’s failure to deal with the ongoing Depression.² In an unexpected turn of events, the Conservatives ‘stampeded’ into a National Government led by their erstwhile opponent, Ramsay MacDonald, amidst ‘a panic atmosphere’ in August 1931.³ In a further unexpected turn of events, that emergency government outlasted the emergency, and secured one of the most lopsided election victories in British history. National Government candidates won 554 of the 615 seats, of which 473 went to Conservatives. Between 1929 and 1931, the party undertook several major policy changes. After many years of debate, it finally settled its trade policy, adopting a ‘free hand’ to introduce tariffs. In addition, instead of campaigning on pledges

¹ Ramsden, *Balfour and Baldwin*, pp. 297-8.

² Ball, *Portrait*, pp. 484-8.

³ Ball, *Baldwin and Conservative Party*, p. 217.

to expand social welfare, the party's focus shifted to economy and means-testing benefits. On industrial reorganisation, however, there was little change. Following the August crisis, while the Conservative leadership had to make some policy compromises to consolidate the National Government, even the compromise platform effectively guaranteed the two policies the Conservatives cared about most: economy and protection. Whether these changes in policy signalled a change in the party's outlook towards the state is the subject of this chapter, which will cover the period up to and including the 1931 general election. The reason for including the initial National Government period is that while the Conservatives returned to power as part of the National Government in August 1931, the final shape of that administration did not immediately become clear.

Scholars have paid a great deal of attention to various aspects of the 1929-31 period. Several books and articles have discussed the travails of the second Labour Government.⁴ As the economic situation worsened, it followed largely conventional economic policies, and ultimately collapsed after proving unable to respond to the sterling crisis. Robert Skidelsky blamed the Labour leadership, saying that '[t]he real criticism of MacDonald is not that he formed the National Government, but that under his leadership the Labour Government had drifted into a position which left it so little choice'. MacDonald had 'plenty of effective choices'.⁵ Ross McKibbin has rejected this argument,⁶ instead suggesting that the administration suffered from a lack of 'political instinct'. Moreover, the leadership displayed excessive deference to, and mistaken belief in, the 'neutrality of the state and the country's dominant political and financial institutions'. This made it harder for the Labour government to develop more effective ideas for managing the crisis. Compounding this, structural problems hindered Labour's ability to work effectively as a party.⁷

⁴ Shepherd, Davis and Wrigley (eds), *Second Labour Government*.

⁵ Robert Skidelsky, *Politicians and the Slump: The Labour Government of 1929-1931* (London, 1967), p. 387

⁶ Ross McKibbin, 'The Economic Policy of the Second Labour Government 1929-1931', *Past and Present*, 68 (1975), pp. 95-123.

⁷ McKibbin, *Parties and People*, pp. 80-6.

Williamson similarly argued that a lack of ideas did not cause the Labour government's downfall. It had plenty of ideas, but they were not enough to reverse the slump, and it was not in a strong enough position to implement any alternative ideas.⁸ On the National Government's formation, the 'bankers' ramp' conspiracy theory has long since been debunked.⁹ MacDonald's role in the formation of the National Government has been heavily scrutinised. The traditional Labour view that he had for some time desired the formation of a coalition and was 'clearly glad to be done with his former colleagues',¹⁰ no longer enjoys much support. As his more sympathetic biographer, David Marquand, has argued, while there is contradictory evidence surrounding MacDonald's attitude towards the idea of a national government, it seems unlikely, at least until August 1931, that he envisaged entering any such coalition without the full backing of his party. It remained 'a vague and uncertain option for the future'.¹¹

Though its long-term structural decline had set in well before 1929, the plight of the Liberal Party has also received considerable attention. On the ideological front, Sloman has argued that the party returned to more orthodox economic policies during the 1929 to 1931 Parliament.¹² Politically it disintegrated, and by 1931 'was reduced to little more than a disorganised rabble'.¹³ Though a majority of the parliamentary Liberal Party supported Lloyd George's decision to prop up the Labour Government, and relations between them became closer as time went on, a minority under Sir John Simon broke away.¹⁴ Williamson also traced the breakdown of the three-party system.¹⁵

⁸ Williamson, *National Crisis*, pp. 524-5

⁹ The formation of the National Government, and MacDonald's role in it, caused a great deal of controversy on the left. Indeed, a myth emerged that 'the bankers of New York and London destroyed the Labour Government'. See e.g. George Lansbury, *My England* (London, 1934), p. 124. This theory, however, has long since been discredited. See Williamson, *National Crisis*, pp 5-7.

¹⁰ Francis Williams, *Fifty Years' March: The Rise of the Labour Party* (London, 1949), p. 341.

¹¹ Marquand, *Ramsay MacDonald*, pp. 575-81.

¹² Sloman, *Liberal Party and Economy*, pp. 77-9.

¹³ Dutton, *Liberal Party*, p. 119.

¹⁴ Dutton, *Liberals in Schism*, pp. 48-79.

¹⁵ Williamson, *National Crisis*, pp. 229-52, 516.

In its place, Ball wrote, the Liberal disintegration revived the two-party system that would characterise British politics until the 1980s.¹⁶

In terms of the Conservative Party's spell in opposition, certain aspects have received more extensive treatment than others. The events surrounding the formation of the National Government have been discussed at length,¹⁷ as have the battles between Stanley Baldwin and the press barons, Lord Rothermere and Lord Beaverbrook.¹⁸ Further, John Ramsden's *The Making of Conservative Party Policy* provides a detailed summary of the newly-formed CRD's policy research activities during between 1929 and 1931.¹⁹ Ball has also written on the performance of the parliamentary Conservative Party during the period.²⁰ Richard Carr has examined the views of younger Conservative MPs at this time. He argued that while the post-1918 cohort generally took a more favourable view of state intervention compared to the leadership, they collectively failed to determine where the boundaries of that intervention should be.²¹ On the party's electoral prospects, most historians assume that, before the National Government's sudden formation, the Conservative Party was on track to win an anticipated general election in its own right. Though not always a perfectly reliable indicator, the trend from recent by-elections was encouraging, and it looked as though the Conservatives would secure a large majority.²²

The most comprehensive account of the Conservatives during this time, Ball's *Baldwin and the Conservative Party*, argued that Baldwin's leadership nearly came unstuck both due to his caution in

¹⁶ Ball, *Baldwin and Conservative Party*, p. ix.

¹⁷ Stuart Ball, 'The Conservative Party and the Formation of the National Government: August 1931', *Historical Journal*, 29/1 (1986), pp. 159-82.

¹⁸ E.g. Ramsden, *Balfour and Baldwin*, pp. 296-324.

¹⁹ Ramsden, *Making of Conservative Policy*, pp. 37-62.

²⁰ Stuart Ball, 'Failure of an Opposition? The Conservative Party in Parliament 1929-1931', *Parliamentary History*, 5 (1986), pp. 83-98.

²¹ Richard Carr, 'The Right Looks Left? The Young Tory Response to MacDonald's Second Labour Government', in Shepherd, Davis and Wrigley (eds), *Second Labour Government*, pp. 185-202.

²² Ramsden, *Balfour and Baldwin*, p. 315; Thorpe, *General Election of 1931*, p. 46.

adopting a protectionist platform and his often-lacklustre performance as Opposition Leader.²³ While the press lords caused significant disruption, they only could do this because their sentiments tapped into those of many grassroots Conservatives.²⁴ By 1931, party unity had been restored thanks to Baldwin's adoption of protection, the discrediting of the press lords, the need to unite against a Labour government that Conservatives felt was leading the country to disaster, and the high likelihood that the party would soon return to government.²⁵ Policy emphasis shifted from protection to 'economies' both because the focus of attention shifted towards the deteriorating economic situation, and because economy enjoyed widespread support across the Conservative Party.²⁶

Those who have looked at the party's approach to policy development have reached different conclusions. Several key studies have argued that the 1929-31 period was crucial in setting Conservative policy for the next decade. In what remains the authoritative biography of Stanley Baldwin, Middlemas and Barnes have described the period as one in which:

the bulk of the Conservative Party was passing through one of the critical periods in its history, sloughing off the scales of the 1920s, to appear new-skinned and shining, ready for protection, intervention in industry and finance, and the India Bill, in the early 1930s.²⁷

Ball has likewise argued that the Conservative Party's emphasis on means-tested welfare and retrenchment 'crystallised into a pattern in which they remained set until the Second World War, if not longer'. After 1929-31, Conservatives condemned government intervention as 'expensive, profitless, and socialistic'.²⁸ Philip Williamson has contended that after 1929 the Depression 'created a large movement of financial, business, *rentier*, direct tax-paying and rate-paying opinion

²³ Ball, *Baldwin and Conservative Party*, pp 77-9, 96-8.

²⁴ Ibid, p. 53-4.

²⁵ Ibid, pp. 147-50, 165-71, 216.

²⁶ Ibid., pp. 154-9.

²⁷ Middlemas and Barnes, *Baldwin*, p. 545.

²⁸ Ball, *Baldwin and Conservative Party*, pp. 217-8.

in favour of public retrenchment'. He has added that the leadership 'devoted much of their policy and rhetorical effort' trying to prevent a much-feared divide between the rich and the poor. As with many other politicians of the time, Conservatives did not 'operate upon what economists might consider a coherent economic position'.²⁹ Others have disagreed. Blake has argued that the Conservatives 'were out of office for too short a time to re-think their attitudes' and that Neville Chamberlain 'had neither time nor inclination to re-examine Tory economic policy'.³⁰

This chapter will explore how the Conservative leadership balanced competing electoral necessities, philosophical tendencies and differing political pressures. It will do this by examining thematically two areas: social policy, and industrial reorganisation (which includes tariff reform). Finally, it will discuss the formation of the National Government and the ideological reasons for, and implications of, the Conservatives' participation in the new administration. It will argue that although there were several major policy changes, these were consistent with the party's pre-1929 conception of the role of the state. The Conservatives did not push extensively for large-scale social reform. The reason for this was that the issue no longer took priority over restoring sound finance given the country was experiencing an economic and financial crisis. The ongoing slump also removed the political imperative for more drastic reforms. Throughout the period, however, the Conservatives never completely abandoned a recognition of the state's role in resolving social problems. The same was true of industrial reorganisation. Baldwin's adoption of tariffs marked the end of a decades-long internal policy battle. Yet well before 1931, much of the party was already committed to tariff reform, and Baldwin himself only held back out of caution. Most Conservatives had already accepted the state should use tariffs to both strengthen the unity of the British Empire and to assist domestic producers and workers. It just required the right political circumstances for their final adoption as policy.

²⁹ Williamson, *National Crisis*, p. 519.

³⁰ Blake, *Conservative Party from Peel to Major*, p. 235.

Conservative Welfare Policy in Opposition

The Conservatives' approach to social reform was characterised by a recognition that some continued state intervention was necessary, but this was subject to what the state could afford. As the period illustrates concern over economising took precedence over expanding welfare, even among erstwhile social reformers. Although the propaganda emphasis shifted from stressing the Conservatives' previous welfare achievements to preventing the growth of social service expenditure, this did not represent a substantive change in outlook.

The second Labour Government's legislative record on social policy, as on most other subjects, was thin. Thus, *The Times*' parliamentary correspondent wrote of the first session of the new Parliament that the 'importance of the legislative output was hardly proportionate to the time taken in its enactment'.³¹ During that session, the only welfare measures passed were modest expansions of the Widows' and Orphans' pension scheme, new housing legislation, and changes to the Unemployment Insurance Fund.³² As Worley has written, the Labour Government's statutory record was indeed 'modest'.³³

Thin though it was, the Conservatives' response to Labour's measures is nevertheless illustrative. They did not oppose Arthur Greenwood's Housing Bill,³⁴ which passed its second reading without a division.³⁵ This represented the first Act authorising the use of central government funds to remove slums. Unlike earlier legislation, the amounts given to local authorities for this purpose were determined by the number of people who needed rehousing.³⁶ Rather than criticise the Bill

³¹ 'The Session. A Year of Labour Rule. Pledges in Review', *The Times*, 2 August 1930, pp. 11-12, p. 11.

³² Ibid.

³³ See e.g. Worley, *Labour Inside the Gate*, p. 130.

³⁴ Housing policy is discussed in much greater depth in chapter six of this thesis.

³⁵ 'This Week in Parliament', *Spectator*, 19 April 1930, p. 654.

³⁶ Burnett, *Social History of Housing*, pp. 243-4.

for being too radical, Chamberlain criticised it for containing ‘very little that is new’.³⁷ Had the Baldwin government survived the 1929 election, the Conservatives would also have dealt with the problems addressed by the legislation.³⁸ Despite previous efforts, the problem, whose ‘urgency’ was agreed by all sides, remained unsolved, and more legislative work was needed.³⁹ The slums’ continued existence represented a ‘crying evil’ that successive pieces of legislation granting subsidies and additional powers to local councils had failed to eliminate.⁴⁰

The 1929 Widows’, Orphans and Old Age Contributory Pensions Bill likewise attracted little serious Conservative opposition. As with the Housing Bill, it passed second reading without division.⁴¹ Further, in common with the housing legislation, it was not especially adventurous. Instead, it aimed to tie up loose ends from previous legislation. For example, it extended widows’ pensions to those whose husbands had died before the previous Act had come into force.⁴² Perhaps significantly, the second reading only took place a week after the Wall Street crash.

Throughout the period, the Conservatives also launched their own inquiries into various policy matters. Neville Chamberlain discussed a possible “‘long range” inquiry into Social Policy’ with CRD research officer Harold Stannard on 19 March 1930.⁴³ The following day, the Business Committee resolved to establish an inquiry into Unemployment Insurance and another into Social Policy.⁴⁴ Chamberlain and Joseph Ball also discussed establishing an inquiry into slum clearance.⁴⁵ Not all of these inquiries produced any tangible results. For example, the report produced by

³⁷ HC Debates, 5th ser., vol. 237, col. 1843, 7 April 1930 (Neville Chamberlain).

³⁸ *Ibid.*, col. 1828.

³⁹ *Ibid.*, cols 1825-6.

⁴⁰ *Ibid.*, col. 1827.

⁴¹ *Ibid.*, vol. 231, col. 472, 31 October 1929.

⁴² *Ibid.*, cols 371-2, 31 October 1929 (Arthur Greenwood).

⁴³ Memorandum, Harold Stannard to Joseph Ball, 19 March 1930, CRD 1/21/1.

⁴⁴ Business Committee minutes, 20 March 1930, MS. Eng. C. 6652 (Joseph Ball Papers), 20 March 1930.

⁴⁵ ‘Notes of Discussion with Mr. Neville Chamberlain’, 17 March 1930, MS. Eng. C. 6652 (Joseph Ball Papers).

backbench MP William Morrison's⁴⁶ Industrial Foundations of Society Committee was so ineffective that Hugh Williams wrote to Joseph Ball that he wanted to 'carry out the inquiry that the [Morrison] Committee was originally set up to undertake'.⁴⁷ Nevertheless, the fact that such committees were created at all is of some significance.

There was a limit to Conservative reformism, however. The Conservatives were unwilling to countenance further social expenditure than they thought financially prudent. At the Business Committee meeting on 20 March 1930, members initially expressed scepticism about the wisdom of setting up a Social Policy Committee. Committee members had concerns that it might 'drag the Party once more down the slippery slope of heavy expenditure on social services'.⁴⁸ Specific measures too were ruled out by financial considerations. Thus, a CRD report into Family Allowance proposals, which compared existing schemes from various Commonwealth and European states asked '[w]ould it really be such a simple matter to raise £125 millions [the estimated cost of such a scheme] from the country which is already the most heavily taxed in the world?'⁴⁹

Money was not the only objection raised towards extending benefits. Family allowances, though championed by campaigners such as independent MP Eleanor Rathbone, enjoyed far from universal support within the trade unions, some of whom feared they would negatively affect male wage earners. Moreover, because family allowances were paid to mothers by the state rather than as wages negotiated with employers via collective bargaining, it was feared they would weaken the

⁴⁶ William Shepherd Morrison, 1893-1961, later first Viscount Dunrossil. MP for Cirencester and Tewkesbury, 1929-59. Chairman of 1922 Committee, 1932-5. Financial Secretary to the Treasury, 1935-6; Minister of Agriculture and Fisheries; Chancellor of the Duchy of Lancaster, 1939-40, Minister of Food, 1939-40; Postmaster-General, 1940-3; Minister of Town and Country Planning, 1942-5. Later served as Speaker of the House of Commons, 1951-9 and Governor-General of Australia, 1960-1.

⁴⁷ Minute, Hugh Williams to Joseph Ball 22 January 1931, CRD 1/32/1.

⁴⁸ Business Committee minutes, 20 March 1930.

⁴⁹ 'Family Allowances', 1 April 1930, CRD 1/31/1, p. 18.

position of the trade unions.⁵⁰ In light of these objections, the Family Allowances Report continued:

It seems that there is no likelihood of an early attempt to put the idea of family allowances into practice. Where there are so many differences of opinion, even in the Socialist ranks, it is hardly to be supposed that the country as a whole would be agreed upon such a radical measure.⁵¹

The major social policy clash between the Conservatives and the Labour government, however, was over unemployment insurance, and it was largely, though not completely, due to the cost. To begin with, it was far from clear how bad the situation was about to become. Shortly after the 1929 election, Chamberlain wrote gloomily to his sister that he expected Labour to govern for two years ‘to establish their ability to govern’ and ‘frame an attractive budget’, before seeking a majority at a further general election. Under this plan, which ‘may well succeed’, the Conservatives faced seven years in the wilderness.⁵² Confounding his initial predictions, the ability to ‘frame an attractive budget’ faded rapidly as more and more workers found themselves drawing on unemployment insurance. From 1.164 million unemployed in June 1929, those out of work climbed to 2.5 million in December 1930, and to 2.88 million by September 1931.⁵³

Confronted by the worsening economic situation, the minority Labour government struggled both to maintain fiscal orthodoxy and to satisfy its own supporters. On the one hand, the MacDonald government enacted modest changes to unemployment insurance legislation to ensure that workers who had exhausted their claims continued to receive benefits, the so-called ‘transitional benefit’. Additionally, it altered the genuinely seeking work test, which some union figures disliked.⁵⁴ However, as the economic situation deteriorated, and the unemployment rate continued

⁵⁰ For the Labour Party and family allowances in the 1920s, see Pedersen, *Family Dependence*, pp. 178-223.

⁵¹ ‘Family Allowances’, 1 April 1930, p. 22.

⁵² Neville Chamberlain to Ida Chamberlain, 2 June 1929, NC 18/1/656.

⁵³ Mortimore and Blick (eds), *Butler’s British Political Facts*, p. 646.

⁵⁴ Skidelsky, *Politicians and the Slump*, pp. 113-15, 123-5.

to increase, pressure mounted on the finances of the Unemployment Insurance Fund. In January 1931, a Treasury memorandum to the Royal Commission on Unemployment Insurance warned that ‘continued State borrowing on the present vast scale’ would ‘quickly call in question the stability of the British financial system’.⁵⁵ Unemployment insurance had cost the Government £11.75 million in 1928, £36.97 million in 1930, and the Treasury estimated this would rise to £50-55 million in 1931.⁵⁶ The other aspect of Labour’s attempts to find a way forward on unemployment insurance was to establish several inquiries. The Labour government held a three-party conference, but it failed to reach agreement.⁵⁷ On 18 October, the government announced via the King’s Speech the establishment of a Royal Commission into unemployment insurance.⁵⁸

The Conservatives’ response was to oppose the continued extension of transitional benefit and to demand the Fund be made self-sustaining. The Business Committee’s Sub-Committee on Unemployment Insurance, for example, asserted that the Fund ‘must be made self-sustaining and the practice of borrowing to make both ends meet must be brought to a stop’.⁵⁹ Accordingly, the party opposed Labour’s legislation to raise the Fund’s borrowing limits, and the changes to the genuinely seeking work test.⁶⁰ Those who paid into the insurance system should be recognised for having done so, and those who failed to qualify for insurance should ‘in the main be a national charge ... administered by the Public Assistance Committees’.⁶¹ The party did take some time to settle its position of whether to introduce a means test for those who were ineligible for unemployment insurance. Conservative members of the three-party committee on unemployment insurance, believed that one ‘essential’ principle to be that ‘[p]ersons who have fallen out of

⁵⁵ ‘Unemployment Insurance. Dangers of Vast Borrowing. Treasury Warning’, cutting from *The Times*, 30 January 1930, in CRD 1/14/2/1.

⁵⁶ Ibid.

⁵⁷ Skidelsy, *Politicians and the Slump*, pp. 238-9.

⁵⁸ HC Debates, 5th ser., vol. 244, col. 6, 28 October 1930 (text of King’s Speech/Mr. Speaker).

⁵⁹ ‘Third Report of Sub-Committee on Unemployment Insurance (To the Business Committee)’, 20 June 1931, CRD 1/14/6, p. 1.

⁶⁰ ‘Unemployment Bill’, *The Times*, 22 November 1929, pp. 8-9.

⁶¹ ‘Memorandum on Unemployment Insurance to Unemployment Insurance Sub-Committee’, 16 June 1931, CRD 1/14/6.

insurance should be in every case subject to a means test'.⁶² However, as late as June 1931, Brooke wrote to Ball that the Sub-Committee on Unemployment Insurance wanted Neville Chamberlain to know that this 'grave question of policy will have to be settled'.⁶³ Indeed, the Conservatives' insistence on economy contributed to the collapse of the Labour government and its unexpected replacement by the Conservative-dominated, but MacDonald-led, National Government.

There was some agreement with the Labour Government on welfare savings, especially where those savings concerned women. This was because such cuts enjoyed support across both parties and, to an extent, among the wider electorate. Conservatives put up no resistance when the Minister of Labour, Margaret Bondfield,⁶⁴ introduced 'anomalies' legislation that made it far more difficult for married women to claim benefits.⁶⁵ Bondfield was concerned that married women were claiming benefits at a disproportionately large rate relative to their proportion of the insured workforce. To address these alleged abuses, she proposed excluding married women from unemployment benefit unless they worked in areas where it was usual for married women to be employed, and unless they could establish that they had a 'reasonable chance of obtaining employment'.⁶⁶ The only real opposition came from members of the Independent Labour Party and Eleanor Rathbone, who forced an all-night sitting of the Commons.⁶⁷ Conservatives said little about the effect on women in the second reading debate on 8 July 1930. One of the few Conservatives who did speak, newly-elected Duff Cooper, commented that '[i]t is remarkable, and perhaps regrettable, that a Bill that is going to affect so seriously the position of so many married

⁶² '3rd Draft of 1st Report of Sub-Committee on Unemployment Insurance', 13 June 1931, CRD 1/14/6, p. 1.

⁶³ Memorandum, Henry Brooke to Joseph Ball, 12 June 1931, CRD 1/14/6.

⁶⁴ Margaret Grace Bondfield, 1873-1953. Britain's first female Cabinet Minister. MP for Northampton, 1923-4; Wallsend, 1926-31. Served as Parliamentary Secretary to the Ministry of Labour in the first Labour Government and as Minister of Labour in the second Labour Government.

⁶⁵ Pedersen, *Family Dependence*, pp. 297-307.

⁶⁶ *Ibid.*, p. 297.

⁶⁷ Susan Pedersen, *Eleanor Rathbone and the Politics of Conscience* (New Haven; London, 2004), pp. 230-1.

women could find only two sound supporters in the House, and both those should be ladies and both should be single'.⁶⁸

This is not to say that all Conservatives were on the same page on unemployment, unemployment insurance, or welfare generally. Some flirted with leaving the Conservative Party altogether and predicted the breakdown of the existing party system. Macmillan told Harold Nicolson that so bad was the economic position 'that it will lead to a breakdown of the whole party system'.⁶⁹ In December 1930, having resigned from the frontbench in May, former Tory turned Labour MP Sir Oswald Mosley broke away from Labour after the rejection of his proposed remedies for unemployment and established the 'New Party'. Macmillan, though out of Parliament, later wrote that there 'was a moment later in the year [1930] when I was myself tempted to work with his [Mosley's] New Party'. This was because 'there were many of the points of his [Mosley's] programme which seemed to me at once reasonable and constructive'.⁷⁰ He went slightly further at the time. In July 1930 he even thought that the anticipated inability of the two major parties to govern would 'lead a Cabinet of young men – Mosley as P.M. and others including himself and Wise'.⁷¹ As with many other issues during the period, however, Macmillan found himself very much in the minority. His 'political judgment became increasingly erratic'.⁷² Macmillan was far from the only Conservative to move in Mosley's social circles—his reputation was not yet toxic.⁷³ As for Mosley, his New Party failed, like many subsequent attempts, to break the proverbial mould. Only five MPs followed him out of the Labour Party, one of whom was his first wife.⁷⁴ Contesting

⁶⁸ HC Debates, 5th ser., vol. 254, col. 2208, 8 July 1931 (Duff Cooper).

⁶⁹ Nicolson Diaries, 2 July 1930, Nicolson MSS.

⁷⁰ Harold Macmillan, *Winds of Change, 1914-1939* (London, 1966), p. 263.

⁷¹ Nicolson Diaries, 2 July 1930, Nicolson MSS. When Nigel Nicolson was preparing his father's diaries for publication, the reference to Mosley as PM was left out at Harold Macmillan's request. See Nicolson (ed.), *Nicolson Diaries and Letters 1930-1939*, 2 July 1930, p. 48 and Macmillan to Nigel Nicolson, 17 May 1965, Nicolson MSS.

⁷² Garnett and Hickson, *Conservative Thinkers*, p. 9.

⁷³ Nicolson Diaries, 15 November 1930, Nicolson MSS.

⁷⁴ Lane-Fox to Irwin, 4 March 1931, C152/19/1/246, in Ball (ed.), *Letters from Britain*, p. 401.

24 seats, the New Party won just 36,377 votes at the 1931 general election. It dissolved soon after, and Mosley turned to fascism instead,⁷⁵ but he remained a fringe figure in British politics.

Though clearly in the minority, Macmillan was not alone in his criticism. Years later, Eustace Percy⁷⁶ criticised the ‘misuse’ of the Conservative Research Department, of which he was briefly head before being replaced by Neville Chamberlain. His criticism stemmed from its perceived failure to conduct sufficient original research, especially relating to social reform. ‘Thus, the Conservative Party put off ‘its ultimate thinking’ until it could ‘be done semi-publicly for it for it by an independent commissioner [Sir William Beveridge]’.⁷⁷

Further, not all the dissenting views came from the party’s left. Some even desired to turn the clock back on social insurance reform. The young diehard MP Viscount Lymington,⁷⁸ for example, thought that once economic conditions improved ‘we should return (except for employers’ liability) to use the old system of voluntary friendly societies’.⁷⁹ Among his other recommendations were paying benefits in kind to those who had exhausted their insurance, and that the UK ‘should have an intensive policy of female migration to new parts of the Empire where males largely predominate’.⁸⁰

Factors Driving Conservative Welfare Policy

There were several competing factors that explain why the Conservative social policy evolved as it did. First, many Conservative MPs recognised the electoral importance of social issues. Before

⁷⁵ Richard Griffiths, *Fellow Travellers of the Right: British Enthusiasts for Nazi Germany 1933-39* (Oxford, 1983), pp. 31-8.

⁷⁶ Eustace Southerland Campbell Percy, 1887-1958. MP for Hastings, 1921-37. Parliamentary Secretary to the Board of Education, 1923, Parliamentary Secretary to the Ministry of Health, 1923; President of the Board of Education, 1924-9. Chairman of the CRD, 1929-30. Later Minister without Portfolio, 1935-6. Created 1st Baron Percy of Newcastle, 1953.

⁷⁷ Lord Eustace Percy, *Some Memories* (London, 1958), pp. 150-1.

⁷⁸ Ball, *Portrait*, p. 343.

⁷⁹ Viscount Lymington, *Ich Dien: The Tory Path* (London, 1931), p. 70.

⁸⁰ *Ibid.*, pp. 70-1, 73.

the Great Depression, unemployment was a major political issue. Winston Churchill called it ‘the main central question of domestic affairs’.⁸¹ Some were mindful of the electoral necessity to do so. Thus, Henry Stannard wrote to the CRD Director Joseph Ball that ‘unless, at the same time, we address ourselves with equal effect to social problems, we shall give colour to Labour’s jibe that we are an employer’s Party’.⁸² This consciousness about the electoral impact of reducing welfare is evident in Conservative propaganda,⁸³ and had some effect on the Party’s voting record. Neville Chamberlain, for example, complained that he was ‘thankful to get through the Pensions Bill which afforded very little scope owing to the timorousness of our people who would not vote against 2nd R[eading]’.⁸⁴ This fear about being associated with cutting benefits continued well into 1931. A.W. Allen, the Conservative Agent in Wednesbury, for example, wrote to Sir Patrick Gower that he was ‘in dreads and fears’ that the Conservatives would endorse the Royal Commission’s recommended cuts to unemployment insurance benefits. This, he feared, would ‘set the backs of thousands of the Workers [sic] against us’. Gower himself shared concerns about the political impact of supporting the Commission’s proposals.⁸⁵

In addition to the apparent political necessity of social reform, at least some Conservatives genuinely believed in, and were enthusiastic about, the subject. As Neville Chamberlain, the architect of many of the 1924-9 Baldwin Government’s reforms, wrote to his sister in advance of the 1929 election:

It will be a wrench to go, for I have been very happy there [at the Ministry of Health], and I should like very much to carry through the slums and new maternity Benefit and the P.G. School and the Lunacy Reform, and to see the Voluntary Hospitals established on a proper basis and nurse the Local Authorities over the early stages of their new duties and in short see out the thousand and one things that I have started.⁸⁶

⁸¹ Churchill to Baldwin, 21 November 1929, Baldwin MSS vol. 7.

⁸² Memorandum, Stannard to Ball, 12 February 1930, CRD 1/21/1.

⁸³ *The Conservative Pensions Scheme is NOT a “Heartless Fraud”: Socialist Allegations Answered*, NU no. 2774 (London, 1928).

⁸⁴ Neville Chamberlain to Hilda Chamberlain, 24 November 1929, NC 18/1/677.

⁸⁵ Sir Patrick Gower to Joseph Ball, 6 June 1931; A.W. Allen to Gower, 6 June 1931, CRD 1/14/6.

⁸⁶ Neville Chamberlain to Hilda Chamberlain 5 May 1929, NC 18/1/652.

Moreover, there was room within Conservative doctrine to justify state intervention. Just before the 1929 election, Arthur Bryant wrote that ‘a hundred years ago, the guiding hand of the State, that might have averted much unhappiness, was withheld under the influence of a false Radical theory’.⁸⁷ Of course, not every Conservative either in the constituencies or at Westminster, completely agreed with this. But enough did to lend some credence to Bryant’s view.

The caveat to this was that Conservatives felt that such assistance could not undermine individual responsibility and had to be within the State’s means. The link between the strength of the economy and social reform had long been a theme in party literature. For example, using language echoing Disraeli’s Crystal Palace speech, the 1929 Conservative manifesto argued that:

Social reform

The Conservative Party regards the prosperity of trade and industry, not as an end in itself, but as a means to improve the condition of the people. During our tenure of office we have carried through a great programme of social welfare and have thus prepared the ground for the further programme which we now lay before the country.⁸⁸

Financial concerns became more pronounced as unemployment continued to rise, and the focus of debate shifted onto funding existing commitments rather than creating new ones. One 1931 election pamphlet argued that there ‘would have been no money to pay the unemployment benefits’ had something not been done.⁸⁹

Concerns about the affordability of welfare measures were not confined to the leadership and the CRD. Reflecting earlier concerns among Conservatives, the need for economy to right confidence was stressed. As the defeated County Durham MP Cuthbert Headlam noted in his diary:

⁸⁷ Bryant, *Spirit of Conservatism*, p. 95.

⁸⁸ *Mr. Stanley Baldwin’s Election Address*, p. 18.

⁸⁹ *The Truth at Last! Mr. Philip Snowden Exposes the Socialist Party*, NU no. 3341 (London, 1931).

I don't see how for the life of me how things can improve. I suppose that some huge scheme of state relief will be the next move in the game—L.G.'s plan will be adopted and a loan on a grand scale will be raised—but what good can it do? Ultimately we shall be no better off than we are now—and who will subscribe to the loan?⁹⁰

Party leaders noticed this. Thus, Neville Chamberlain gave prominence to economy in a pamphlet because 'there has been a widespread disposition among members of our own party to disbelieve in our promises of economy, and to say that we cannot be trusted to carry them out'.⁹¹

Conservatives were fortunate that concerns about economy were felt not only within their own ranks, but across large sections of the community, including some members of the working class, the civil service, business, and members of the disintegrating Liberal Party. Among civil servants, the so-called 'Treasury view' was deeply sceptical of using deficit spending to reduce unemployment. Maintaining Britain's connection to the gold standard was also seen as crucial to maintaining confidence.⁹² Without this confidence, the theory went, disaster beckoned. As the 1931 August crisis demonstrated, the finance and banking sectors were of the same mind as the Treasury on this matter. This is not to say that Conservative leadership followed Treasury dictates, or those of backbench MPs or constituency members, but rather that such support made it easier for the Conservative Party as a whole to move towards a policy that non-leadership figures long had demanded.

Money was not the Conservatives' only concern, however. Some reforms were more popular than others, even within the Labour movement. Family allowances, as discussed above, were one example of this. Other reforms risked alienating certain groups. Trevelyan's Education Bill, of which more will be said in chapter five, had 'our own Roman Catholics... up in arms'.⁹³

⁹⁰ Headlam Diaries, 17 September 1930, D/He 26.

⁹¹ Neville Chamberlain to Leo Amery, 17 April 1931, NC 7/2/53.

⁹² For a discussion of the Treasury View, see G. Peden, 'The "Treasury View" on Public Works and Employment in the Interwar Period', *Economic History Review*, 37/2 (1984), pp. 167-81, and Clarke, *Keynesian Revolution*, pp. 47-69.

⁹³ Crawford to Irwin, 25 June 1930, C152/19/1/87a, in Ball (ed.), *Letters from Britain*, p. 335.

Conservatives genuinely believed in the necessity of running the unemployment system on an insurance basis. There were two main reasons for this. First, as has already been noted, there was a practical issue—Conservatives felt there was need to protect those making contributions from those who had exhausted their entitlements and placing considerable financial pressure on the Fund. Secondly, there were negative effects of ‘State Relief’ schemes. MP and member of the Unemployment Insurance Committee, Robert Hudson,⁹⁴ described such schemes as ‘increasing expense; increased demoralisation; no remedial measures implicit; no incentive to self-help’.⁹⁵

Finally, Conservatives remained wary of measures they believed risked undermining individual responsibility. Thus, criticising Labour’s plan to raise the school-leaving age, Austen Chamberlain wrote to his sister:

I entirely agree with your views on the Education Bill. I am in any case opposed to raising the school leaving age at the present time. But the payment of maintenance grants is not a question of opportunity but of principle...We seem to be drifting into the notion that parents may bring children into the world without having any responsibility for them thereafter. I do not want to see a nation of foundlings.⁹⁶

In sum, the Conservatives’ attitudes towards social reform changed little between 1929 and 1931. It is true that calls for extending social welfare became far more muted during these years, but this should not be confused with a change in policy. Rather, it reflected a change in priorities.

Industrial Reorganisation and Tariffs

In one sense, Conservative economic policy changed considerably between 1929 and 1931 as the party finally came down firmly on the side of tariffs. Rather than seeing this as philosophical shift,

⁹⁴ Robert Spear Hudson, 1886-1957, later first Viscount Hudson. Diplomat; MP for Whitehaven, 1924-9; MP for Southport, 1931-52; Parliamentary Secretary to the Ministry of Labour, 1931-5; Minister of Pensions, 1936-7; Parliamentary Secretary to Ministry of Health, 1936-7; Secretary of Department of Overseas Trade, 1937-40; Minister of Shipping, 1940, Minister of Agriculture and Fisheries, 1940-5; created Viscount Hudson, 1952.

⁹⁵ ‘Mr. Robert Hudson’s Notes on Unemployment Insurance’, undated, CRD 1/14/2/1.

⁹⁶ Austen Chamberlain to Hilda Chamberlain, 22 November 1930 in Robert C. Self (ed.), *The Austen Chamberlain Diary Letters: The Correspondence of Sir Austen Chamberlain with his Sisters Hilda and Ida, 1916-1937* (Cambridge, 1995), p. 361.

it is better seen as political circumstances finally making protection a viable electoral proposition. On the topic of industrial reorganisation more generally, neither the Conservatives' outlook nor policy detail changed.

Many Conservatives, though not all, recognised the state had some role to play in restructuring of industry. The Conservatives took a policy of 'helping industry to help itself' to the 1929 poll.⁹⁷ A significant reason for this interventionist stance was that major industries had been experiencing problems going back years. The coal industry, for example, had 'been confronted with one crisis after another' since the War.⁹⁸ The theme continued throughout the period in opposition. In 1931, for example, Lord Eustace Percy argued for 'a frank recognition that industry is the chief instrument of social welfare and should be deliberately used as such by government'.⁹⁹

In policy terms, Conservatives continued to stress the importance of rationalisation, but opposed measures they felt harmed consumers or did nothing to resolve the relevant industry's problems. Labour's Coal Mines Act is an example of this. Introduced in 1929, the Act reduced the number of hours miners worked from 8 to 7½ per day, introduced a quota system, and created machinery that allowed, at least in theory, for the compulsory amalgamation of inefficient pits. Conservatives condemned the legislation, labelling it the 'Dear Coal Bill'.¹⁰⁰ Accusing Labour of hypocrisy over protection, Cunliffe-Lister condemned the legislation as 'not only a Bill to protect the coal industry, but it is a Bill to protect the coal industry without in the least degree assuring that it is going to become more efficient'. Moreover, it did nothing to protect consumers.¹⁰¹ Cunliffe-Lister took a similarly harsh stance privately to that which he took in the Commons.¹⁰² Though wary of

⁹⁷ *Mr. Stanley Baldwin's Election Address*, pp. 12-13.

⁹⁸ *The Truth about the Coal Industry*, NU no. 3210 (London, 1930).

⁹⁹ Lord Eustace Percy, *Democracy on Trial* (London, 1931), pp. 189-90.

¹⁰⁰ *Dear Coal*, NU no. 3091 (London, 1930); *Your Coal will Cost You More*, NU no. 3093 (London, 1930).

¹⁰¹ HC Debates, 5th ser., vol. 233, col. 1285, 17 December 1929 (Philip Cunliffe-Lister).

¹⁰² Cunliffe-Lister to Irwin, 28 December 1929, C152/18/1/344, in Ball (ed.), *Letters from Britain*, p. 307.

outright opposition to the legislation on tactical grounds, Conservative MP George Lane-Fox¹⁰³ felt it was ‘inevitable’ that the Bill would increase unemployment by forcing coal prices higher and reducing the number of operating mines.¹⁰⁴ The Bill only narrowly passed its second reading by 281 votes to 273.¹⁰⁵ As it turned out, the Act had precisely the opposite problem to that which Conservatives feared. Rather than having a negative effect on the coal industry, it had almost no impact at all.¹⁰⁶ The Conservative-dominated Lords introduced amendments that severely weakened the powers of the Commission to enforce amalgamations by requiring that any reorganisation scheme should not financially harm any of the affected concerns.¹⁰⁷ As discussed in the next chapter, the National Government felt compelled to strengthen the 1930 Act in the 1930s. The shortened working hours were retained.¹⁰⁸

On the specific issue of tariffs, however, there was a notable change in policy, although this should not be confused with a substantive change in outlook towards the role of the state. The adoption of a ‘free hand’ to introduce tariffs represented the real policy change during the party’s spell in opposition. The ‘last battle for the tariff’¹⁰⁹ dominated Conservative politics in between 1929 and 1931. During this period, the Conservatives shifted from a policy of ‘safeguarding’ vulnerable industries while ruling out food taxes to actively campaigning for a ‘free hand’ to introduce protection. While this represented a significant policy shift, this should be viewed as a move towards the position many in the party long desired rather than a dramatic change in outlook.

The Conservatives took their ‘Safeguarding’ policy to the 1929 general election. Having lost elections in 1906, 1910, and 1923 on tariff reform platforms, the Conservative leadership was

¹⁰³ George Lane-Fox, 1870-1947. MP for Barkston Ash, 1906-31. Secretary for Mines, 1922-4 and 1924-8. Created 1st Baron Bingley, 1933.

¹⁰⁴ Lane-Fox to Irwin, 11 December 1929, C152/18/1/328, in Ball (ed.), *Letters from Britain*, p. 301.

¹⁰⁵ HC Debates, 5th ser., vol. 233, cols 1774-7, 19 December 1929.

¹⁰⁶ Supple, *British Coal Industry*, p. 341.

¹⁰⁷ Political and Economic Planning, *Report on the British Coal Industry* (London, 1936), p. 4.

¹⁰⁸ Supple, *British Coal Industry*, p. 336-7.

¹⁰⁹ Ramsden, *Balfour and Baldwin*, pp. 296-324.

cautious to avoid suspicion it wanted to introduce fully-fledged protection. A guide for party canvassers and workers emphasised that ‘Safeguarding is *not* [emphasis in original] Protection nor a step towards it’.¹¹⁰ As pointed out in chapter one, this was not the only example of Conservative defensiveness on the subject.¹¹¹

Safeguarding represented a limited form of protection. Instead of protecting industries on a large scale, or as part of an imperial preference scheme, duties were placed on industries only if certain conditions were met. As the MP Herbert Williams summarised them in 1929, a committee chosen by the Board of Trade could approve an application for by an industry for safeguarding if it could:

prove that it is substantial; that the imports are exceptional; that employment is, or is likely to be, adversely affected; that the competition is unfair by reason of either depreciation of currency, subsidies or inferior conditions of labour; that the foreign goods are being sold at prices below those at which similar goods can be manufactured in the United Kingdom, and that the industry is efficient.¹¹²

Thus, safeguarding’s aim was only to protect British industries deemed at risk from unfair competition. It almost goes without saying that the Conservative opposition strongly opposed the staunchly pro-free trade Chancellor Philip Snowden’s removal of existing safeguarding duties, which he allowed to lapse in his 1930 budget.¹¹³

Soon after the election loss, however, Conservatives began to challenge the existing approach. Some passionate tariff reformers were keen for a much firmer protectionist platform shortly after the election defeat. On 9 July, just months after the poll, Leo Amery blamed the party’s ‘lack of clearness on the fiscal issue’ for the result, and criticised those who were ‘tied down by dead dogma’. Although the speech earned ‘much applause from our people’, even Amery could ‘feel the

¹¹⁰ *Hints for Conservative Canvassers and Workers*, NU no. 3023 (London, 1929).

¹¹¹ *Safeguarding Has Not Raised Prices*, NU no. 2865 (London, 1929).

¹¹² Herbert Williams, ‘Notes for a speech on safeguarding’, 1929, Baldwin MSS, vol. 30.

¹¹³ HC Debates, 5th ser., vol. 237, cols 2787-90, 15 April 1930 (Sir Henry Page Croft).

anxiety and horror of our Front Bench at my closing remarks'.¹¹⁴ The topic was discussed at a Shadow Cabinet meeting two days later, but no policy change took place.

Events moved quickly and by October 1930 the party had embraced protection. The process took several stages. First, in October 1929, Lord Beaverbrook launched his 'Empire Crusade' and in February 1930 he and Lord Rothermere launched the 'United Empire Party' to run candidates, including against officially-sanctioned Conservatives. On 5 March 1930 Beaverbrook accepted Baldwin's plan to hold a referendum on food taxes and on 4 April, Baldwin 'gave a speech which delighted Lord Beaverbrook',¹¹⁵ and 'gave general satisfaction at the time'.¹¹⁶ Beaverbrook's delight, however, did not last long. On 19 May, Beaverbrook criticised the referendum policy, and in June, 're-opened his subscription list'. This 'apparently brings us back to the point at which the Conservative Party stood when Lord Beaverbrook first began his Empire crusade'.¹¹⁷ The reason behind Beaverbrook's abandonment of the referendum idea he had suggested in the first place was that, as Ball has pointed out, whereas Beaverbrook intended the idea to be merely a stepping stone on the road to a policy of taxes on imported food, Baldwin did not appear to have any such intention.¹¹⁸ The referendum was, in Beaverbrook's own words used as 'a shield instead of a sword'.¹¹⁹ The left-wing journalist Kingsley Martin wrote in 1930 that 'the chaos in the Tory Party has naturally increased the desire of *The Times* to keep the present Government in power'.¹²⁰ Despite there being little enthusiasm within the party for the referendum, it was difficult to abandon the pledge without appearing to cave to pressure from the press barons, which many in the party considered unacceptable. At a party meeting called on 24 June 1930, the referendum policy received endorsement from Conservative MPs and candidates 'not necessarily because they

¹¹⁴ Amery Diaries, 9 July 1929, AMEL 7/23.

¹¹⁵ Kingsley Martin, 'Public Opinion: Rationalisation of the Press and Democracy', *Political Quarterly*, 1/3, (1930), pp. 428-35, p. 431.

¹¹⁶ Ramsden (ed.), *Diaries of Lord Bayford*, 8 April 1930, p. 244.

¹¹⁷ Martin, 'Public Opinion: Rationalisation', pp. 434-3.

¹¹⁸ Ball, *Baldwin and Conservative Party*, pp. 62-3, 82

¹¹⁹ Lord Beaverbrook to Hoare, 15 May 1930, Templewood MSS, part VI, file 1.

¹²⁰ Martin, 'Public Opinion: Rationalisation', p. 434.

liked the referendum, but because the amendment [to dump it] looked like a vote of no confidence in S.B.’¹²¹

Ultimately the referendum policy could not last. By September 1930, pressure on Baldwin’s leadership again intensified in part due to frustration in the party at the failure to adopt the stronger protectionist platform that many party members wanted.¹²² On 20 September 1930 Neville Chamberlain gave a speech pledging to introduce an ‘emergency tariff’, leading Martin to comment dryly that ‘Mr Baldwin, at Aix, has no doubt heard the good news’.¹²³ Only Baldwin, however, could formally change party policy and the problem remained how to ditch the referendum without ‘loss of face’.¹²⁴ The Conservatives were presented with ‘an opportunity better than we could have hoped for or dreamed of, to advance our policy’¹²⁵ when, on 8 October, the Canadian Prime Minister announced at the ongoing Imperial Conference that he would be prepared to ‘offer to the Mother Country, and to all the other parts of Empire, a preference in the Canadian market in exchange for a like preference in theirs’.¹²⁶ Following this, Neville Chamberlain drafted a note, approved at the Business Committee, in which Baldwin dumped the referendum policy in favour of a ‘free hand’.¹²⁷ This caused some excitement among longstanding protectionists. Austen Chamberlain wrote to Hilda how he was ‘heartily glad we have got back the free hand & d— the consequences’.¹²⁸ Accordingly, when the Conservatives went to the 1931 general election, they explicitly sought a mandate for tariffs. In his election address, Baldwin described them as ‘essential’ both to bring down imports and as a bargaining tool to decrease foreign tariffs on British goods.¹²⁹

¹²¹ Amery Diaries, 24 June 1930, AMEL 7/24.

¹²² Ball, *Baldwin and Conservative Party*, pp. 96-99.

¹²³ Kingsley Martin, ‘Public Opinion: The Press and Fiscal Policy’, *Political Quarterly*, 1/4 (1930), pp. 579-89, p. 586. For text of the speech, see ‘Political Speeches: An Emergency Tariff. Mr Chamberlain and Unionist Policy’, *The Times*, 22 September 1930, p. 7.

¹²⁴ Neville Chamberlain to Hilda Chamberlain, 18 October 1930, NC 18/1/713.

¹²⁵ Baldwin to Hilton Young, 9 October 1920, Kennet MSS 4/11a.

¹²⁶ ‘Empire Trade. Suggestions for Preference. Text of Speeches’, *The Times*, 9 October 1930, p. 7.

¹²⁷ Neville Chamberlain to Hilda Chamberlain, 18 October 1930, NC 18/1/713.

¹²⁸ Austen Chamberlain to Hilda Chamberlain, 27 October 1930 in Self (ed.), *Austen Chamberlain Diary Letters*, p. 357.

¹²⁹ *The Nation’s Duty: Mr. Stanley Baldwin’s General Election Message*, NU no. 3330 (London, 1931).

Although peace with the press lords would have to wait until March 1931, the long battle for protection within the Conservative Party was finally over.

Without the Civil Service at their disposal, the Conservatives had to rely on their own policymaking machinery. Neville Chamberlain, in his capacity as Chairman of the newly-created Conservative Research Department, appointed a Conservative Tariffs Committee on 3 December 1930.¹³⁰ The Committee Chairman was Philip Cunliffe-Lister.¹³¹ The 71-page report, which also contained 37 pages of appendices,¹³² meant that the Conservatives already had by 1931 ‘a definite, practical working plan, which can be put into operation without delay’.¹³³ Under the proposals, an initial 10 per cent ad valorem tariff would be imposed pending review. To ensure impartiality, an independent Tariff Commission would be created to suggest any adjustments to tariff rates. The Commission would not in itself have the power to change tariff rates, but would act in an advisory capacity. Parliament would ultimately determine tariff policy.¹³⁴ Chamberlain thus used the CRD to craft a detailed tariff policy that would form the basis of what the National Government would go on to introduce in 1932. The Conservative proposals were in accordance with their existing ideology and followed from several existing Tory themes. The idea of delegating the administration of a state function to independent, non-political figures was consistent with the stated reasons for opposing the London Transport legislation (see below), and the Conservatives’ more general desire to portray themselves as a pragmatic rather than dogmatic political force.

The stated rationale for protection also evolved as the argument dragged on. While Beaverbrook and Rothermere argued for imperial preference, the economic case became increasingly central as

¹³⁰ ‘Report of the Tariffs Committee of the Conservative Research Department’, July 1931, CRD 1/2/12(1).

¹³¹ Neville Chamberlain to Cunliffe-Lister, 16 July 1930, SWIN 2/1.

¹³² Memorandum, Ball to Neville Chamberlain, 24 June 1931, CRD 1/2/11.

¹³³ Neville Chamberlain to Cunliffe-Lister, 16 July 1931, SWIN 2/1.

¹³⁴ Stanley Baldwin, *The Conservative Tariff Policy. Text of Address Given at Hull on July 18th, 1931*, NU no. 3291 (London, 1931), in CRD 1/2/13.

time went on. One argument, for example, was that the world was continuing to move in a protectionist direction, a trend which showed no signs of abating. In such circumstances, tariff reformers argued, why should Britain continue to leave its markets open? As Oliver Stanley argued:

Five years ago there were signs that possibly the general trend of world opinion would change, that barriers might be lifted. Can anyone suggest that that is the case to-day? Can anyone deny that the last five years have seen an accentuation of that system? Can anyone deny that, for the next generation at least, we are faced with a world in which our goods will largely be denied access to markets?¹³⁵

The worsening slump and the need to balance the trade deficit became increasingly important in debate over tariffs.¹³⁶ Thus, by the time Baldwin made his speech announcing the new tariff policy, Empire had faded as a priority. Of course, the Conservative leader could not ignore the imperial dimension—the Empire was still ‘our future hope’. It was telling that he did not mention it until page nine of an 11-page pamphlet, and that ‘the prevention of profiteering’ was a higher priority than the benefits of imperial trade.¹³⁷

Why did Conservative Industrial Reorganisation and Tariff Policy Change?

Several factors explain the nature and timing of the Conservative response. First, a deteriorating economic situation convinced enough Conservatives that it was finally safe to run on an explicitly protectionist platform. A large part of the answer lay in a change in the public mood. Before the Great Depression decisively shifted public opinion in favour of tariffs, many Conservatives feared a significant electoral backlash.

On the legitimacy of state intervention in the economy generally, some Conservatives justified their stance by arguing that some form of state interventionism was justified by Conservative

¹³⁵ HC Debates, 5th ser., vol. 244, col. 86, 29 October 1930 (Oliver Stanley).

¹³⁶ Viscount Simon, *Retrospect: The Memoirs of the Rt. Hon. Viscount Simon, C.G.S.I., G.C.V.O.* (London, 1952), pp. 169-71.

¹³⁷ Baldwin, *Conservative Tariff Policy*, p. 7, 9-11.

theory. Arthur Bryant, for example, argued that until the eighteenth century the state aimed to do three things:

to secure and protect the economic prosperity of the industries by which the nation lived; to ensure that the workers in in such industries should be as healthy and contented as their economic earnings allowed; and to ensure the consumer good workmanship and to the producer a fair price'.¹³⁸

Although laissez-faire and free trade appeared to work well, at least for the economy, Britain's dominance in manufacturing was to be thanked for this, not radical economic policies. Increased competition from abroad, and the huge cost of the Great War, left Britain with 'the ruins of our half-bankrupt industry'.¹³⁹ In such conditions, Bryant argued, the state should 'resume her ancient task of leadership'.¹⁴⁰ His suggested measures included creating binding legal mechanisms to resolve conflicts between 'the parties to Industry', and profit-sharing schemes between labour, capital and management.¹⁴¹

The Conservatives tempered this with a desire to keep state intervention to a minimum. Even Bryant warned that 'the State must be careful that it does not stifle and destroy those fierce powers which it desires to harness to its use'.¹⁴² The party's response towards Herbert Morrison's London Transport Bill illustrates this. That something needed to be done was generally acknowledged. The *Spectator*, for example, reported that 'all except a few fanatics agree that the days of competition have rightly given place to the days of regulation'.¹⁴³ Conservatives thus criticised the Bill not on substance but on detail. The principle of greater coordination was not the problem, it was that the Bill's mechanism for achieving that coordination was 'a novel and irresponsible form of Socialism'. One of their biggest concerns was the Bill's provision that the responsible Minister appoint the

¹³⁸ Bryant, *Spirit of Conservatism*, p. 124.

¹³⁹ Ibid., pp. 124-6.

¹⁴⁰ Ibid., p. 127.

¹⁴¹ Ibid., pp. 130-1.

¹⁴² Ibid., p. 128.

¹⁴³ 'The Transport Bill', *Spectator*, 28 March 1931, p. 490.

Board charged with running the nationalised undertaking. This, the party and its supporters argued, was too bureaucratic, and, as Cunliffe-Lister put it, 'gave the Minister power without responsibility'. On 23 March 1931 the Bill passed second reading, but the Conservatives voted against it.¹⁴⁴ The Labour Minister of Transport, Herbert Morrison, had hoped to see the legislation through quickly, but the Labour Government's fall prevented him from doing so.¹⁴⁵ As the next chapter will discuss, the Conservatives would go on to pass an amended version of the Bill, minus the offending provisions concerning ministerial appointments to the Board, in the first term of the National Government.

Not all Conservatives agreed with this, and some still took a more laissez-faire position than the leadership. Some continued to argue for much-reduced state involvement. There were further divides between the moderate leadership and those further to the left. As Carr has highlighted, there were also generational divides concerning the appropriate role of the state.¹⁴⁶

The immediate reason for the policy shift in favour of tariffs lay in changing economic and political circumstances. One of the greatest problems with formulating tariff policy had been fears about the political consequences of taxing food. Food taxes were critical to any scheme for imperial preference. This is because Britain, which in 1929 had no food taxes, could not operate a preference scheme without discriminating against food imports from outside the Empire. Shortly after the election, a number of Conservatives still thought that taxes on food were electoral poison. Scarred by memories of 1923, Baldwin was reluctant to move in favour of food taxes. The Shadow Cabinet desired no change. Neville Chamberlain recorded that when '[b]y persistent prodding S.B.

¹⁴⁴ 'Parliament', *The Times*, 24 March 1931, pp. 8-9, p. 9.

¹⁴⁵ Bernard Donoughue and G.W. Jones, *Herbert Morrison: Portrait of a Politician* (London, 1973, 2001 ed.), p. 150. Despite their earlier opposition, when the Conservatives took office they passed the Bill. However, they changed the method so that the Board members were appointed by trustees rather than the Minister. See Davies, "National" *Capitalism*, pp. 215-17.

¹⁴⁶ Carr, 'The Right Looks Left', pp. 185-202.

was finally induced to have a meeting to discuss policy', 'everyone present except myself & Leo [Amery] declared their determination to have nothing whatever to do with food taxes.'¹⁴⁷ Nor was opposition confined to the upper reaches of the party. Unseated Durham MP Cuthbert Headlam wrote that 'fighting an election on food taxes' would be 'pure foolishness'.¹⁴⁸ Free traders warned of the threats to internal unity if the party embraced protection. Thus Winston Churchill cautioned Neville Chamberlain in 1929:

I do not think I am exaggerating when I say that one-fifth of the Conservative Party, both in the House and the country, would be split off by a policy of general protection, and I do not myself believe that you will get candidates in any large number to face the vastly increased electorate of consumers upon the taxation of food.¹⁴⁹

As Ball has pointed out, there was, at least initially, a strong geographical divide within the Conservative Party and its support base on the question of whether to embrace protection or not. To begin with, Conservatives in the south were far more enthusiastic than those in the North. This changed as the prolonged Depression undermined support for free trade, which in turn made it easier for Baldwin to overcome his initial caution on the subject.¹⁵⁰

In addition to the electoral fears, not everyone thought Empire Free Trade was politically feasible. For the policy to work, the colonies and dominions needed to lower their own trade barriers to imported British goods in exchange for the British to do the same for imperial goods. It was far from clear that they would see it in their economic interests to expose their own industries to greater competition. As Cuthbert Headlam, significantly a northern ex-MP, explained in his diary:

one has to get the gents in the Dominions and colonies to come to some agreement. This is not going to be done in the twinkling of an eye—indeed, I doubt whether we shall be much nearer Free Trade within the Empire for many a long year to come, if ever. We have

¹⁴⁷ Neville Chamberlain to Ida Chamberlain, 13 July 1929, NC 18/1/661.

¹⁴⁸ Headlam Diaries, 26 June 1930, D/He 26.

¹⁴⁹ Winston Churchill to Neville Chamberlain, 5 July 1929, NC 7/9/30.

¹⁵⁰ Ball, *Baldwin and Conservative Party*, pp. 35, 65, 75, 95.

followed a policy by which our colonies have got far too self-sufficient to care much about us...¹⁵¹

Headlam was far from alone in his doubts. The editor of *The Times*, Geoffrey Dawson, described Empire Free Trade as standing for 'free trade with the Dominions, who won't have it, and with the Crown Colonies, who can't have it'.¹⁵² As the next chapter will demonstrate, the Ottawa Agreements reached two years later would indeed demonstrate the limits of imperial free trade. Ultimately while scepticism remained, this was not nearly sufficient to outweigh the much stronger extent of pro-Empire Free Trade sentiment within the Conservative Party. Moreover, scepticism about Beaverbrook's specific model of Empire Free Trade was not mutually exclusive with other justifications for protection.

However, three factors explain why the policy changed regardless. First, the ongoing slump and changed global trading conditions produced a considerable shift in opinion against free trade. A staunch protectionist and empire man, Leo Amery was convinced that the time had come for tariffs on food. As he wrote excitedly to Neville Chamberlain:

What has happened since you left has been a quite extraordinary turn in the tide of public opinion. Cobdenism has, as it were, almost died overnight and the whole country is swinging in an extraordinary manner towards Protection and Empire Trade. It is almost like the breaking up of the ice on a frozen river.¹⁵³

Importantly, the shift away from free trade did not only take place among Conservatives. A Liberal memorandum written by Simon's adviser, David Rowland Evans, dated November 1930 observed that 'Being Protectionist, the Conservative Party is, not unnaturally, exploiting the present trade depression'.¹⁵⁴ However, it also noted that it was 'an important new fact in present-day politics

¹⁵¹ Headlam Diaries, 7 March 1930, D/He 26.

¹⁵² Dawson to Irwin, 25 February 1930, C152/19/1/22, in Ball (ed.), *Letters from Britain*, p. 319.

¹⁵³ Leo Amery to Neville Chamberlain, 21 February 1930, NC 7/2/42.

¹⁵⁴ David Rowland Evans, 'The Fiscal Controversy in Relation to the Political Parties', November 1930, in Simon MSS 249, p. 1.

[emphasis in original]’ that Labour was ‘unquestionably, divided on the fiscal question’.¹⁵⁵ Chamberlain noticed this too. When Snowden permitted the safeguarding duties to lapse, Chamberlain thought this would ‘do us good’ in part because it would ‘serve further to weaken + dismay the Labour Party many of whom have no sympathy with Snowden’s ideas’.¹⁵⁶ Industry was now swinging behind tariffs: As the Liberal memorandum put it, ‘[t]he pressure and propaganda (outside the Conservative Party) in support of Protection comes from industrialists – who, of course, are naturally prejudiced in favour of Protecting their own industry’.¹⁵⁷ That even some Liberals were prepared to abandon free trade indicates just how strongly opinion had shifted. Even Keynes proposed a revenue tariff in March 1931.¹⁵⁸

Another reason for the shift towards tariffs was to give the party a positive message of its own. Thus, in January 1930, Davidson wrote to Cunliffe-Lister that ‘Anti-Socialism is not good enough’ and that Conservatives wanted to give party workers ‘something which they can support with fervour and enthusiasm and preach in the streets’.¹⁵⁹ In his memoirs, Percy wrote that in 1931 ‘the issue of Protection was merged in a general appeal to the electorate to sink old prejudices, as well as personal interests, in a single-minded resolve to restore the economic security of the nation’.¹⁶⁰

Secondly, powerful press barons, whose readership included a considerable number of Conservative voters, placed considerable pressure on the Conservative leader. Beaverbrook’s Empire Crusade candidates contested, or threatened to contest, several by-elections against official Conservative candidates. The damage caused by a rival party threatening to split the Conservative vote was considerable as it struck a chord with many Conservative voters. The goal behind

¹⁵⁵ Ibid., p. 5.

¹⁵⁶ Neville Chamberlain to Ida Chamberlain, 20 April 1930, NC 18/1/652.

¹⁵⁷ ‘Fiscal Controversy in Relation to Political Parties’, p. 2.

¹⁵⁸ John Maynard Keynes, *Essays in Persuasion* (London, 1931), pp. 271-80.

¹⁵⁹ James (ed.), *Davidson’s Memoirs and Papers*, p. 320.

¹⁶⁰ Percy, *Some Memories*, p. 150.

Beaverbrook's interventions was to push the Conservative Party into adopting Imperial Preference as its official policy.¹⁶¹ At a time when the Labour Government was flailing in its response to rising unemployment and the continuing slump, the Tories were in no position to take advantage while their own vote risked being split. Thus Samuel Hoare wrote that while 'Government stock is very low', '[i]f it was not for the leaderless state of our party and the Beaverbrook offensive, I should say that things were going extraordinarily well for us'.¹⁶² Their interventions were not always successful. The press barons' mishandling of the situation ironically helped Baldwin to retain the leadership by compelling the party to rally around him to demonstrate that it would not be dictated to by press lords. As pointed out earlier, this pressure slowed down the abandonment of the referendum pledge. By 1931, however, the battle between them and the leadership was largely over. At the St George's by-election on 19 March 1931. Duff Cooper, the Conservative candidate, defeated his Beaverbrook-backed rival by 5710 votes. Cooper's victory 'rather knocked the stuffing out of the Stunt Press'.¹⁶³ It should be noted, as Ball has pointed out, that the impact of this much-celebrated by-election often has been overstated, since the loss of the East Islington by-election just a month earlier had provided stark evidence of what could happen if the Conservative vote remained split.¹⁶⁴

By the 1930s, the circumstances shifted to favour the tariff reformers. Whereas into the early twentieth century free trade had been associated with prosperity,¹⁶⁵ by the 1930s the ongoing slump caused a shift in political opinion.¹⁶⁶ As the economy deteriorated, long-standing tariff reform arguments about the need to protect vulnerable industries from unfair competition, and to make them more competitive overseas,¹⁶⁷ began to gain some currency. Further, in the 1930s most other

¹⁶¹ Ball, *Baldwin and the Conservative Party*, pp. 52-3.

¹⁶² Hoare to Irwin, 31 May 1930, C152/19/1/71, in Ball (ed.), *Letters from Britain*, p. 329.

¹⁶³ Dawson to Irwin, 26 March 1931, C152/19/1/278, in *ibid.*, p. 417.

¹⁶⁴ Ball, *Baldwin and Conservative Party*, pp. 147-9.

¹⁶⁵ Green, *Crisis*, p. 2.

¹⁶⁶ Ramsden, *Balfour and Baldwin: 1902-1940*, p. 309.

¹⁶⁷ Green, *Crisis*, p. 238.

countries already had tariffs of their own.¹⁶⁸ Contemporaries noticed this. The historian Arnold Toynbee observed that '[l]ooking back from this year 1932 over the last sixty or seventy years... free trade has decidedly been losing and protection gaining ground' across the world.¹⁶⁹ Consequently, the Conservatives finally had the chance to enact what many had long desired. Even some Liberals began to shift. As part of his moves away from Lloyd George and into orbit with the Conservatives, Sir John Simon announced his support for a revenue tariff in March 1931. Though not yet supportive of protective tariffs, embracing revenue tariffs was a step in that direction.¹⁷⁰

Critically though, ideology played a key role as while economic conditions mattered, the main reason for the shift to protection lay in the party's long held support for it. While the press barons' actions in themselves were hugely significant, a large part of the reason for their having such impact was that they tapped into existing sentiment within the Conservative Party.¹⁷¹ The deep-rooted protectionist strand within the Conservative Party has been a key theme of this thesis. In itself press intervention would not have been enough. As has been noted earlier in this thesis, tariffs had long enjoyed considerable support within the Conservative Party. Thus, when the call came, there was strong support for some form of Empire Free Trade. Ordinary backbenchers noticed this in their constituencies. As the 1922 Committee minutes record:

Several members gave their [experiences?] of the feeling in their respective constituencies. There appeared to be a general call for a strong lead, for a pronouncement on Lord Beaverbrook's Empire Free Trade proposals, for an extension of safeguarding + for public economy.¹⁷²

¹⁶⁸ Aldcroft, *Inter-War Economy*, p. 292.

¹⁶⁹ Arnold Toynbee, 'Ending the Fight for Supremacy', *Listener*, 29 June 1932, pp. 947-8.

¹⁷⁰ Simon, *Retrospect*, pp. 169-71.

¹⁷¹ Ball, 'Democracy and the Rise of Labour', p. 147.

¹⁷² 1922 Committee minutes, 27 January 1930, 1922/2.

The United Empire Party's interventions were 'the least of Mr Baldwin's difficulties'. As Martin noted:

If his [Baldwin's] nominal adherents remain loyal, he can afford to neglect the open hostility of Lord Rothermere. But a disposition to accept in general terms some undefined policy of Empire free trade seems common amongst his followers, while his pledge not to impose food taxes except after a second appeal to the electorate is generally disregarded by Tory candidates.¹⁷³

Baldwin faced pressure from his MPs as well. On 27 January 1930, for example, a group of 31 MPs signed a letter penned by Gretton¹⁷⁴ demanding that Baldwin return Conservative tariff policy to that which he had put to the people at the 1923 election.¹⁷⁵ Baldwin's leadership clearly played a role, though he was heavily pressured by external events. The debate over tariffs is a clear example of the Leader's importance in determining policy. An alternative leader could have adopted protection much earlier, but Baldwin's cautiousness, understandable in light of the 1923 debacle, resulted in a much slower policy evolution. As Neville Chamberlain wrote to Leo Amery, '[t]o return to the free hand; of course I want it, and if I were in S.B.'s place, would go for it straight away'.¹⁷⁶ Even when Baldwin did finally declare for protection, private rumblings about his leadership did not cease. Writing to his sister, Austen Chamberlain complained in February 1931 that 'S.B.'s leadership was always the "accident of an accident"' and that 'S.B. is not a leader & nothing will ever make him one'.¹⁷⁷

Such was the extent of the political shift that even former free traders recognised that the game was up. Lord Hugh Cecil, another long-time free trade supporting Conservative, proposed to

¹⁷³ Martin, 'Public Opinion: The Press and Fiscal Policy', p. 585.

¹⁷⁴ John Gretton, 1867-1947. MP for South Derbyshire, 1895-1906, Rutland, 1907-18, and Burton upon Trent, 1918-43. Created 1st Baron Gretton, 1944. Gretton had a reputation as a Tory 'diehard'. Graham Stewart wrote that Gretton 'symbolized the Colonel Blimp image tagged in the popular imagination to the diehard cause'. See Stewart, *Burying Caesar*, p. 165.

¹⁷⁵ John Gretton to Baldwin, 27 January 1930. For a decipherable list of signatories, see 'List of Signatories to the Letter addressed by Colonel Gretton to Mr Baldwin on the 27th January 1930', undated, Baldwin MSS vol. 31.

¹⁷⁶ Neville Chamberlain to Leo Amery, 6 August 1930, NC 7/2/45.

¹⁷⁷ Austen Chamberlain to Ida Chamberlain, 28 February 1931 in Self (ed.), *Austen Chamberlain Diary Letters*, p. 364.

introduce a revenue tariff as opposed to introducing a preferential one.¹⁷⁸ Though displeased with the shift to tariffs, Churchill did not express his anger on the subject publicly when the free hand policy was announced.¹⁷⁹ Although he did resign from the Shadow Cabinet, it was over India, not trade, policy. Politics no doubt played a role in the lack of free trader resistance. As Cecil wrote to Baldwin, 'I immensely desire to get out from the miserable rut' of tariff policy.¹⁸⁰

Thus, as with social reform, Conservative attitudes towards industrial reorganisation evolved little. The party finally settled its long-running free trade versus protection debate not because of a sudden philosophical shift, but because internal and external pressure on the leadership finally forced the adoption of a policy that many had long desired. The key difference between 1931 and 1906, 1910 or 1923 was for that the first time, the policy suited contemporary economic and political circumstances.

Formation of the National Government

By August 1931, with their divisions having subsided and the MacDonald Government floundering, the Conservatives had every reason to expect a quick return to majority government.¹⁸¹ Though the idea of a 'National' Government had been circulating for some months, few in the party regarded it as anything other than a possible step in the event of a serious crisis. Baldwin had no reason to support one given both his anti-Coalition past and the sense that electoral victory was around the corner.¹⁸² The Conservative Party's path back to government via Coalition was thus most unexpected and was largely decided by rapidly-moving events. As Hoare remarked in a September 1931 newsletter, 'truly the chances and changes of politics are outside

¹⁷⁸ Memorandum, Lord Hugh Cecil to Stanley Baldwin, 22 April 1930, Baldwin MSS, vol. 31.

¹⁷⁹ Martin Gilbert, *Winston S. Churchill, Vol. V, Prophet of Truth, 1922-1939* (London, 1990), p. 373.

¹⁸⁰ Cecil to Baldwin, 22 April 1930.

¹⁸¹ Ball, *Baldwin and Conservative Party*, p. 170.

¹⁸² Williamson, *National Crisis*, pp. 159-62.

the realm of prophecy'.¹⁸³ While the formation of the National Government has been discussed at length elsewhere,¹⁸⁴ the importance of the events surrounding its formation and the bearing they subsequently had on Conservative politics necessitates a brief retelling of that story. The Conservatives' attitudes towards the National Government's formation and consolidation, and their negotiations with their new coalition partners, also shed light on the party's ideological red lines.

As already has been mentioned, the National Government emerged amidst an atmosphere of financial crisis. The crisis had two principal causes. First, on 31 July 1931, the May Committee Report calculated the budget deficit at £120 million,¹⁸⁵ a figure which caused much unease. The threat to the pound was exacerbated by the banking crisis erupting on the continent. This threatened Britain's gold reserves, and banking circles considered it necessary to enact economy measures to reassure financial markets and alleviate pressure on the pound. Negotiations were held between the three major parties in an attempt to reach consensus on economy measures.¹⁸⁶ At this stage the Conservatives wanted the Government to survive at least temporarily because it would prove advantageous politically for the Labour Government to introduce the cuts.¹⁸⁷ The reason for this was that Conservatives feared the electoral consequences of a Labour Party opposed to them. During this time, Baldwin delegated the negotiations with Labour to Neville Chamberlain, who complained that Baldwin's 'one idea was to get away as soon as possible' and that he 'made no contribution whatever towards the elucidation of the problem'.¹⁸⁸ As Sir Samuel Hoare later wrote, 'nothing ever stopped his [Baldwin's] summer holiday'.¹⁸⁹

¹⁸³ Samuel Hoare, letter to Chelsea Conservative and Unionist Association, September 1931, Templewood MSS, part VII, file 1.

¹⁸⁴ For an excellent summary of the August crisis, see Williamson, *National Crisis*.

¹⁸⁵ *Ibid.*, pp 267-73

¹⁸⁶ Ball, 'Formation of the National Government', pp. 163-4.

¹⁸⁷ Geoffrey Lloyd to Cunliffe-Lister, 14 August 1931, SWIN 2/1.

¹⁸⁸ Neville Chamberlain to Cunliffe-Lister, 15 August 1931, SWIN 2/1.

¹⁸⁹ Viscount Templewood, 'The Second Labour Government', undated typewritten note, Templewood MSS, part VI, file 1, p. 6.

Meanwhile the markets reacted badly to the situation and the pound came under increasing pressure. The Labour Cabinet was split on how to respond. Unable to persuade his Cabinet to back him, MacDonald offered his resignation to the King. Rather than accept MacDonald's resignation, the King instead asked him to stay on as head of a temporary all-party government. Having returned from holiday, Baldwin, as Conservative Leader and Herbert Samuel, acting for the Liberals since Lloyd George was recovering from surgery, agreed. The National Government was born.

The new government was sworn in on 24 August. It was only intended as a temporary administration that would dissolve once the emergency had been addressed. Its 'specific object' was 'to deal with the emergency that now exists'. Once that was addressed, 'the political parties will resume their respective positions'.¹⁹⁰ Reflecting its temporary and 'National' status the Cabinet of ten comprised four Conservatives, four Labourites, and two Liberals. Snowden continued at the Exchequer. Most senior Conservatives, and even Gretton, expressed support. A party meeting on 28 August recorded a unanimous vote in favour, though Amery 'felt a momentary strong temptation' to oppose it.¹⁹¹ For its first weeks the National Government was still expected to be short-lived. On 5 September, MacDonald wrote to Baldwin asking how long the administration was to go on for. He felt the present National Government's lifespan was 'not very long'. MacDonald worried that the Labour Opposition had 'some detestable, but nevertheless electorally effective cries' that 'must be dealt with very seriously'.¹⁹² Chamberlain expressed similar views about the government's longevity.¹⁹³

¹⁹⁰ 'A National Cabinet', *The Times* 25 August 1931, p. 12.

¹⁹¹ Amery Diaries, 28 August 1931, AMEL 7/25

¹⁹² MacDonald to Baldwin, 5 September 1931, Baldwin MSS vol. 44.

¹⁹³ Amery Diaries, 2 September 1931, AMEL 7/25.

The new Government soon failed in the task initially assigned to it: saving the Gold Standard. The May Committee's recommendations were adopted, but financial markets continued to pressure sterling. Although the Bank of England secured £80 million in credits from abroad, this was not enough to stop the flow of cash out of London. Market sentiment was not assisted when Royal Navy men at Invergordon refused to set sail in protest at the National Government's cuts.¹⁹⁴ This caused a further market panic. Because it now proved impossible to maintain the exchange rate,¹⁹⁵ the Government abandoned the gold standard on 21 September. Although the abandonment of gold meant it had failed a core part of its mission, the National Government survived. As Williamson has pointed out, part of the reason this did not rebound on the National Government was the careful manner in which the departure from gold was presented. Because the markets had confidence that Britain now was committed to 'sound finance', leaving gold would not encourage a massive drop in the exchange rate that otherwise would have taken place.¹⁹⁶

Once the coalition was formed, it proved advantageous to retain it, and difficult to break up. This was recognised early on. As Walter Elliot wrote, 'imagine the feelings of the Liberals if all their Ministers are chucked out by the Tory caucus and their places filled by obvious nincompoops, after helping Baldwin to put the country straight. I don't think it can be done'.¹⁹⁷ The new government was for the most part united on the need for economies and on the desire to keep Labour out of office. The perceived necessity of doing this was heightened by Labour's sharp drift to the left following its sudden ousting. While the 1931 general election turned out to be a National Government landslide, this outcome was not viewed as a foregone conclusion at the time. This made the retention of a Labour presence in the government all the more politically necessary.

¹⁹⁴ Williamson, *National Crisis*, pp. 402, 414-6

¹⁹⁵ *Ibid.*, pp. 414-6.

¹⁹⁶ *Ibid.*, p. 422.

¹⁹⁷ Walter Elliot to Lady Blanche ('Baffy') Dugdale 26 August 1931, Elliot Papers, ACC.12267, file 12.

However, significant differences remained over tariff policy. This mattered a great deal to Conservatives for reasons that by now should be evident. Indeed, Baldwin had previously cited ‘a fundamental difference of principle’ over protection as making any idea of a National Government impossible.¹⁹⁸ Although the Simonite Liberals were flexible on the subject, Snowden and the official Liberals remained implacably opposed to protection. On 24 September, the Conservative Party’s Business Committee unanimously agreed to an election ‘as soon as possible’ as a National Government with Ramsay MacDonald as Prime Minister ‘provided the [election] programme embodied the full tariff’.¹⁹⁹ In October, Snowden suggested that each party leader issue his own manifesto.²⁰⁰ As an emergency government made up of different component parties, including the still-staunchly free-trade Samuelite Liberals, the National Government agreed to appeal to the electorate on a ‘mandate giving it freedom to use whatever means necessary after careful examination’. In the immediate aftermath most Conservatives could stomach a delay to protection, but not its abandonment.

The national crisis now being the major priority, talk of further social reform faded into the background. Thus, Baldwin’s 1931 election manifesto made no explicit mention of unemployment insurance. It did, however, acknowledge that ‘[b]orrowing has been stopped at the cost of sacrifices from every class of the community, sacrifices which are heavy but which, I hope and believe, as the result of a continuance of our policy may be temporary’.²⁰¹ Labour’s hypocrisy was also pointed out. The party’s *Daily Notes* quoted the former Labour and now National Labour Minister J.H. Thomas saying that the Labour Cabinet had been ‘absolutely unanimous... on the means test for the unemployed, on the increase in insurance contributions from employers and employed, and the reduction of the 52 weeks period to 26 weeks’.²⁰² Instead of expanding welfare, the government

¹⁹⁸ Baldwin, *Conservative Tariff Policy*, p. 9.

¹⁹⁹ Neville Chamberlain diary extract, 24 September 1931 in Williamson and Baldwin (eds), *Baldwin Papers*, p. 273.

²⁰⁰ Amery Diaries, 6 October 1932, AMEL 7/24.

²⁰¹ *The Nation’s Duty*.

²⁰² CUCO, *Daily Notes*, 14 October 1931, p. 2.

moved quickly to implement cuts, which will be discussed in the following chapters.

From this strange and complex series of events, a few things stand out that are relevant to this thesis. Of course, political factors played a key role in what happened. For the party that so strongly identified with the maintenance of the constitution, specifically the monarchy in this case, it would have been difficult to turn down a request from the monarch himself.²⁰³ Any atmosphere of crisis can lead to unexpected political developments, and the genuine sense of urgency to avert financial collapse in 1931 was no exception. There was also political advantage in attaching the names of Labour heavyweights like MacDonald and Snowden to potentially unpopular cuts. As the party grassroots had been demanding for some time, economy was at the heart of its programme. However, the role of ideology cannot be overlooked either. The government's formation was driven by a perceived urgent need to adopt a policy of economies that the Conservatives both at the parliamentary and constituency levels had long championed. Moreover, despite the potential political fallout from prematurely ending the coalition, Conservatives had ideological red lines to staying in: tariffs had to remain on the table. Once this guarantee was in effect secured, maintaining the National Government was a much easier sell.

Conclusion

The Conservative Party's electoral platform and policy emphasis changed considerably during its two years in the wilderness. From taking pride in its welfare achievements in 1929 to planning retrenchment in 1931, the emphasis in party propaganda certainly shifted. Part of the explanation lies in the fact that, as Ball has noted, the Conservatives faced 'little in the way of alarming legislation' between 1929 and 1931.²⁰⁴ The same was true with tariffs. In 1929 Baldwin clung to the line that he was not going to introduce tariffs, and that safeguarding was not protection.

²⁰³ Ball, *Baldwin and Conservative Party*, p. 178.

²⁰⁴ Ball, 'Democracy and the Rise of Labour', p. 161.

Between 1929 and 1930, massive pressure on Baldwin led to first a pledge to hold a referendum on food taxes, and then a 'free hand'. The rationale for tariffs also evolved as the debate dragged on. Beaverbrook and Rothermere pushed for 'Empire Free Trade' as a means of binding the Empire closer together. While that justification never disappeared, as the Depression worsened, the argument shifted to the economic reasons for protection.

Nevertheless, it would be a mistake to conflate changes in language or policy with changes in outlook. Of course, there was some policy continuity as well—the Conservatives continued to argue for measures of industrial reorganisation, for example. However, even where there was an apparent shift, the picture is not so clear cut. While the Conservatives devoted much less energy to social reform, there are two important qualifiers. First, the political environment had changed considerably between 1929 and 1931. In the 1920s, the Conservative leadership felt pressured to enact some social reforms to appease the newly-enlarged electorate. By 1931, however, the Depression and financial crisis had taken precedence. Secondly, the Conservatives never completely lost interest in social reform, and continued to support modest extensions to existing welfare measures. It also seems implausible to suggest that someone such as Neville Chamberlain, the architect of many of the Baldwin Government's social reforms, would have undergone a radical change of heart. With tariffs as well, a large part of the explanation for why the party held back for so long was due to pragmatic concerns about the potential political fallout. Though not everyone in the party, even in 1931, was keen on tariffs, the great majority were.

Although suddenly finding themselves partners in a 'National Government' with Ramsay MacDonald and Free-Trade Liberals certainly came as a shock, nothing the Conservatives signed up to seriously changed their policy platform. Retrenchment was something they had demanded for some time, and now it was to be implemented. Moreover, by retaining MacDonald as Prime Minister while they implemented cuts, Conservatives could appear patriotic, and have their way

on a key matter while spreading the blame for any negative political consequences. Although the gold standard could not be saved, it was not for want of trying. On the deeper issue of tariffs, however, while Conservatives had been forced to compromise on the timing and procedure for their introduction, by the election they had every expectation of securing their introduction soon after any election victory.

Chapter Three: ‘It was Generally Recognised That Laissez-Faire was Completely Dead’: The Conservatives and Industrial Reorganisation, 1931-40

Introduction

Owing to a combination of deep-rooted structural problems and global Depression, by the 1930s, large sections of British industry were in serious trouble and seemed incapable of resolving their own difficulties. Consequently, pressure mounted for increased government intervention to address these problems. In response, the Conservative-dominated National Government gradually extended the state’s role in the economy. During its term in office from 1931 to 1940, it introduced tariffs, set quotas, provided subsidies and attempted to rationalise sectors as areas as diverse as cotton¹ and the transatlantic ocean liner trade.² It began with the introduction of tariffs. Tariffs had long been championed by many Conservative politicians on imperial grounds, but only gained widespread acceptance as the slump deepened, and their introduction still had to be negotiated with the party’s new coalition partners. The National Government also followed the longer-term trajectory of increased state assistance and involvement in Britain’s long-troubled staple export industries such as coal, cotton, and steel. To reduce excess production as demand fell, the National Government tried to facilitate the rationalisation of smaller firms into larger, more efficient units. While the Conservatives were increasingly prepared to step in, there were limits as to how far they would go. Beyond tariffs, government intervention was limited to what the Conservatives felt was necessary to get private enterprise to operate independently. Individual measures were not

¹ Aldcroft, *Inter-War Economy*, p. 159.

² CCC Sub-Committee A, 10/2 ‘The Relations Between the State and Industry’, Final Report, February 1935, CRD 1/64/5, pp. 1-2.

mutually exclusive—tariffs and reorganisation were both used in steel. Only in limited and unusual circumstances—London passenger transport, coal mining royalties, and overseas airlines—did the Conservatives countenance outright nationalisation. Even with safeguards in place designed to placate Conservative opinion, support for protection did not necessarily entail support for other forms of state intervention. For example, several prominent tariff reformers opposed the 1936 Coal Mines Reorganisation Bill.³ The National Government's moves to encourage industrial development and relocation proved far more tepid, with only minor steps taken to encourage the relocation of industry to the depressed areas. While the National Government ultimately proved powerless to resolve Britain's industrial troubles, it was more innovative than in the other policy areas considered in this thesis.

In terms of scope, this chapter is concerned with government-sponsored attempts to revitalise and reorganise British industry and transport. This includes the introduction of tariffs, as well as the use of quotas, subsidies, attempts to concentrate production in larger units of fewer producers, and, in limited cases, the extension of state ownership. It also primarily focuses on declining and otherwise troubled industries rather than the newly-emerging ones, such as the car industry. While agricultural policy was important and developments there in key respects paralleled what happened in industry, for reasons of space it is not considered in great detail here. As with the other case studies, while a significant portion of the sectors examined were owned by local authorities, such as trams, some buses, and large segments of gas and electricity production,⁴ this chapter is primarily concerned with the activity of central government.

Like the other policy areas considered in this thesis, the Conservative Party's approach to industrial reorganisation has received comparatively little scholarly attention in its own right. That is not to

³ See 'Commons Fight on Coalmines Bill. A sectional Tory Revolt. To-Day's Debate on Machinery for Reorganisation. The Co-ordination of Defence', *Manchester Guardian*, 18 May 1936, p. 9.

⁴ Norman Chester, *The Nationalisation of British Industry 1945-51* (London, 1975), pp. 14, 16.

say there is an absence of works on interwar planning, or on the interwar economic history of Britain.⁵ There are several books on free trade, tariffs and protection.⁶ To David Edgerton, the adoption of tariffs represented ‘an extraordinary change of direction’ for Britain,⁷ and was part of a wider trend towards a more ‘national’ and imperial-facing economy in the first half of the twentieth century. On protection, Philip Williamson wrote that politics was the ‘real impetus’ for its adoption—the policy had long been an ‘article of faith’ for many Conservatives. Deteriorating economic conditions and the consequent shift in opinion finally gave the Tories the chance to realise that policy dream.⁸ Williamson further argued that the form of protection adopted ‘was not the tariff reform of 1903, nor precisely what Page Croft’s EIA, Amery’s EEU, Beaverbrook’s Empire Crusade’ had desired. Tariffs ‘were not an end in themselves’ but rather a device to help private enterprise to become more efficient.⁹ Their precise impact is ‘difficult to say, but in the case of steel at least the effect was positive’.¹⁰ This chapter does not intend to provide an exhaustive re-evaluation of Conservative tariff policy, but still contributes to historical understanding by examining that policy within the broader context of the party’s approach to industry.

Non-Conservative groups have attracted some academic interest. Daniel Ritschel’s volume *The Politics of Planning* richly documents the attitudes of various groups, from Labour to Oswald Mosley’s New Party, towards planning in the 1930s.¹¹ Its focus is, however, on those groups outside of government rather than those within it. Peter Sloman has explored contemporary Liberal economic thought.¹² Richard Toye and Alan Booth have examined the economic thought

⁵ See e.g. Aldcroft, *Inter-War Economy*; Alan Booth, ‘Britain in the 1930s: A Managed Economy?’ *Economic History Review*, 40/4 (1987), pp. 499–522.

⁶ Tim Rooth, *British Protectionism and the International Economy* (Cambridge, 1993); Ian M. Drummond, *Imperial Economic Policy 1917–1939: Studies in Expansion and Protection* (London, 1972). For an account of the political culture of free trade, see Frank Trentmann, *Free Trade Nation: Commerce, Consumption, and Civil Society in Modern Britain* (Oxford, 2008).

⁷ Edgerton, *Rise and Fall*, p. 17.

⁸ Williamson, *National Crisis*, pp. 504–15

⁹ *Ibid.*, p. 508.

¹⁰ Edgerton, *Rise and Fall*, p. 145.

¹¹ Ritschel, *Politics of Planning*.

¹² Sloman, *Liberal Party and Economy*.

of the Labour Party.¹³ There are also several accounts of the political history of nationalisation.¹⁴ In addition, several articles examine British supporters of corporatism in the 1930s.¹⁵ However, given how important industrial reorganisation was both in an ideological as well as in a practical sense, it is worth focusing on how the dominant political party of the age responded to it, and not just within the context of tariff reform.

Industrial reorganisation has also been discussed in the context of debates surrounding ‘declinism’—that is whether British industry and government policy adequately responded to the changed economic times. Correlli Barnett has written very critically of Britain’s pre-war economic performance, blaming a narrow-minded, backward elite for the failure to modernise British industry. On the 1938 coal legislation, Barnett wrote that the National Government ‘limply chipped away a little more at the problem’. The Tories’ problem, he felt, was ideological. ‘Since their free-market ideology ruled out direct state intervention in peacetime, they were left like a farmer with a sick horse, bewilderingly offering a tonic to the front end and a tentative prod or two to the back end, while waiting for a vet who never came’.¹⁶ He was slightly more charitable about the government’s approach to steel.¹⁷ Much more recently, Edgerton has challenged Barnett’s view, arguing instead that British industry adapted well and remained strong by international standards well into the twentieth century.¹⁸ A detailed consideration of this debate lies beyond the scope of this thesis.

Of those who have considered the attitude of the Conservative Party towards industrial reorganisation, opinions vary considerably. Some have argued there was a substantial policy shift

¹³ Toye, *Labour Party and the Planned Economy*; Alan Booth, ‘How Long are Light Years in British Politics? The Labour Party’s Economic Ideas in the 1930s’, *Twentieth Century British History*, 7/1 (1996), pp. 1-26.

¹⁴ Barry, *Nationalisation*; Millward and Singleton (eds), *Political Economy of Nationalisation*.

¹⁵ See e.g. Ritschel, ‘Corporatist Economy’; L.P. Carpenter, ‘Corporatism in Britain, 1930-45’, *Journal of Contemporary History*, 11/1, (1976), pp. 3-25.

¹⁶ Correlli Barnett, *The Audit of War: The Illusion & Reality of Britain as a Great Nation* (London, 1987), pp. 73-5.

¹⁷ *Ibid.*, p. 90.

¹⁸ Edgerton, *Rise and Fall*.

in the 1930s. Singleton has noted that trying economic conditions made it difficult for the interwar Conservatives to ‘dismiss calls for public ownership as mere rabbleroising’.¹⁹ Ritschel wrote of the ‘dramatic changes in Conservative economic thought in the 1930s’.²⁰ Williamson has described the ‘developments in economic intervention, regulation, and management’ as representing ‘a quite different order to government activity in the 1920s’.²¹ He also wrote that as the Depression ‘undermined earlier efforts at economic reconstruction and intensified radical criticisms of “capitalism”’, Baldwin ‘and other Conservative ministers accepted that the state should be more active in trying to improve the performance of private enterprise’.²² The main problem with the ‘dramatic shift’ interpretation is that while there certainly was more state intervention in the 1930s, the nature of that intervention to a significant extent followed what had happened in the 1920s.

Some have been very critical of the party’s approach to the subject, and argued that it was too timid and sympathetic to commercial interests.²³ E. Eldon Barry, for example, described the nationalisation of coal mining royalties as the actions of a ‘bold Tory government, from which everyone got something for their investment... except the miners, who had only invested their lives’.²⁴ Others have argued that the Conservatives did not have a clear approach to industrial policy, and that the ‘principles on which [state] aid [to industry] was dispensed were never clearly defined’.²⁵ In view of a number of statements by senior Conservative politicians on the basis for state intervention, this interpretation is problematic.

¹⁹ John Singleton, ‘Labour, the Conservatives and Nationalisation’, in Millward and Singleton (eds), *Political Economy of Nationalisation*, pp. 13-33, p. 17.

²⁰ Ritschel, *Politics of Planning*, p. 223.

²¹ Williamson, *National Crisis*, p. 529.

²² Williamson, *Baldwin*, p. 176.

²³ For a contemporary critique of the National Government’s industrial policies, see Ernest Davies, “*National Capitalism*”.

²⁴ *Ibid.*, p. 360.

²⁵ Aldcroft, *Inter-War Economy*, p. 345.

A final group of historians have emphasised the level of continuity in Conservative thought, an emphasis with which this chapter agrees. Writing of twentieth-century Conservatism generally, Ewen Green argued that the party's attitude towards state intervention in particular sections of the economy or society was guided by how effective it felt those non-state actors to be.²⁶ Stuart Ball has also noted that the belief that the party philosophically opposed state intervention was a 'widespread oversimplification'.²⁷ On the economic history side, Donald Winch argues there were 'clear precedents' in the 1920s for the reorganisation measures carried out in the 1930s. Moreover, while 'most historians' saw the Conservative government's industrial policies as 'piece-meal and opportunist', their 'general direction' was supported by 'a growing body of opinion in favour of closer relations between government and industry'.²⁸

The chapter argues that the party's policy on industrial reorganisation demonstrates a greater willingness for interventionism compared to the other policy areas considered in this thesis. Though significant numbers of Conservatives had advocated tariffs for years, the slump finally provided the opportunity for their introduction. Having long supported tariffs as a means to consolidate the Empire, the leadership also hailed them as one way to facilitate the modernisation of various industries. During the 1930s, Conservatives embraced other forms of intervention to a noticeably greater extent than previously. However, while the extent of this interventionism was new, the thinking behind new measures was much the same as it had been for interventionist measures in the 1920s. That is, Conservatives stepped in on the grounds that they were strengthening private enterprise by helping it to help itself. They did not embrace state intervention for its own sake. The government, most Conservatives continued to believe, should only step in if the private sector proved incapable of resolving its own difficulties, or where leaving the market

²⁶ Green, *Ideologies*, pp. 260-1.

²⁷ Ball, *Portrait*, p. 28.

²⁸ Donald Winch, 'Britain in the 'Thirties: A Managed Economy?', in Charles Feinstein (ed.), *The Managed Economy: Essays in British Economic Policy and Performance since 1929* (Oxford, 1983), pp. 47-67, p. 60.

to its own devices threatened Britain or the Empire. The chapter begins with a summary of where British industrial policy stood in 1931 before outlining the changes made under the National Government up to 1940. It then explains why the party drove government policy in the direction it did.

Industrial Reorganisation in 1931

To make sense of developments in the National Government period, it is necessary to outline the growth of state intervention in the economy up to 1931. As has been noted in this thesis, the pace of state intervention had already increased steadily. This was due to two distinct pressures. First, from the early twentieth century, there was an internal Conservative push from tariff reformers to use the state to consolidate the British Empire through enhanced trading links. This was discussed at length in chapters one and two. Secondly, especially after the First World War, Britain's declining commercial position, together with structural problems in newer industries, forced Conservative-led or coalition governments to step in.

Tariffs, however, were only one aspect of this wider shift away from unfettered laissez-faire economics. During the First World War, as chapter one showed, the state took control of significant parts of the economy including the railways, the coal industry, and large parts of shipping. Not all of this intervention was new — the legislation permitting the state takeover of the railways during wartime dated back to the Regulation of the Forces Act of 1871²⁹ — but the scale increased significantly during the conflict.

The legacy of the War and deteriorating economic conditions contributed to an increased pace of state intervention during the 1920s. Part of the reason was structural decline in traditional British

²⁹ Dyos and Aldcroft, *British Transport*, p. 297.

export trades, as was noted in chapter one. For example, while Britain was a dominant energy-exporting nation before the First World War, ‘the Saudi Arabia of 1900’,³⁰ its coal industry struggled after the post-war boom turned to bust in 1921 and coal prices fell considerably. Competition from abroad ate into the British export trade. Though some, like Correlli Barnett, blame the industry’s woes on structural problems, an equally, if not more, significant problem was the post-war decline in the coal export trade. Exports fell from 88.37 million tons before the war to 81.75 million tons in 1924 and 68.97 million tons in 1925.³¹ Though Britain’s exports made 17 per cent of global coal consumption in 1913, this fell to just 10.5 per cent in 1928.³²

Consequently, the state also had to engage in continued difficulties with Britain’s coal industry. It introduced a temporary subsidy to prevent a reduction of miners’ wages. The government held a series of inquiries, but coal continued to decline and suffered from industrial unrest. In 1919, the majority on the Sankey Commission had recommended the nationalisation of the entire coal industry. Though a minority did not, most commission members specifically recommended the nationalisation of coal mining royalties.³³ In 1926 the Samuel Commission also recommended the nationalisation of royalties.³⁴ Unable to do nothing, the Coalition and Baldwin governments intervened with greater intensity than would have been imaginable before the War, but the extent of their intervention remained limited compared to what would follow in the 1930s. Nationalisation of the coal mines was firmly ruled out, and even that of coal royalties. Following the Samuel Commission, the Baldwin Government introduced the Mining Industry Act in 1926 which aimed to promote amalgamations, but which contained no mechanism to force change on the industry.³⁵ This in turn was followed by the Labour Government’s 1930 Coal Mines Act which,

³⁰ Edgerton, *Rise and Fall*, p. 79.

³¹ Cmd. 2600, *Report of the Royal Commission on the Coal Industry* (‘Samuel Commission’) (London, 1926), p. 4.

³² Supple, *British Coal Industry*, p. 186.

³³ Cmd. 360, *Coal Industry Commission Vol. II. Reports and Minutes of Evidence on the Second State of the Inquiry* (‘Sankey Commission’) (London, 1919).

³⁴ Cmd. 2600, Samuel Commission, pp. 76-84.

³⁵ Pollard, *British Economy*, pp. 50-1.

as the previous chapter mentioned, the Conservatives opposed. The industry's woes continued, however, with relations between miners and coal owners reaching a nadir during the coal strike of 1926.

Coal was far from the only example of the declining British export trade. By 1928, overall British export volumes had not risen beyond 80 per cent of their pre-war levels.³⁶ In shipbuilding, the British share of the world production declined from an average of 58.7 per cent between 1909 and 1913, to 53.1 per cent between 1928 and 1930, and then down to 35.8 per cent between 1936 and 1938.³⁷ Cotton too came under increasing pressure from Japanese and Indian competition in traditional export markets. The Lancashire cotton trade with India, for example, had declined since 1917, when India gained autonomy over tariff policy. Subsequently, British cotton exports to India plummeted from 3,000 million yards to 145 million yards between 1913 and 1939.³⁸ These ongoing difficulties created pressure for greater state involvement. Even the Lancashire Conservatives, hitherto committed free traders, changed their stance as cotton exports failed to recover.³⁹

Falling export demand was not the only cause of structural problems in British industry to which the state had to respond. The War had a significant disruptive impact, to the extent that it proved impossible to restore some industries entirely to pre-1914 conditions. The railways are one example of this. Due to the conflict, 'the railway machine was driven at full speed with the minimum of attention to maintenance and repairs'. As such, the railways needed 'a complete overhaul'.⁴⁰ Moreover, the experience of coordination during wartime, which had reduced unnecessary duplication and inefficiency, made it very difficult to return to the pre-war status quo

³⁶ Liberal Industrial Inquiry, *Britain's Industrial Future*, p. 21.

³⁷ Aldcroft, *Inter-War Economy*, p. 164.

³⁸ N.C. Fleming, 'Lancashire Conservatives, Tariff Reform and Indian Responsible Government', *Contemporary British History*, 30/2 (2016) pp. 151-76, p. 153.

³⁹ *Ibid.*, pp. 157-9.

⁴⁰ Cmd. 3751, Royal Commission on Transport, *The Co-ordination and Development of Transport, Final Report* (London, 1931), p. 21

of minimal state intervention.⁴¹ The 1919 Ministry of Transport Act extended state control for a further two years until 1921.⁴² Because of these problems, and with government control coming to an end, the 1921 Railways Act merged more than 100 existing railway companies into four.⁴³ The purpose of the legislation was to improve efficiency, and the new companies were structured such that each would be profitable. However, rail's problems continued even after reorganisation. The railways suffered from the loss of freight revenue due to the decline of the traditional export industries, but also from increased competition from motor transport.⁴⁴

British industry faced other problems too. London passenger transport was plagued by a lack of coordination between its tram, underground, and later bus operators. A series of inquiries took place in the early twentieth century, but no legislative intervention occurred partly because the private operators made progress in consolidating their operations, and thus reducing the problem. However, trouble re-emerged in the early 1920s with the emergence of competition from buses. To address this, in 1924 the short-lived Labour government introduced the London Traffic Act to regulate and limit the number of buses. Although this made a short-term difference by controlling the buses, the problem of competition was not entirely resolved, and neither were the capital's traffic bottlenecks.⁴⁵

State intervention was not confined to existing industries, as new ones experienced significant teething problems. Civil aviation, a completely new industry, struggled under private enterprise. Early airline services, first permitted in 1919, quickly folded in light of high running costs and an inability to compete with foreign-subsidised air services.⁴⁶ By 1921, following the collapse of both

⁴¹ Dyos and Aldcroft, *British Transport*, p. 312

⁴² Cmd. 1132, Ministry of Transport, *Departmental Committee on Railway Agreements* (London, 1921), p. 8

⁴³ Aldcroft, *Inter-War Economy*, p. 214.

⁴⁴ Dyos and Aldcroft, *British Transport*, pp. 323-9

⁴⁵ *Ibid.*, pp. 377-81.

⁴⁶ For a summary of inter-war civil aviation, see *ibid.*, pp. 400-26.

national carriers, 'British civil air transport ceased altogether'.⁴⁷ Government policy evolved quickly. Following a review, three airlines, including the two defunct ones, were granted subsidies to fly to France and the Channel Islands. Competition, at this stage, still proved 'entirely uneconomical'. When a subsequent attempt to divide routes between private airlines 'did not work satisfactorily', a Civil Air Transport Subsidies Committee was established. Consequently, the now-four existing airlines were merged into a single, taxpayer-subsidised, carrier, Imperial Airways,⁴⁸ which remained in private hands. Although Imperial Airways' initial focus was on continental routes, from 1917 onwards, the government began to prioritise Imperial ones instead, as 'had been strongly urged' at the 1926 Imperial Conference.⁴⁹ Crucially, the government also envisaged that the airline would be able to survive unaided once the initial ten-year subsidy came to an end. When it became evident that civil aviation would take much longer than anticipated to achieve financial independence, the subsidy was extended for a further decade in 1929.⁵⁰ In summary, the state only stepped in, and the pace of state intervention only picked up, when the private sector proved unable to function on its own.

While not a manufacturing concern, the British Broadcasting Corporation, also established in 1926, is also worth mentioning as an important and unusual instance of a Conservative-created statutory monopoly. It enjoyed a monopoly on radio broadcasting—at least from within the United Kingdom itself—and was funded by a state-sanctioned licence fee to listeners.⁵¹ Again, the decision to organise British broadcasting along such lines was practical. Radio broadcasting only emerged in the early 1920s. Based on the British understanding of what had occurred in the United States, where broadcasts were unregulated, it was felt that the number of stations would have to be 'strictly

⁴⁷ Cmd. 5685, *Report of the Committee of Inquiry into Civil Aviation and the Observations of H.M. Government Thereon*, (London, 1938), p. 39.

⁴⁸ *Ibid.*, p. 40.

⁴⁹ *Ibid.*, p. 41.

⁵⁰ Peter J. Lyth, 'The Changing Role of Government in British Civil Air Transport', in Millward and Singleton (eds), *Political Economy of Nationalisation*, pp. 65-87, p. 70.

⁵¹ Edgerton, *Rise and Fall*, pp. 182-3.

limited and subject to effective safeguard against abuse' in order 'to avoid mutual interference'. 'A monopoly in efficient hands' seemed the most effective means to achieve this.⁵² To that end, a British Broadcasting Company was granted a licence, and began broadcasting in 1922. The Company was 'as an association of wireless manufacturers and limited as to profit', a structure chosen 'to allow broadcasting in its infancy to be guided and developed by those having a direct interest in the successful development of the service'.⁵³ However, with the Company's licence due to expire, a review recommended that the private company be replaced by a state monopoly. This second BBC would be run by a Commission, whose members would be 'persons of judgment and independence' with no conflicts of interest.⁵⁴ State intervention was still felt 'essential in order that the various users of the wireless wave bands may be mutually protected from overlapping and from interfering with each other'.⁵⁵ Accordingly, on 20 December 1926, a Royal Charter brought the British Broadcasting Corporation into being. Although the ideas behind the creation of the BBC did not originate from Conservative MPs or Ministers, the underlying principles were entirely consistent with contemporary and subsequent Conservative ideas about how public corporations should be established. It is not surprising, therefore, that the BBC would serve a model for future public corporations.

That the Conservative leadership was increasingly willing to intervene in the economy does not mean that it carried the entire party with it. Even in an instance where the case for intervention seemed relatively clear, as in the establishment of the Central Electricity Board in 1926,⁵⁶ there was internal opposition. Despite government attempts to portray the measure as strengthening free enterprise, the legislation establishing the Board was controversial within the party. Backbencher

⁵² Cmd. 2599, *Report of the Broadcasting Committee, 1925* (London, 1926), pp. 5. 18.

⁵³ HL Debates, 5th ser., vol. 65, col. 1697, 15 December 1926 (Earl of Lucan).

⁵⁴ Cmd. 2599, *Broadcasting Committee Report*, p. 7.

⁵⁵ HL Debates, 5th ser., vol. 65, col. 1697, 15 December 1926 (Earl of Lucan).

⁵⁶ See chapter one.

Sir Charles Wilson remarked that '[t]he Bill, as a whole, out-Herods Herod in its Socialism'.⁵⁷ Concern was also expressed about the impact on the municipal undertakings that generated much of Britain's electricity. Another backbencher, John Burman, feared that 'the new powers conferred in this Bill will bear very hardly on some municipalities'. Efficient municipal stations, like those in Birmingham, using the non-standard frequency risked closure because the Bill would treat them as inefficient.⁵⁸ The same fears of socialism or government overreach would turn up again during the 1930s.

In sum, like the other areas in this thesis, the decade leading up to 1931 witnessed a significant increase in state activity, albeit in an uncoordinated manner without reference to any overall plan. Each of the industries or sectors concerned faced different problems. Wherever it took place, intervention followed a similar pattern and was justified by one of two factors: either an existing industry was running into difficulties, or a newer industry was judged at risk of running into difficulties without state intervention. Where it took place, that intervention was limited, and any public companies established were given operational independence from the state. Unusually, industry was one area where the Conservative leadership faced strong internal pressure to move in a partially interventionist direction. However, changed economic conditions forced the party to accept other forms of state intervention, and not everyone within it was as enthusiastic about those as they were about protection.

The development of Conservative Policy Towards Industrial Reorganisation

The Conservatives responded to the challenges faced by industry in several ways. First, in the culmination of a longstanding internal battle, the Conservatives finally introduced tariffs. Once this had been accomplished, the party's focus shifted towards restructuring industries. The more

⁵⁷ HC Debates, 5th ser., vol.193, col. 1734, 29 March 1926 (Sir Charles Wilson).

⁵⁸ Ibid., 29 March 1926 (John Burman).

common method of doing this was the restructuring of industries while leaving them under private ownership. In three instances—coal mining royalties, London Transport, and civil aviation—the Conservatives resorted to nationalisation. However, they only did this because they felt there was no practical alternative to improving efficiency in those sectors. On a less practical level, and most unusually, the Conservative leadership spent some time attempting to formulate principles around the ideal relationship between industry and the state. Finally, throughout this period, Conservatives still portrayed themselves as the defenders of private enterprise, warning of serious consequences if state intervention were pushed too far. Rather than breaking new ground ideologically, their efforts largely codified what Conservative governments had been doing for some time.

As with many other ministerial positions in the National Government, the Presidency of the Board of Trade, the Cabinet post of relevance to tariff policy, was held by a mixture of Conservatives and Liberals. The first National Government Board President was the staunch protectionist Philip Cunliffe-Lister from 25 August 1931 until 5 November that year. He was followed by the Liberal National Walter Runciman, who in turn was succeeded by another Conservative, Oliver Stanley, on 28 May 1937.

As mentioned, tariffs represented the first significant instance of increased state intervention in the economy. After comprehensively winning the 1931 general election, the Conservatives moved quickly to introduce tariff legislation via the Abnormal Importations (Customs Duties) Act and the Horticultural Products (Emergency Duties) Act. The duties under these acts were meant as anti-dumping measures to pre-empt any rise in imports before the UK introduced any permanent tariffs, and in the process to ‘strengthen the exchanges’.⁵⁹ Crucially, they would expire after six months, and as such were tolerated by free trade Cabinet ministers.⁶⁰ Indeed, it was staunch free

⁵⁹ Cmd. 4066, *Import Duties. Recommendations of the Import Duties Advisory Committee* (London, 1932), p. 4.

⁶⁰ Viscount Snowden, *An Autobiography Volume Two, 1919-1934* (London, 1934), p. 1004.

trader Philip Snowden who suggested that the maximum rate of duty should be 100 per cent—the memorandum to Cabinet included no figure. Neville Chamberlain saw legislation quite differently to the free traders. As he wrote to his sister, '[c]omic, isn't it, to think of the Free Traders giving power to two ministers to put a 100% duty on any [...] manufactured article they like!'.⁶¹

Tariffs were made permanent by the Import Duties Act passed in 1932. In accordance with the pledge to search for a 'doctor's mandate' a Cabinet Committee was set up, chaired by Neville Chamberlain as Chancellor, to enquire into the current balance of trade and, 'to advise what remedies were available' '[i]n the event of an adverse balance of trade being disclosed'.⁶² Styled the Committee on the Balance of Trade, it reported back in January 1932, and, in light of what it identified as a continued trade deficit, proposed the introduction of a 10 per cent ad valorem tariff.⁶³ Accordingly, the subsequent Import Duties Act also provided for a 10 per cent tariff, pending review by a newly-created Import Duties Advisory Committee. Introduced on 4 February 1932, the bill empowered the Committee to recommend higher tariffs for luxury items or goods the UK could produce 'within a reasonable time period', while considering the impact of tariffs on United Kingdom's 'national interest'.⁶⁴

Though tariffs had long been championed for imperial reasons, they were increasingly justified on economic grounds.⁶⁵ Of course, the Empire still warranted a mention. The rationale for tariffs from an industrial point of view was that by sheltering key industries from competition there would be an opportunity to restructure them so as to make them more competitive. Thus, when introducing the tariff legislation to Parliament in 1932, Neville Chamberlain hoped it would serve 'to enable and to encourage our people to render their methods of production and distribution

⁶¹ Neville Chamberlain to Ida Chamberlain, 15 November 1931, NC 18/1/761.

⁶² 'Report of the Committee on the Balance of Trade', 19 January 1932, CP 25(32), p. 2.

⁶³ Ibid., pp. 12-13.

⁶⁴ Cmd. 4066, *Recommendations of Import Duties Advisory Committee*, p. 5.

⁶⁵ Williamson, *National Crisis*, p. 508.

more efficient'.⁶⁶ Hence, as with the other forms of intervention discussed in this chapter, this was intervention designed to bolster private enterprise rather than to undermine it.

Part of this shift in language away from Empire towards economics stemmed from Runciman's influence. While tariffs had been a long-standing Conservative policy, non-Conservatives could influence the precise shape of the National Government's new trading arrangements. The new Board President, though a Liberal and long-time free trader, moved away from free trade liberalism, but effectively resisted the introduction of 'tariffs on basic foodstuffs'. His greater significance, however, was cosmetic. As Williamson has pointed out, by presenting the legislation as a 'Liberal alternative' that would strengthen the currency, lessen reliance on direct taxation, improve the efficiency of industry, and give the UK a bargaining tool to reduce global trade barriers, Runciman 'helped convert protection and imperial preference from a Conservative party policy into a "National" policy'.⁶⁷

The process culminated in the Imperial Conference at Ottawa, which took place between 21 July and 20 August 1932. The actual Conference negotiations were far from smooth and reaching any agreement proved difficult. Leo Amery, present in Ottawa, wrote in his diary on 31 July that he was 'alarmed at signs of real stickiness'.⁶⁸ The results proved disappointing. The dominions, with their own industries to protect, were reluctant to throw open their markets to British goods. As Chamberlain remarked two years later to the Cabinet Conservative Committee, the dominions had 'given themselves up to extreme forms of economic nationalism', although he still believed in the Empire's economic potential.⁶⁹ In turn the British had to weigh the demands of domestic consumers. Food taxes remained electorally poisonous, limiting the scope for tariffs on food

⁶⁶ HC Debates, 5th ser., vol. 261, col. 287, 4 February 1932 (Neville Chamberlain).

⁶⁷ Williamson, *National Crisis*, pp. 506-7. Taxes on some foodstuffs were later introduced via separate horticultural duties legislation.

⁶⁸ Amery Diaries, 31 July 1932, AMEL7/26.

⁶⁹ CCC minutes, 8 June 1934, CRD 1/64/2.

imports from non-Empire countries. Britain also wished to avoid conceding too much to the dominions so as to preserve some negotiating power with foreign states.⁷⁰ Agreements were eventually reached with all the dominions save for Ireland, though their scope was not extensive. As one government report summarised, the ‘broad effect of the Ottawa Agreements Act, as regards preference, is to leave Empire products free of any duties imposed under that Act or under the Import Duties Act’.⁷¹ Publicly, though the Government boasted of ‘more Empire Trade’ due to the Ottawa Agreement. In the first nine months of 1934, for example, the same pamphlet declared, British exports were up £17,297,000 on the same period in 1932.⁷² Contemporary studies agreed that protection had indeed increased Empire trade,⁷³ though overall British trade remained down on pre-war and pre-Depression levels.

The tariff saga was so divisive for some within the National Government that it led to a walkout by one of its constituent parties, the only time this happened during the government’s nine-year rule. Because, unlike the Abnormal Importations legislation, the Import Duties Act was permanent, its introduction caused tensions within the National Government. Initially, differences were accommodated. Both Snowden and Samuel authored dissenting reports to the Committee on the Balance of Trade when it recommended the introduction of tariffs.⁷⁴ MacDonald was reluctant to let the free trade Ministers go.⁷⁵ Baldwin wanted to show his support for the National Government, and hoped that the tariff issue would disappear.⁷⁶ Thus, to avert the free traders’ resignations, the Conservatives were prepared to take the unusual step of suspending Cabinet

⁷⁰ Tim Rooth, *British Protectionism and the International Economy: Overseas Commercial Policy in the 1930s* (Cambridge, 1992), pp. 97-9.

⁷¹ Cmd. 4455, *Twenty-Fourth Report of the Commissioners of His Majesty’s Customs and Excise for the Year Ended 31st March 1933* (London, 1933), p. 151.

⁷² *Britain Selling More Overseas!*, NU no. 3446 (London, 1934), in HLSM 2/2/2.

⁷³ Deryck Abel, *A History of British Tariffs* (London, 1945), p. 124.

⁷⁴ Committee on the Balance of Trade, ‘Memorandum of Dissent From the Committee’s Report by Lord Snowden (Lord Privy Seal)’, 18 January 1932, CP 31(32), and Committee on the Balance of Trade; ‘Memorandum by Sir H. Samuel (Home Secretary)’, 19 January 1932, CP 32(32).

⁷⁵ Neville Chamberlain to Ida Chamberlain, 23 January 1932, NC 18/1/768.

⁷⁶ Williamson, *National Crisis*, p. 512.

solidarity to allow the free-trade Liberals to remain in government while opposing government policy. This reasoning was echoed in the government's official statement on the matter. Although it had proved 'impossible to reach a unanimous conclusion' on tariffs, it was 'deeply impressed with the paramount importance of maintaining national unity'. Since Cabinet was 'essentially united on all other matters of policy', it was in the nation's 'best interests' to 'express their views by speech and vote'.⁷⁷ Outside the Government's own ranks, the move enjoyed considerable press support, much to Amery's regret.⁷⁸

The Ottawa agreements, however, proved the final straw for National Government unity, since they expressly would bind the UK to protection, making a restoration of free trade impossible in the short term. As Herbert Samuel wrote, the Ottawa agreements 'pledge us to maintain many of those barriers to our foreign trade for a period of years, no matter what offers other countries might possibly make to us'.⁷⁹ Snowden, described by Keynes as 'endowed with more than a normal share of blindness and obstinacy',⁸⁰ condemned the agreements as 'the final and complete triumph of the Tory Protectionists'.⁸¹ He complained that the Conservatives had 'sacrificed nothing, but have used the enormous Tory majority we gave them at the Election to carry out a Tory policy and to identify us with it'.⁸² The Samuelite Liberal leadership faced considerable pressure from within their own ranks to leave the government over the issue.⁸³ The free-trade Liberals resigned from the Cabinet on 28 September 1932, though continued to sit on the government benches until November 1933.⁸⁴

⁷⁷ 'Cabinet and Tariffs', *The Times*, 23 January 1932, p. 10.

⁷⁸ Amery Diaries, 22 January 1932, AMEL 7/26.

⁷⁹ Samuel to Sir Clive Wigram, Private Secretary to King George V, 16 September 1932, quoted in Viscount Samuel, *Memoirs* (London, 1945), p. 230.

⁸⁰ Keynes, *Essays in Persuasion*, p. 271.

⁸¹ Snowden to MacDonald, 29 August 1932, in Snowden, *Autobiography Vol. 2*, pp. 1022-3.

⁸² Snowden to MacDonald, 15 September 1932, in *ibid.*, pp. 1026-8.

⁸³ Sloman, *Liberal Party and Economy*, p. 89-90.

⁸⁴ For the Liberal split over tariffs, see *ibid.*, pp. 85-91.

Criticism of government policy also came from the opposite direction, though the consequences were far less severe. The staunch protectionist Leo Amery condemned the National Government as an 'absurd dishonest Coalition of old gangs'. He slammed the suspension of Cabinet collective responsibility as 'crazy' and singled out Baldwin for being 'afraid of forcing the pace'.⁸⁵ Some of the more imperially-minded expressed disappointment that Ottawa did not go far enough to cement imperial ties. In his capacity as Chair of the Executive Committee of the Empire Industries Association, Henry Page Croft wrote in 1935 that 'the economic policy at Ottawa was half-hearted'.⁸⁶ Several Conservatives were also active in the Empire Economic Union, including Amery as Chairman, Herbert Williams as Honorary Secretary, and a few MPs.⁸⁷ Other Conservatives bemoaned the apparent Liberal influence over tariff policy, even after the free traders had gone. Diehard John Gretton complained that 'the Board of Trade under Liberal guidance has used tariffs merely as a weapon to enforce the Liberal policy of Trade Agreements'.⁸⁸ Although this discontent rumbled beneath the political surface, it was never enough to cause the leadership serious problems.

The tariff episode is revealing about the 'Tories' ideological commitments and willingness to compromise on a core issue of policy. While introducing protection behind the smokescreen of committee recommendations and allowing the Liberal Board President to frame the surrounding narrative, the Conservatives did not compromise on the core policy objective. Moreover, while moving too quickly to remove the free trade cabinet ministers would have been politically difficult, and early attempts were made to retain them, once it proved expedient they were allowed to depart.

⁸⁵ Amery Diaries, 22 January 1932, AMEL 7/26.

⁸⁶ *The Chairman's New Year Message to the Members of the Empire Industries Association 1935* (London, 1935), in HLSM 2/2/2.

⁸⁷ The Empire Economic Union, *Future Fiscal Policy* (London, 1935).

⁸⁸ Memorandum, Gretton to Baldwin, 1935, Baldwin MSS, vol. 48.

After Ottawa, tariffs largely disappeared as a frontline controversy in British politics and gained at least reluctant acceptance across the political spectrum. Of course, Tory policy did not escape criticism. On the left, Ernest Davies accused the National Government of having ‘used the power of the State in the interests of the class that had manoeuvred it into office’.⁸⁹ Free trade remained important for independent Liberals,⁹⁰ but that grouping’s political influence was in severe decline—at the 1935 general election Samuel’s Liberals won just 20 seats and 6.4 per cent of the vote. Even Lloyd George, though he complained that tariffs ‘interfere with the free flow of bountifulness of Providence between one country and another’,⁹¹ softened his opposition, and accepted tariffs in his ‘New Deal’ proposal in 1935.⁹² Keynes also became less hostile, proposing a revenue tariff in March 1931.⁹³ Labour too moved away from free trade. It had opposed protection in 1931, and later criticised the Ottawa agreements for having ‘stimulated the very economic nationalism which even the Government itself admits to be one of the main causes of world crisis’.⁹⁴ However, its subsequent position on trade was not clear. It supported economic planning at home while simultaneously seeking the elimination of economic nationalism across the world. As Richard Toye has pointed out, the two goals were mutually exclusive.⁹⁵ Its 1935 manifesto did not even mention protection or free trade by name.⁹⁶

Tariffs continued to form part of the Government’s industrial reorganisation strategy. Over the next few years, the Committee imposed tariffs across a large number of industries. Attempts at using protection to encourage restructuring achieved mixed results, as the fate of the iron and steel industry demonstrates. The 33½ per cent steel tariff was meant to give the industry a protective barrier behind which to restructure itself. The Import Duties Advisory Committee approved tariffs

⁸⁹ Davies, ‘*National*’ *Capitalism*, p. 31.

⁹⁰ Sloman, *Liberal Party and Economy*, pp. 94, 130.

⁹¹ ‘The Duty of Liberals. Mr. Lloyd George’s Broadcast’, cutting from *The Times*, 16 October 1932, in CRD 1/67/1.

⁹² Sloman, *Liberal Party and Economy*, pp. 102-3.

⁹³ Keynes, *Essays in Persuasion*, pp. 271-80.

⁹⁴ Labour Party, *For Socialism & Peace: The Labour Party’s Programme of Action* (London, 1934), p. 7.

⁹⁵ Toye, *Labour and the Planned Economy*, pp. 158-9.

⁹⁶ Labour Party, *General Election 1935: The Labour Party’s Call to Power* (London, 1935), in CRD 1/7/37.

on condition that the industry implemented a reorganisation scheme.⁹⁷ For this reason, the British Iron and Steel Federation was established in 1934. Because the cooperation of the steel manufacturers was necessary to establish the Federation, it proved impossible to create an organisation with the power to compel reorganisation.⁹⁸ Another problem was that it was very difficult to remove any tariffs once they had been introduced. As Chamberlain himself privately noted, removing the protective tariff once introduced ‘was not within the realm of practical politics’.⁹⁹ Removing the tariffs risked disaster. A report on the reorganisation of the steel industry noted that because of current oversupply in the industry and the incentive for firms to mass produce, ‘free competition’ would become ‘a beggar-thy-neighbour policy’.¹⁰⁰ Nevertheless, as mentioned, the industry’s fortunes did improve. Indeed, steel’s profitability was one reason its post-war nationalisation by the Attlee Labour Government provoked such fierce Conservative opposition.¹⁰¹ The UK also organised trade deals with non-Empire countries in an attempt to secure market share for British exports.¹⁰² For example, its agreement with Denmark allocated British exports an 80 per cent share of the Danish coal market.¹⁰³

Tariffs, however, were only one component of Conservative-led economic restructuring. First, the Conservatives sought to restructure industries while leaving them under private ownership. A considerable number of industries were affected. State intervention took various forms: quotas, subsidies and marketing boards. Quotas, such as those applied to the coal industry, served to restrict output in sectors dealing with commodities whose prices had fallen considerably. By restricting supply, it was hoped these industries would become more sustainable. There was also a

⁹⁷ Harold Macmillan, *The Middle Way: A Study of The Problem of Economic and Social Progress in a Free and Democratic Society* (London, 1938, 1978 ed.), p. 170.

⁹⁸ Kathleen Burk, *The First Privatisation: The Politicians, the City and the Denationalisation of Steel* (London, 1988), pp. 14-16.

⁹⁹ CCC Sub-Committee A minutes, 25 October 1934, CRD 1/64/8.

¹⁰⁰ National Committee, ‘Report of Sub-Committee “A”’, 1933, in CRD, 1/4/6, p. 1. The National Committee was an industry body established in 1932 to devise proposals for the reorganisation of the sector.

¹⁰¹ Geoffrey Hodgson, ‘The Steel Debates’, in Michael Sissons and Philip French (eds), *The Age of Austerity* (Oxford, 1986), pp. 285-304, p. 290.

¹⁰² For a discussion of these, and a fuller account of UK trade policy in the 1930s, see Rooth, *British Protectionism*.

¹⁰³ *Ibid.*, p. 137.

concern to reduce excess capacity, which in some industries had become a major problem. The cotton industry, as will be discussed below, was a notable example of this. To deal with this, the Cotton Spinning Industry Bill imposed a levy on the industry, the funds from which were to be used to buy out 'redundant spindles'.¹⁰⁴

Secondly, in three instances, the Conservative Party went as far as to fully nationalise an entire sector. In all three instances, the justification was entirely on efficiency grounds. All three were also unusual cases—London Transport was a utility, coal was a necessity, and civil aviation was a new and strategically important industry. All three still attracted some Conservative opposition.

Regarding London transport, the National Government passed a Bill inherited from the previous Labour government to bring the capital's public transport system under the control of the London Passenger Transport Board.¹⁰⁵ The purpose of the legislation was to prevent excess competition between different transport operators and allow for proper coordination of the network. This competition was problematic because it led to both to the duplication of existing services and made it much more difficult to invest in major improvements.¹⁰⁶ '[I]nformed opinion', one Cabinet memorandum noted, held that some degree of cooperation was 'urgently required and that some form of fusion of various systems was the only solution'. Previous attempts at coordination by the private operators had failed. The Conservatives did change the legislation, however, by removing 'representatives of sectional interests', and the Minister of Transport's power to appoint members to the Transport Board. Instead, Board members would be appointed 'by a small selection board'.¹⁰⁷ The idea of this was to reduce the level of political interference. Curiously, Cunliffe-

¹⁰⁴ HC Debates, 5th ser., vol. 308, cols 76-7, 4 February 1936 (Walter Runciman).

¹⁰⁵ Barry, *Nationalisation*, pp. 291-2.

¹⁰⁶ 'The London Traffic Bill', *The Times*, 1 December 1932, p. 13.

¹⁰⁷ Cabinet conclusions, 18 November 1931, CAB 79(31).

Lister subsequently remarked that this method of picking ‘disinterested persons’ ‘was working thoroughly unsatisfactorily and producing incompetent appointments’.¹⁰⁸

In spite of the general consensus in favour of the proposals, and the changes made, some Conservative MPs still ‘hotly opposed’ the Bill.¹⁰⁹ The Cabinet itself expected ‘active’ opposition to the measure, though still expected it to pass the Commons, but was not entirely certain of its fate in the Lords.¹¹⁰ Their expectations of opposition proved well-founded, though the amended Bill still passed. Backbench concerns stemmed from fears the Bill was too ‘socialist’, created ‘a dangerous monopoly’ and would increase transport costs.¹¹¹ Backbench MP Tom Howard claimed the Bill would create ‘the greatest monopoly that has ever been attempted since the days when corruption inflicted itself upon this land during the Middle Ages’. Parliament, he said, was being ‘asked to establish a Transport Board for London which prevents citizens ever again exercising what has been their right for hundreds of years to run vehicles to carry passengers’.¹¹² Sir Kenyon Vaughan-Morgan remarked that ‘very little has in reality been done to render it [the Bill] less Socialist now’ While the Board appointment system had changed, ‘compulsory acquisition, not voluntary as was proposed in earlier Measures, is still a feature of it’.¹¹³

The difficulties in reorganising the coal industry, the first bill for which failed, further illustrate Conservative divisions over the extent of state intervention. In 1936, the National Government attempted to introduce legislation intended to rectify the defects in Labour’s 1930 coal legislation by ‘giving the Reorganisation Commission powers of compulsion’ regarding amalgamations.¹¹⁴ This was important given that earlier attempts to carry out amalgamations had been stymied by

¹⁰⁸ CCC Sub-Committee A minutes, 8 February 1935, CRD 1/64/8.

¹⁰⁹ ‘Transport Bill’, *The Times*, 30 November 1932, p. 12.

¹¹⁰ Cabinet conclusions, 26 October 1932, CAB 55(32).

¹¹¹ ‘The London Traffic Bill’, *The Times*, 1 December 1932, p. 13.

¹¹² HC Debates, 5th ser., vol. 272, cols 1135-6, 1 December 1932 (Tom Howard).

¹¹³ *Ibid.*, cols 1120-1 (Sir Kenyon Vaughan-Morgan).

¹¹⁴ ‘The Coal Mines Bill’, *Economist*, 23 May 1936, p. 417.

opposition from coal owners. Pressure against the Bill, which did not include any nationalisation measures, came from several fronts. The Mining Association of Great Britain took out advertisements in major newspapers in protest at the Government's proposals to make amalgamations easier.¹¹⁵ As early as the second reading speech of the Bill, Runciman announced mineowner-friendly amendments would be made. These included a two-year delay in the power of the Reorganisation Commission to impose amalgamations on coal mines, and the establishment of an independent authority to hear objections to any proposed amalgamation schemes.¹¹⁶ In the Commons, the government attracted heavy criticism from its own side for making such changes to a bill before it had even been debated.¹¹⁷ On a more substantive note, backbenchers expressed concern at the lack of 'safeguards' for consumers.¹¹⁸ Confronted by such a hostile reception to its legislation, the government ultimately withdrew the Bill.¹¹⁹ As mentioned in chapter one, the reason amalgamations mattered to contemporaries was a belief that they would incentivise the concentration of coal production into larger pits. This would, the theory went, improve the industry's efficiency.

The second Bill, introduced the following year, combined strengthened reorganisation measures with the nationalisation of coal mining royalties.¹²⁰ This nationalisation measure was justified as a practical solution that would help to address long-standing problems in the industry and improve its efficiency.¹²¹ The reason for this was that under private ownership, royalty rates varied from one part of the country to another, and possibly even within the same coal field if it was divided between different owners. This in turn meant that mining was not always concentrated in the most economically productive areas, but rather in a way that took into account variations in private

¹¹⁵ See e.g. *The Times*, 18 May 1936, p. 8.

¹¹⁶ HC Debates, 5th ser., vol. 312, cols 858-60, 18 May 1936 (Walter Runciman).

¹¹⁷ *Ibid.*, cols 866-8 (Winston Churchill).

¹¹⁸ *Ibid.*, cols 946-8 (Sir Reginald Clarry).

¹¹⁹ *Ibid.*, col. 2202 (Stanley Baldwin).

¹²⁰ Supple, *British Coal Industry*, p. 350-2.

¹²¹ Stanley Baldwin, J. Ramsay MacDonald and Sir John Simon, *A Call to Arms: The Joint Manifesto of the Leaders of the National Government*, NU no. 3536 (London, 1935), p. 12.

royalty payments. Thus, by unifying the royalties across the country, this impediment to efficiency could be eliminated.¹²² It was also meant to make amalgamating coal mining operations easier.¹²³ Conservatives further argued that unifying royalties would provide ‘money for higher rates of wages’.¹²⁴

While the new legislation passed, the internal criticisms did not go away. During the Bill’s second reading speech, the Secretary of State for Mines, Captain Crookshank,¹²⁵ felt the need to ‘urge my Conservative friends to follow us [the government] whole-heartedly into the Lobby’.¹²⁶ Leo Amery, though staunchly pro-intervention when it came to tariffs, still criticised amalgamations. In a letter to *The Times*, he warned that the creation of ‘a coal monopoly’ would hurt consumers.¹²⁷ Additionally, many Conservatives were uncomfortable with nationalising coal mining royalties, even though the rest of the industry was to remain in private hands. Reflecting the sensitivity of the subject, even the party’s policymakers felt some discomfort using the word ‘nationalisation’ to describe what it was doing with royalties. As Henry Brooke¹²⁸ of the CRD wrote to its director, Joseph Ball,¹²⁹ ‘[t]hat phrase [nationalisation] rather obscures the issue. The real point is whether the ownership of the royalties should be unified’. He added, ‘[t]he word “unification” is a much

¹²² HC Debates, 5th ser., vol. 329, cols 884-6, 22 November 1937 (Oliver Stanley).

¹²³ Ibid., col. 881.

¹²⁴ *Great New Prosperity Policy: An Outline of the National Government’s Programme*, NU no. 3541 (London, 1935), in CRD 1/7/30.

¹²⁵ Harry Frederick Comfort Crookshank, 1893-1961. MP for Gainsborough, 1924-56; Parliamentary Under-Secretary at the Home Office, 1934-35; Secretary of State for Mines, 1935-39; Financial Secretary to the Treasury, 1939-43. Later served in Cabinet as Minister of Health and Lord Privy Seal in Winston Churchill’s peacetime ministry, 1951-55. Created 1st Viscount Crookshank of Gainsborough, 1956.

¹²⁶ HC Debates, 5th ser., vol. 329, col.1834, 23 November 1937 (Harry Crookshank).

¹²⁷ Cutting from *The Times*, 7 February 1938, in CRD 1/57/2.

¹²⁸ Henry Brooke, 1903-84. Research Officer, CRD, 1929-35; Deputy Director, CRD, 1935-37. Left CRD to stand for Parliament. MP for Lewisham West, 1938-50, and Hampstead, 1950-66. Later served in Cabinet under Harold Macmillan and Alec Douglas-Home as Minister of Housing and Local Government, Chief Secretary to the Treasury, and Home Secretary. Created Baron Brooke of Cumnor, 1966.

¹²⁹ Sir (George) Joseph Ball, 1885-1961. Previously worked in MI5; Conservative Party Director of Publicity, 1927-30; Director of CRD, 1930-39.

truer and safer one'.¹³⁰ Likewise, in his second reading speech for the Coal Bill in 1937, Oliver Stanley spoke of the 'unification of royalties' rather than their nationalisation.¹³¹

In civil aviation, the two formerly privately-owned, but publicly-subsidised, carriers, Imperial Airways and British Airways, were to be acquired by the state on the appointed day of 31 March, 1941.¹³² Having previously attempted both leaving the sector entirely to the market and later subsidising privately-owned carriers, the Conservatives felt there was no alternative but to nationalise the industry.¹³³ Civil aviation was distinct in this regard because the industry was new, unprofitable everywhere, and rival carriers were subsidised by governments the world over.¹³⁴ In such circumstances, longer-term planning for the industry was impossible unless something was done.¹³⁵ The measure was not seen as one to eliminate competition within the industry. Competition remained, but it was competition between government entities rather than between private companies.¹³⁶

It is doubtful that all the industrial measures introduced by the Conservatives actually resolved the underlying structural problems in most of the industries concerned. Some measures were more successful than others. As Liberal leader Herbert Samuel pointed out in his memoirs, internal reorganisation of, and tariffs to protect, the cotton industry were never going to resolve the problems caused by 'the sudden loss of more than two-thirds of our cotton exports'.¹³⁷ Amalgamations in the coal industry are another example of a policy idea that worked better in theory than in practice. However, as with many other matters in politics, the perception that amalgamations were necessary for the industry to prosper mattered more than the reality that they

¹³⁰ Memorandum, Brooke to Ball, 9 November 1934, CRD 1/57/3. Emphasis in original.

¹³¹ HC Debates, 5th ser., vol. 329, col.872, 22 November 1937 (Oliver Stanley).

¹³² Ibid., vol. 349, col.1835, 10 July 1939 (Sir Kingsley Wood).

¹³³ Ibid., col. 1832.

¹³⁴ Ibid., col. 1833.

¹³⁵ Ibid., col. 1831.

¹³⁶ Ibid., col. 1832.

¹³⁷ Samuel, *Memoirs*, p. 244.

probably were not.¹³⁸ As long as a proposed solution was believed to work, it could attract enough support, or at least toleration, from within the Conservative Party.

Special legislation for the depressed areas represented the final form of Conservative interventionism. As already noted, Britain was geographically unevenly affected by the slump. Areas home to troubled staple industries like the North of England, Wales, and Scotland, struggled to attract new investment to counteract the loss of existing jobs. To address this problem, and in response to internal pressure, the National Government passed the Special Areas Act in 1934. This created two Special Areas Commissioners, one for England and Wales, and one for Scotland, with limited funds—initially £2 million, with an additional £3 million in 1936. These could not, however, be used to assist ‘private enterprise carried on for gain’.¹³⁹ In response to internal party pressure, and after having been condemned for inaction by one of the Special Areas Commissioners, further legislation was passed in 1937, which expanded the scope of the original legislation.¹⁴⁰ The Government now accepted that ‘some financial assistance’ should be provided to encourage new business in the Special Areas. This assistance included measures to assist with income tax, rates, and rent.¹⁴¹ Additionally, to enquire into the problem, the Government set up the Barlow Royal Commission in 1937, though it did not report until 1940.¹⁴² The Government’s intervention in this instance was more limited than elsewhere in part because Chamberlain was sceptical as to the effectiveness of this form of state intervention.¹⁴³ This episode illustrates that while the Conservatives were responsive to pressure to intervene, where its leaders doubted the effectiveness of proposed remedies, they would only move so quickly.

¹³⁸ Greasley, ‘The Coal Industry’, p. 51-3.

¹³⁹ Cmd. 5386, *Statement Relating to Special Areas Including Memorandum on Financial Resolution to be Proposed* (London, 1937), p. 3.

¹⁴⁰ Self, *Neville Chamberlain*, pp. 229-31.

¹⁴¹ Cmd. 5386, *Statement Relating to Special Areas*, pp. 9-10.

¹⁴² Cmd. 6153, *Royal Commission on the Distribution of the Industrial Population*, (London, 1940).

¹⁴³ Self, *Neville Chamberlain*, pp. 229-31.

Many figures outside the National Government advocated for a more interventionist stance than the National Government would contemplate. The Next Five Years Group, whose membership included Harold Macmillan, but also many outside the party, favoured an 'Enabling Act', which would confer 'on industries the right, or imposing upon them the obligation, to organize themselves corporately, with certain specified powers'. The state's role 'would be to examine and approve'.¹⁴⁴ The Group felt, however, that 'general nationalization of the depressed industries would be fair neither to the State nor to their present proprietors'.¹⁴⁵ The Labour Party went much further. Declaring that 'full and rapid Socialist planning' was '[t]he one sane alternative' to 'this tragic situation', it declared that 'the public ownership and control of the primary industries is an essential foundation step'.¹⁴⁶

Unusually, industrial reorganisation was one area that the party's leading figures explicitly considered in a theoretical way. Thus, a CCC sub-committee chaired by Neville Chamberlain was tasked with exploring 'the relations between the state and industry'. Chamberlain explained 'although this memorandum dealt with a matter of political theory', it was 'one which daily was becoming of more and more political importance'.¹⁴⁷ Though not representative of the entire Party, the CCC's and Sub-Committee's reports offer a rare insight into official theorising at the highest level. The revised draft and final version set out 14 principles to guide whether the state should intervene or not.¹⁴⁸ There was no disagreement at the Sub-Committee or the full Committee on the principles setting out that intervention should be limited to instances where the industry concerned 'demands improvement' and where 'natural forces will be incapable of ensuring that within a reasonable time'.¹⁴⁹ Even in instances where the state had taken over industries, or parts

¹⁴⁴ *The Next Five Years: An Essay in Political Agreement* (London, 1935), pp. 78-9.

¹⁴⁵ *Ibid.*, p. 85.

¹⁴⁶ Labour Party, *For Socialism & Peace*, pp. 14-58.

¹⁴⁷ CCC Sub-Committee A minutes, 25 October 1934, CRD 1/64/8.

¹⁴⁸ CCC Sub-Committee A, S.C.A.5, 'The Relations Between the State and Industry', Revised Draft Report, December 1934, CRD 1/64/7; 'Relations Between the State and Industry', Final Report.

¹⁴⁹ CCC Sub-Committee A minutes, 8 February 1935, CRD 1/64/8; CCC minutes, 8 February 1935, CRD 1/64/8.

of them, Conservatives felt it desirable to limit the state's day-to-day role in managing those industries.¹⁵⁰ Further concerns were to 'protect the Exchequer from unlimited contingent liabilities' and the need for there to be a 'sufficiency of goodwill' before any reorganisation plan was to be implemented.

A few, more radical, suggestions were changed by the committee from the CRD-drafted original. A draft proposal to make government approval for reorganisation subject to the condition 'that the scheme includes machinery for consultation between employers and work-people' was criticised as 'too rigid'. It was watered down in the final version so that it merely became 'desirable' for such consultation to occur.¹⁵¹ Similarly, the draft point 13 created an obligation for the government to consider 'whether reasonable provision has been or can be made for people out of work' in schemes 'liable to result in heavy local unemployment'. It too was watered down in the final version to read that the government should consider 'how best the conditions thus created may be mitigated for the people thrown out of work'. Even the reference to 'heavy local unemployment' was substituted for schemes 'liable to result in the closing down of works or restrictions of local employment'.¹⁵²

Several things stand out from the Report. That the Conservative leadership felt the need to embark on this exercise at all, and the imperative to attempt to set parameters around state intervention, demonstrates how important the issue was politically. Also, while the Report might have been new, and the exercise unusual, it said little that could not have been written in the 1920s. It was an exercise in codification rather than policy innovation. The few more innovative ideas, like the necessity for obligatory consultation with employees, were quickly rejected.

¹⁵⁰ 'Relations Between the State and Industry', Final Report, p. 6.

¹⁵¹ Sub-Committee A minutes, 8 February 1935; CCC minutes, 8 February 1935.

¹⁵² Ibid.

As was the case before the 1930s, and despite their increasing interventionism, Conservatives still saw themselves as the defenders of free enterprise and private property rights. There were several reasons for this. Property rights should, Conservatives believed, be maintained because capitalism had provided improved living standards for all social groups, was more efficient than any alternative, and spurred initiative by offering monetary incentives for working. Moreover, Conservatives feared that granting the state excessive capacity to intervene in the economy posed a threat to freedom, and even risked sending Britain down the road to totalitarianism.¹⁵³ One Conservative writer, for example, argued that the ‘creation of a Socialist Totalitarian State’ was the ‘logical outcome’ of applying socialist theory.¹⁵⁴

This ideological stance prompted Conservatives to warn of serious consequences if property rights were violated. Thus, they were critical of the Labour Party’s calls for the nationalisation of various industries, a list which included ‘banking, coal and its products, transport, electricity, iron and steel, and cotton’.¹⁵⁵ One 1935 election pamphlet warned that the Labour Party ‘stands for a policy which, according to the admissions of its leaders, would end in financial crisis, the abolition of private ownership’ as well as ‘the destruction of individual enterprise’.¹⁵⁶ ‘Socialist control’ of ‘all banks’ would result in their use ‘for political ends’,¹⁵⁷ and lead to a run on deposits.¹⁵⁸ Even Conservatives who were generally in favour of some degree of state intervention felt that the inclination not to intervene was ‘still a healthy instinct’.¹⁵⁹

¹⁵³ Ball, *Portrait*, pp. 28-30.

¹⁵⁴ Reginald Northam, *Conservatism, The Only Way* (London, 1939), pp. 200-1. After the Second World War, Northam became Principal of Swinton College, the institution responsible for Conservative political education. See Green, *Ideologies of Conservatism*, p. 155.

¹⁵⁵ Labour Party, *Labour Party’s Call to Power*, in CRD 1/7/37.

¹⁵⁶ *This Concerns You*, NU no. 3406 (London, 1935).

¹⁵⁷ *A Programme of Disaster!*, NU no. 3466 (London, 1935) in HLSM, 2/2/2.

¹⁵⁸ *Mr Runciman Exposes Socialist Threat to Banks*, NU no. 3444 (London, 1934), in HLSM 2/2/2.

¹⁵⁹ CCC Sub-Committee ‘A’, 10/1, ‘The Relations Between the State & Industry’, Draft Report, 19 July 1934, CRD 1/64/5, p. 11.

Despite their emphasis on the importance of private property, many Conservatives keenly emphasised the rejection of laissez-faire, or complete non-intervention in the economy. Thus, Neville Chamberlain commented in 1934 that ‘it was generally recognised that laissez-faire was completely dead’, a view endorsed by the Conservative Cabinet Committee.¹⁶⁰ Indeed, as Ewen Green has pointed out,¹⁶¹ some senior Conservatives insisted that laissez-faire was never a Conservative principle, but rather one tracing its origins to liberalism.¹⁶² Consequently, many Conservatives stressed that their policies were driven by practical considerations rather than any theoretical framework. This was advantageous because theoretical approaches to economic problems failed to account for the unique circumstances of each industry. Conservatives levelled this criticism of placing theory above practicality against proponents of both laissez-faire liberalism and socialism.¹⁶³ Labour’s nationalisation proposals, Conservatives argued, would bring no real benefits. ‘Political theories [i.e. socialism] will not help foreigners to buy more of our coal’, argued one 1935 election pamphlet. In contrast, Conservatives saw themselves as pragmatists.¹⁶⁴

Publicly, some Conservative MPs lobbied for the government to go even further down the interventionist path. Perhaps the best-known example of this was Harold Macmillan. Even before the Next Five Years’ Group published its book, Macmillan was advocating a similar proposal for an ‘Enabling Bill’, with the support of several other Conservative MPs.¹⁶⁵ Macmillan’s proposal was labelled ‘disastrous’ by the CCC Sub-Committee examining the relations between state and industry.¹⁶⁶ In his 1938 book, *The Middle Way*, Macmillan proposed the nationalisation of the coal mines. This would allow the state to ‘sweep away every obstacle to the reconstruction of the mining

¹⁶⁰ CCC minutes, 2 March 1934, CRD 1/64/2.

¹⁶¹ Green, *Ideologies*, p. 251.

¹⁶² ‘Relations Between the State and Industry’, Final Report, p. 2.

¹⁶³ See e.g. Northam, *Conservatism*, pp. 103-7.

¹⁶⁴ *A Word to the Coal Miner*, NU no. 3531 (London, 1935).

¹⁶⁵ Macmillan, *Winds of Change*, pp. 372-5. The proposals surrounding planning ‘did not differ substantially’ to those put forward by the Next Five Years’ Group.

¹⁶⁶ CCC Sub-Committee A minutes, 25 October 1934, CRD 1/64/8.

industry'.¹⁶⁷ Macmillan was not the only MP willing to venture beyond the party line. In his 1935 election address, MP Oliver Locker-Lampson 'went on in speeches to advocate nationalisation of mines and railways', at which point, 'his own Committee began to say they could neither work nor vote for him'. Although Locker-Lampson 'got his 15000 majority', Chamberlain complained he was 'a perpetual embarrassment to his own side'.¹⁶⁸ However, both Macmillan and Locker-Lampson were seen as maverick figures within the 1930s Conservative Party.

In summary, while Conservatives attached great importance to private property, and were generally reluctant to intervene in it, they were willing to do so if particular circumstances so warranted. While some Conservatives argued for more intervention than others, there was still a degree of ideological coherence between them.

Factors Driving Conservative Policy Towards Industrial Reorganisation

There are several reasons why the Conservatives acted as they did regarding industrial reorganisation. Some of these were circumstantial or practical. 'Planning' of one form or another was a buzzword at a time when, in light of the Depression, the main alternative policy, laissez-faire, was discredited. Politically, with changed popular expectations about the role of government, the party was pushed in a more interventionist direction. However, the role of the party's own ideology cannot be ignored. The forms of intervention the Conservatives pushed, namely tariffs and ad hoc measures, aimed at preserving a maximum role for private enterprise wherever possible.

First, economic factors clearly played a role. It is hardly surprising that the industries subjected to government intervention were facing serious difficulties, or at least were perceived as deeply inefficient. As such, government intervention was seen as vital to avoid further difficulties.

¹⁶⁷ Macmillan, *Middle Way*, p. 231.

¹⁶⁸ Neville Chamberlain to Ida Chamberlain, 17 November 1935, NC 18/1/939.

Pummelled by a combination of increased competition from abroad since the Great War and a decrease in global trade as a result of the Great Depression, traditional export trades found themselves with large surplus capacity relative to demand. The fate of the cotton industry is illustrative of this. Thirty years before the introduction of the Cotton Spinning Industry Bill, Oldham had been ‘the largest cotton-spinning centre in the world and with all its spindles actively at work’. By 1936, however, it had ‘no less than 2,000,000 spindles idle’.¹⁶⁹ In addition to the threat of increased foreign competition in individual industries, the Great Depression significantly weakened global trade as a whole. In the early 1930s there seemed ‘little prospect’ that global trade would improve.¹⁷⁰ By 1938, the volume of global trade had ‘scarcely, and then only with great difficulty’ reached its 1929 level.¹⁷¹ As already discussed, shipping coal, and steel suffered from the same problems.

Secondly, as Ritschel has noted, the period in question was one in which planning, or some conception of it, was accepted across the political spectrum. The trend towards state intervention had continued for several decades previously. The Liberals, for example, had been shifting away from classical liberalism since the 1890s,¹⁷² with the exception of support for free trade. The academic economist Sir Henry Clay wrote in 1932 of ‘a steady drive in the direction of extending the Government’s participation in industrial affairs—a drive that goes on irrespective of the party colour of the Government of the day’.¹⁷³ Even the more radical nationalisation measures were not entirely innovative by 1931. Clay wrote that the Labour London Passenger Transport Bill, by establishing ‘a special authority’ was ‘following the precedent set by the Port of London and other Port Authorities, the Central Electricity Board, the 1921 Railway Scheme and—to look abroad—

¹⁶⁹ HC Debates, 5th ser., vol. 308, col. 73, 4 February 1936 (Walter Runciman).

¹⁷⁰ Walter Elliot to Ball, 28 February 1934, CRD 1/64/1.

¹⁷¹ ‘Notes for the Prime Minister’s Speech on February 21st’, 14 February 1938, CRD 1/24/3. Chamberlain did not end up giving the speech.

¹⁷² Sloman, *Liberal Party and Economy*, p. 45.

¹⁷³ Henry Clay, ‘The New Industrial Organisation’, *Listener*, 30 March 1932, pp. 459-60, p. 460.

the conversion of the German and Belgian National Railway Systems into public companies'.¹⁷⁴ It is also important to note that 'neo-liberal' criticism of the expanding role of the state, criticism that lay behind attempts to shrink the state from the 1970s onwards, was still emerging. It had also not yet solidified into 'the more dogmatic anti-interventionism' associated with its more recent proponents.¹⁷⁵ Nor was the trend confined to the United Kingdom. Global trade barriers increased after the Great War, and especially during the Depression.¹⁷⁶ Non-tariff state intervention simultaneously expanded in all European economies after 1929.¹⁷⁷ The fascist states engaged in extensive planning.¹⁷⁸ Even in the United States the role of the state increased via President Roosevelt's New Deal.¹⁷⁹

Conservatives noticed change in opinion and responded accordingly. As Macmillan wrote, there was an 'accelerating trend towards planning'.¹⁸⁰ More significantly, the party leadership noticed this too. The CCC Sub-Committee Report felt the shift had occurred after the First World War. In a passage worth quoting at length, the report argued:

It will be noted as a general rule that Government intervention in pre-war days was usually directed to righting a wrong that, in the opinion of the community as a whole, some particular section of it was suffering. The post-war instances, on the other hand, are not so much concerned with the righting of wrongs, but illustrate rather the recognition by Governments that it is their duty to act on their own initiative to prevent situations developing which may injure the general or local interests of the people.¹⁸¹

If the party wished to remain in power in a mass democracy, it had to take into account the change in popular expectations about the role of government. As the CRD memorandum on Macmillan's Enabling Bill noted that '[t]he electorate has become more and more inclined to judge

¹⁷⁴ Henry Clay, 'Do Politics Hamper Public Enterprise?', *ibid.*, 17 February 1932, pp. 241-2, p. 241.

¹⁷⁵ Sloman, *Liberal Party and Economy*, pp. 16-18.

¹⁷⁶ There notes on the different tariff policies of 19 countries from March 1934 in CRD 1/2/14.

¹⁷⁷ Derek H. Aldcroft, *The European Economy 1914-2000* (4th ed., London, 2001), p. 76.

¹⁷⁸ G.D.H. Cole, *Economic Planning* (Dallas, Texas, 1935, 1971 ed.), pp. 110-28.

¹⁷⁹ David M. Kennedy, *Freedom from Fear: The American People in Depression and War, 1929-1945* (New York Oxford, 1999), pp. 363-80.

¹⁸⁰ Macmillan, *Middle Way*, p. 173.

¹⁸¹ 'Relations Between the State and Industry', Final Report, p. 3.

Governments by the unemployment figures'. As a result, 'Conservative views on the proper policy of the State in relation to industry have to take account of it'.¹⁸² Support for state intervention was also noticed among Conservative-leaning sections of the public. A party organiser in Leicester noted that '[t]here is a large amount of support among the middle class in favour of the "Public Utility" type of industrial organisation such as the Central Electricity Board. They favour this because they believe this will give security of employment and security of their investments'.¹⁸³

The contemporary political situation also should be considered. The interwar years were marked by the rise of the communist Soviet Union as well as fascist Italy and Nazi Germany. As such, many Conservatives worried about the potential support for these ideologies in Britain. Extremist parties were not the only source of concern. The opposition Labour Party, as has already been mentioned, had a far more extensive list of targets for nationalisation than the Conservatives ever considered.¹⁸⁴ Conservatives therefore felt that something had to be done to keep such rival ideas and parties in check. As the draft paper on industrial reorganisation warned, 'a Government in these days must either act or else put before the people a reasoned up-to-date defence of non-intervention; otherwise the positive appeal of Socialism or Fascism may carry the day'.¹⁸⁵ Indeed, the National Government's critics attributed its interventions to a desire to avoid even more extensive interventions than might have been implemented by an alternative government. Thus, Ernest Davies wrote for the Left Book Club in 1939 that the National Government's nationalisation of coal mining royalties was 'no doubt due to the fear that if the National Government did not act a worse fate would befall the coalowners [sic]'.¹⁸⁶ Given that a major aim

¹⁸² 'Relations Between the State & Industry', Draft Report, CRD 1/64/5, p. 6.

¹⁸³ Report attached to memorandum from Patrick [surname unclear] to Ball, CRD 1/7/17, 9 November 1934, p. 2.

¹⁸⁴ The Labour Party's candidates for nationalisation varied throughout the period. For a list of these, see Singleton, 'Labour, the Conservatives and Nationalisation', p. 16.

¹⁸⁵ 'Relations Between the State & Industry', Draft Report, CRD 1/64/5, p. 12.

¹⁸⁶ Davies, "*National*" *Capitalism*, 139.

of Conservative politicians was to prevent change they saw as excessive or dangerous, restructuring industries in order to preserve them was consistent with the Conservative tradition.

However, while economic and factors certainly played a role in the development of Conservative economic policy, the key role played by the party's ideology cannot be overlooked. Some Conservatives themselves continued to doubt that such an ideology existed. At the CCC Sub-Committee meeting, for example, Oliver Stanley 'did not appear to be surprised' when Neville Chamberlain and other committee members questioned him 'as to what were the "Conservative principles" to which he referred'.¹⁸⁷ Given the consistency between the policies of the 1930s and at least those of the previous decade, such comments cannot be taken at face value. While generally sceptical about state intervention for its own sake, most Conservatives were not opposed to state intervention where circumstances justified it. Conservatives were willing to accept state intervention in situations where private industry had proved unable to resolve its own problems, or to operate in an efficient manner. For a variety of reasons, many industries, having developed 'by accident' and with an 'absence of planning' suffered from structural problems that impeded their competitiveness.¹⁸⁸ Thus, a draft manifesto written by the CRD in anticipation of a 1940 election noted that '[w]here necessary it [the National Government] has taken active steps to underpin the structure of industries which are suffering from prolonged depression'.¹⁸⁹ In such an environment, many within the Conservative Party felt that leaving troubled industries to face the market unaided risked disaster. Even sections of the Conservative-friendly business community were reluctant to leave the market completely to its own devices. A *Financial News* leading article, for example, argued that a return to laissez-faire in the coal industry would 'mean an appalling

¹⁸⁷ CCC Sub-Committee A minutes, 25 October 1934, CRD 1/64/8.

¹⁸⁸ CCC minutes, 16 March 1934, CRD 1/64/2.

¹⁸⁹ Memorandum, David Clarke to Ball, 4 August 1939, CRD 1/7/37, p. 8. David Clarke became a Research Officer at the CRD in 1935, and its General Secretary in 1938. The CRD closed during the war, but Clarke served as its first post-war Director from 1945-1951.

chaos for the time being'.¹⁹⁰ This is not to say that all Conservatives agreed among themselves what constituted a justified intervention—the disputes over the London Transport and Coal Bills attest to that—but the principle held true for most, at least to some extent.

Indeed, many Conservatives themselves long had championed at least one form of state intervention: the protective tariff. The protectionist remedies advocated by Conservative imperialists were often pushed for quite different reasons to those of the more recent post-war planners. However, balance of payments difficulties, and the new language of efficiency and rationalisation, made it easier to sell protection to an electorate that previously had rejected it on several occasions. Such was the extent of the shift in opinion on trade policy that even some Liberals, from the party most associated with free trade, began to accept tariffs as one mechanism to combat Britain's industrial problems.¹⁹¹

Although there was considerable pressure for intervention in a number of areas, the Conservative leadership also faced pressure from within its own party not to intervene too much. The party's report on the role of the state and industry expressly cited party opinion as a factor limiting the scope for further state intervention in the economy.¹⁹² Accordingly, state interference would only extend as far as needed. Thus, the draft 1939 manifesto noted that 'the National Government will steadfastly refuse to exercise any day-to-day political control over any industry. It will confine itself to providing those conditions in which private enterprise may work for the national good'.¹⁹³ 'By necessity', the government's steps in industrial reorganisation had to date 'been cautious and in some measure experimental'.¹⁹⁴ This was even where the leadership felt that intervention was

¹⁹⁰ 'Premier & "The Financial News. Leader on Coal Reproduced"', cutting from *Financial News*, 9 December 1933, in CRD 1/57/2.

¹⁹¹ Sloman, *The Liberal Party and Economy*, pp. 82-5.

¹⁹² 'Relations Between the State and Industry', Final Report, p. 10.

¹⁹³ CCC Sub-Committee A minutes, 25 October 1934, CRD 1/64/8.

¹⁹⁴ 'Notes for the Prime Minister's Speech on February 21st'.

necessary, or recognised that further intervention was desirable. As the coal episode illustrates, pressure within the party's own ranks could limit the leadership's room for manoeuvre, and force concessions, even though a version of the desired legislation still passed.

The logical result of this widespread support for government intervention, economic difficulties, and fear that markets could not resolve their own problems, was a policy of intervention to save these industries from further problems, but only to the minimum extent necessary. While the state took over mining royalties, for example, the actual collieries remained firmly under private ownership. It was nationalisation, but only to a point. Significantly, the idea of nationalising royalties was not new, and the Conservatives only embraced it once lighter forms of intervention had apparently failed.

Even Macmillan, though very much on the Conservative left, was motivated not by a desire to nationalise for the sake of doing so, but because he felt that some industries had problems that could not be resolved without the state assuming control.¹⁹⁵ Further, while desiring a greater role for the state, Macmillan also stressed the importance of 'preserving the tactical independence of industry and commerce as a whole, and defending political and economic liberty'.¹⁹⁶ Representing an industrial constituency, Stockton, which had been badly hit in the post-war downturn, Macmillan had seen first-hand the consequences of industrial decline. With its deep-rooted economic problems and high unemployment, Stockton's predicament was, as Macmillan's official biographer noted, a 'prime conditioning factor in his domestic political thinking'.¹⁹⁷ Thus, his underlying principles, if not his policy ideas, were similar to those of many other Conservatives.

¹⁹⁵ Macmillan, *Middle Way*, pp. 237-8.

¹⁹⁶ Macmillan, *Winds of Change*, p. 502.

¹⁹⁷ Alistair Horne, *Macmillan, 1984-1956, Volume One* (London, 1988), pp. 72-4.

Conclusion

The period from 1931 to 1940 demonstrated a willingness for Conservatives to intervene in the economy when they felt a major industry or the Empire were at risk. In this regard, the party's attitude was entirely consistent with that of the preceding decade. It is true that the Conservatives expanded the role of the state in the economy during this period. By nationalising coal mining royalties, civil aviation and London passenger transport, as well as by establishing a number of regulatory schemes in other industries, the Conservative-dominated National Government led the state into more areas of the economy than British governments had previously done in peacetime. As Neville Chamberlain was due to say in 1938 'the increasingly close relations between Governments and Industry' represented '[t]he most wide-spread, and, I believe, in the long run the most far-reaching, political change since the Great War'.¹⁹⁸ Indeed, by 1938, state involvement in industrial organisation extended to 'the railways, electricity supply, the road transport of goods and passengers, coal, iron and steel, the marketing of agricultural products such as milk, bacon, hops, sugar and livestock, the fishing industry, and tramp shipping'.¹⁹⁹

This was in no small measure due to contemporary economic and political circumstances. The 1930s were an era when the idea of planning enjoyed support across political parties, large sections of public, business, and intellectual opinion. Given the alternative, laissez-faire capitalism, was believed to have failed,²⁰⁰ it is not clear what the policy alternatives might have been. Most of the policies the National Government pursued fitted within a longer-term trend towards greater state intervention. Moreover, by intervening themselves, the Conservatives also aimed to fend off challenges from ideological opponents, many of whom favoured even more extensive intervention

¹⁹⁸ 'Notes for the Prime Minister's Speech on February 21st'.

¹⁹⁹ Ibid.

²⁰⁰ Daniel Ritschel, 'A Corporatist Economy in Britain? Capitalist Planning for Industrial Self-Government in the 1930s', *English Historical Review*, 106/418 (1991), pp. 41-65, pp. 41-2.

than the Conservatives would countenance. Finally, such was the political atmosphere that some Conservatives felt state intervention was necessary to preserve the capitalist system and to forestall more drastic alternatives. It is thus hardly surprising that a Conservative-led government in the 1930s was more interventionist than its predecessors. Indeed, it is difficult to envisage what else it could have done.

However, the importance of ideology cannot be overlooked as intervention had long played a key role in Tory industrial policy. Protection in some form, as discussed at length in earlier chapters, had long been a core distinctive feature of Conservative economic thinking. Additionally, even though the Conservative leadership only attempted to rationalise its own thoughts on the subject in the mid-1930s, the non-tariff policies that the Conservatives pursued in the 1930s are best understood as continuations of what Conservative governments had been doing since the 1920s. As industries ran into difficulties, the state stepped in. In all the industries considered in this chapter, the economic fundamentals had either deteriorated considerably (e.g. coal and cotton) or had never been strong to begin with (civil aviation).

This is not intended to exaggerate the extent of Conservative support for interventionism, given that several of the National Government's own initiatives on London Transport and coal generated internal opposition. As with other policy areas in this thesis, different Conservatives approached the same problems from different angles. Those like Leo Amery whose primary concern was Empire might be keen on tariffs, but be much cooler on the coal legislation. Others, like Macmillan, whose concern was economic restructuring, viewed tariffs as means to facilitate 'the increase of industrial efficiency'.²⁰¹ The underlying principle, however, remained the same. There were ideological limitations too—government intervention only came about where previous

²⁰¹ Macmillan, *Winds of Change*, p. 356.

measures were perceived to have failed, and such intervention was on occasion criticised for not going far enough. Moreover, where measures were thought to be ineffective, as with demands for greater intervention to redress unemployment in the Special Areas, action was slow in coming.

Finally, this chapter also demonstrates the limits of Conservative adaptability vis-à-vis its coalition partners. Even when it came to implementing legislation as philosophically important to their ranks as protection, Conservatives were prepared to compromise on timing, specific details, and even the constitutional convention of Cabinet solidarity. Where it proved convenient, rhetoric too could be shifted to broaden the appeal of their chosen policy, even if this caused some discontent within diehard ranks. Nevertheless, internal pressure meant the Conservatives would never have sacrificed protection entirely, and would sooner allow inconvenient coalition partners to drift away than to abandon what had become a core belief.

Chapter Four: 'From Bleak House to Great Expectations': The Conservatives and Welfare, 1931-40

Introduction

Between 1931 and 1940, the National Government presided over first cuts to, then extension of, the welfare system. Upon coming to power in August 1931, the new administration quickly moved to reduce unemployment benefits, and to reintroduce a clear distinction between those receiving insurance payments and those receiving public assistance, a distinction which had blurred considerably under previous Labour and Conservative governments. The new 'household means test', introduced as a component of those measures, under which eligibility to national assistance was based on the income of a household rather than the circumstances of the individual claimant, aroused such popular indignation that no government since has replicated it for unemployment relief.¹ However, while the National Government cannot be accused of excessive generosity towards the unemployed, there were limits to how far it would economise. When it emerged that poorly-conceived measures to unify unemployment assistance would cut assistance benefits further, the government quickly retreated. Moreover, once economic conditions improved, the Conservative-dominated administration reverted to its 1920s pattern of gradually extending the welfare state. Not only were the cuts from 1931 reversed in 1934, but contributory pensions were extended, and planning had begun to extend health insurance benefit, and to introduce a limited version of family allowances. This chapter argues that Conservative welfare policy once again demonstrates that the party's attitude towards the state changed little during the lifetime of the National Government. In principle, it remained willing to use the power of central government to

¹ Stephanie Ward, *Unemployment and the State: The Means Test and Protest in 1930s South Wales and North-East England* (Manchester, 2013), p. 250. While the household means test was subsequently axed, even the Attlee Government retained a form of means testing for national assistance recipients. See Kenneth O. Morgan, *Labour in Power 1945-1951* (Oxford, 1984), p. 173. Means testing has become more common since the 1960s. See Rodney Lowe, *The Welfare State in Britain since 1945* (3rd ed., Basingstoke, 2005), pp. 154-8.

step in where existing institutions, as in the case of local government and the means test, were seen as ineffective. As with the previous spell in government, however, there were limits to Conservative adaptability. First, new welfare measures had to be affordable, a necessity which severely limited the capacity for more ambitious measures. Secondly, such changes could not be too radical and unjustifiably disruptive towards existing institutions.

This chapter will cover all measures that fall within the umbrella of 'welfare'. This includes insurance-based payments such as National Insurance, health insurance, and non-insurance payments such as assistance and Poor Law relief. Although services such as education and housing also represent policy areas in which the state directly provided assistance to individuals, these will be dealt with in chapters five and six. This is for two reasons. First, separating welfare payments from other forms of welfare also allows for a fuller discussion of a topic that attracted a great deal of contemporary attention and controversy. Secondly, there is a conceptual difference between services intended to guard against contingencies, such as sickness, unemployment, or inadequate provision for old age, and those services necessary for the entire population such as housing and education. This chapter limits its discussion of unemployment to the treatment of the unemployed rather than attempts to reduce unemployment through the relocation of industry, which was mentioned in the previous chapter.

While this topic has enjoyed extensive coverage, it is worth revisiting for two reasons. First, a number of the existing studies are either old, or focused on limited aspects of welfare, such as the means test, and not on what it says about the Conservative Party's attitude towards the state. Secondly, given the centrality of debates over welfare to contemporary discourse, and the enormous role of welfare expenditure in government spending, it is essential to re-examine the Conservative Party's welfare policy in order to understand its attitude towards the state more generally. Unemployment in particular needs to be discussed because of its huge social, political,

and economic significance. The number of jobless soared from 1.164 million in June 1929 to 1.52 million in January 1930. It peaked at 2.955 million in January 1932. Although it declined thereafter, it remained high for the rest of the decade, and never dropped below 1.373 million until a month before the outbreak of war.²

The interwar record of the National Government on poverty has come under sustained criticism.³ Ross McKibbin described the National Government as creating a ‘coalition against the unemployed’. He argued that the National Government’s fixation with unemployment payments provides evidence of ‘the restabilization of the economy on terms which excluded the unemployed and was seen to do so’.⁴ More recently, Stephanie Ward has argued that despite not being as severe as folk memory attested, the impact of the National Government’s welfare legislation was still terrible. The means test caused tension within households by forcing members in employment to maintain those who were not. Older men found their traditional role as heads of households undermined, and their independence diminished, while younger men found it difficult to establish their independence. Finally, women had to deal with the tension caused by the presence of unemployed husbands who had nowhere else to go.⁵

Miserliness is not the only source of complaint against the National Government’s welfare policies. Susan Pedersen has argued that the interwar assistance measures were designed to entrench existing gender roles, though both Labour and the Conservatives were guilty of this.⁶ The economy measures disproportionately hurt married women by depriving them of unemployment benefits despite having made the necessary contributions. Child endowment, or family allowances, were

² Mortimore and Blick (eds), *Butler’s British Political Facts*, p. 646-7.

³ For a contemporary savaging of the National Government’s treatment of the unemployed see Wal Hannington, *Ten Lean Years* (London, 1940).

⁴ McKibbin, *Parties and People*, p. 102.

⁵ Ward, *Unemployment and the State*, pp. 206-11.

⁶ Pedersen, *Family Dependence*, pp. 300-14.

another issue where women's concerns were largely ignored. As Pedersen has pointed out, the original idea of endowing motherhood failed to gain traction. It was only growing concerns about child poverty and even, to a lesser extent, imperial and eugenic concerns, that drove some Conservatives towards supporting the idea.⁷

Not everyone has been so harsh. Pat Thane argued that 'growth of public action and expenditure' on welfare, 'despite the depression' was a 'central feature of the interwar years'.⁸ Jose Harris too has noted that the increase in spending on welfare measures complicates the traditional assumption of the period as characterised by cuts and Conservative hostility to social reform.⁹ Taking a more positive view of National Government policy development, John Ramsden wrote that 'from work already done in the Research Department, it seems likely that a Conservative manifesto of 1940 would have included family allowances and the inclusion of dependants of insured persons in health cover—about half of the advances that are usually traced to Beveridge'.¹⁰ The problem with this argument is that while it is true that welfare would have continued to expand, the extent of the proposed changes was considerably more modest than Ramsden's account suggested. This will be discussed later in the chapter. Finally, Bentley Gilbert has argued that during the interwar period 'Britain's political leaders finally agreed, almost unconsciously, that society in some way or another would have to find a means to support all its citizens at a decent level of civilized life—in effect the national minimum'.¹¹

Conservatives remained wary of using budget deficits to deal with unemployment. W.R. Garside argued that, for the National Government, it was 'preferable... to maintain political and financial

⁷ Ibid., pp. 316-21.

⁸ Pat Thane, *Foundations of the Welfare State* (2nd ed., London; New York, 1996), p. 203.

⁹ Jose Harris, 'Principles, Markets and National Interest in Conservative Approaches to Social Policy', in Berthezène and Vinel (eds), *Postwar Conservatism*, pp. 95-118, p. 99.

¹⁰ Ramsden, *Making of Party Policy*, pp. 91-2.

¹¹ Bentley Gilbert, *British Social Policy 1914-39* (London, 1970), p. vi.

credibility by isolating and containing unemployment with a flexible system of unemployment relief'. The alternative was 'to tread the suspect path of deficit finance with all the attendant risks of inflation, balance of payments crises and increased state control'.¹² On Conservatism specifically, Jose Harris has argued that one consistent thread in the history of Conservative social policy is a reluctance to use welfare to reduce inequality. She further contended that Conservatives felt a 'sense of history as an open-ended, almost existential process, about which only limited facts could be known, and whose outcomes could therefore not be predicted'.¹³

On the state's role specifically, Pat Thane wrote that there was a significant increase in the role played by the central and local governments in tackling social and economic problems. She thought this was in part driven by Britain's economic problems and potentially by a change in the tax system. As revenue derived increasingly from income tax and became more 'flexible', the capacity to spend more on social services increased.¹⁴ While policymakers only 'reluctantly' granted further changes, within 'a political culture and framework of long-established institutions which were equally resistant to change', the expansion was nevertheless 'real'.¹⁵ Welfare policy was increasingly regulated by central government, even though local government oversaw more of the increase in expenditure.¹⁶ Despite an emerging consensus as to the 'failures and incompatible goals' of the pre-war system there was not enough pressure to force change beyond the gradual increase in state intervention facilitated by the modest economic revival of the 1930s.¹⁷ Similarly, in her account of medicine and the state between 1901 and 1948, Anne Digby wrote that '[s]tate intervention in what was still perceived as a private sphere' was 'highly selective and was dependent on financial rather than medical criteria'.¹⁸

¹² W.R. Garside, *British Unemployment 1919-1939: A Study in Public Policy* (Cambridge, 1990), p. 390.

¹³ Harris, 'Conservative Approaches to Social Policy', pp. 110-11.

¹⁴ Thane, *Foundations*, pp. 162-3.

¹⁵ *Ibid.*, p. 203.

¹⁶ *Ibid.*, pp. 204-5.

¹⁷ *Ibid.*, pp. 205-6.

¹⁸ Anne Digby, 'Medicine and the English State, 1901-1948', in Green and Whiting (eds), *Boundaries of the State in Modern Britain*, pp. 213-230, p. 223.

Individual aspects of the welfare system have been considered as well. John Macnicol has argued that the British pensions system was in crisis by the late 1930s. He wrote that pensions policy was heavily influenced by the Treasury's preoccupation with attempting to rein in what it perceived as excessive spending. The Treasury had long desired to move pensions onto an insurance basis, which was partly achieved by Neville Chamberlain's 1925 legislation. Changes to pensions after 1911 were gradual and evolutionary.¹⁹ While Treasury influence was no doubt significant, it is also very important to stress that a preference for insurance-based welfare independently enjoyed considerable support within the Conservative Party itself. Macnicol argued that after the 'enormous setback' of 1931 political support for family allowances was growing among Conservative MPs by the late 1930s. However, this support was primarily concentrated among backbenchers like Leo Amery, and not among the party leadership.²⁰ Finally, writing on the intellectual origins of the British welfare state, Harris has explored the evolving opinions of contemporary academics and administrators towards British social policy.²¹ This chapter examines a wider range of policies than Macnicol, and a different set of actors to Harris.

This chapter argues, as do the others in this thesis, that the Conservatives took a broadly empirical view of the state. They tolerated using the state to gradually extend welfare measures, subject to constraints of expense, the impact those changes had on traditional social norms, or the perceived threat they posed to existing voluntary and local institutions. It begins by outlining how the nascent British welfare system had evolved up to 1931. It then traces the developments of policy in three areas of welfare in the 1930s. First, given their centrality to contemporary debate, it explains the party's approach towards payments to the unemployed. Secondly, it looks at areas that saw only

¹⁹ John Macnicol, *The Politics of Retirement in Britain* (Cambridge, 1998), pp. 287-92.

²⁰ John Macnicol, *The Movement for Family Allowances 1918-45* (London, 1980), pp. 154-60.

²¹ Jose Harris, 'Political Thought and the Welfare State 1870-1940: An Intellectual Framework for British Social Policy', *Past & Present*, 135 (1992), pp. 116-41.

minor legislative tinkering: health and pensions. Thirdly, it looks at family allowances, a policy never actually enacted in the 1930s, but one that seemed to be on its way. Having outlined what happened, the chapter will then explain the common threads underpinning Conservative welfare policy.

Welfare Policy in 1931

In common with the other policy areas in this thesis, the 1930s British welfare system was the product of decades of evolution. This evolution was characterised by moves away from the punitive direction of the Poor Law, and growing roles for the insurance principle and central government. Although by 1930s standards it was fairly comprehensive, significant gaps in the system remained, which were only partially filled during the National Government's tenure.

The genesis of the British welfare system was the old Poor Law. Although versions of the Poor Law had existed since Elizabethan times, a revised Poor Law was enacted in 1834.²² This new, more punitive version of the legislation was intended to dissuade reliance upon it. Able-bodied paupers were to be sent to workhouses, known as 'indoor relief'. Only those unable to work were eligible for 'outdoor relief'. Conditions in the workhouses were harsh, and the Poor Law widely detested. The logic behind this attitude was that overly-generous relief incentivised idleness, while tough conditions in the workhouse would, by contrast, make paid work the more attractive option.²³ No distinction existed between the unemployed and the elderly. It is also relevant that the 1834 Poor Law was introduced at a time of concern about the rising cost of Poor Law relief. The Poor Law was administered by local Boards of Guardians which, from 1894, became elected.

²² For a summary of the background and operation of the 1834 legislation, see Harris, *British Welfare State*, pp. 40-58.

²³ Helen Bosanquet, *The Poor Law Report of 1909* (London, 1909), p. 93. Bosanquet was a member of the Royal Commission and sided with the majority.

Attitudes towards unemployment, poverty, and the Poor Law changed from the 1880s onwards, when unemployment re-emerged as a political issue.²⁴ This was for several reasons. Defects in the Poor Law became evident—poor relief was not applied consistently across the country, the deterrent value of workhouses was limited,²⁵ and the Poor Law was ineffective at tackling unemployment.²⁶ There were also growing political fears about working-class unrest, and a recognition that inadequate wages made it difficult for even the diligent poor to protect themselves against poverty. Additionally, there was growing concern at the inefficiency caused by unutilised workers. The subject of old age pensions came onto the agenda, and Joseph Chamberlain pushed for their introduction while serving in the 1895 Conservative-led government. However, as mentioned in chapter one, his efforts went nowhere.

Serious reform of the Poor Law only began in the early twentieth century. In 1905, the Balfour Government introduced the Unemployed Workmen Act. This legislation created local Distress Committees charged with providing temporary employment and assistance for the unemployed. This was only ever intended as temporary legislation pending a review of the Poor Law, and, like the early housing and secondary education measures, its effectiveness was limited.²⁷ The 1909 Royal Commission on the Poor Law,²⁸ which had been appointed by Balfour's Conservative-led government, criticised the existing legislation, but its members came to different conclusions as to its replacement. All recommended the abolition of the Boards of Guardians. However, while the majority report recommended their replacement by Public Assistance Committees working in cooperation with voluntary groups, the minority report recommended the establishment of a national body to deal with unemployment.²⁹

²⁴ José Harris, *Unemployment and Politics*, pp. 1-5.

²⁵ Cd. 4499, Royal Commission on the Poor Laws and Relief of Distress, *Report of Royal Commission on the Poor Laws and Relief of Distress*, (London, 1909), majority report, p. 596.

²⁶ Harris, *Unemployment and Politics*, pp. 45-50.

²⁷ For an account of the legislation, see *ibid.*, pp. 157-80.

²⁸ Cd. 4499, *Royal Commission on the Poor Laws*.

²⁹ Harris, *British Welfare State*, pp. 57-8.

The key pre-1914 reforms were enacted by the last Liberal government. In 1908, it introduced the first universal means-tested old age pensions for those aged 70 or above. At 5/- per week (£30.30 in 2019 currency),³⁰ they were hardly generous by modern standards. However, their redistributive character marked an important philosophical jump for the British state. Despite the modest sum for individual pensioners, the pensions still made a noticeable impact on old-age poverty.³¹ The Conservatives accepted the new arrangements but viewed them as a step towards a contributory-based system,³² an approach which lay at the heart of Conservative policy for decades to come.

Perhaps the most significant reform was the National Insurance Act of 1911. This created the first insurance-based protections against unemployment and ill-health. Under the new arrangements, employers, employees and the state would contribute towards the cost of unemployment benefits by contributing to an Unemployment Insurance Fund. Entitlements to benefit were directly linked to contributions made.³³ In other words, insured workers had to make a minimum number of contributions before they could access any benefit, and the maximum duration of unemployment benefit was limited to 15 weeks in a single year.³⁴ Once those benefits were exhausted, the worker still had to fall back on the Poor Law. Reflecting different wage rates, and as was typical of the time, contribution and benefit rates varied for men and women. The insurance principle, which lay at the very core of the 1911 legislation, remained at the heart of the British welfare system even after the Beveridge Report. The Conservatives were divided on the National Insurance Act, as they were with other areas of social reform at that time.³⁵

³⁰ This is taken from the Bank of England's inflation calculator: <<https://www.bankofengland.co.uk/monetary-policy/inflation/inflation-calculator>> (accessed 29 June 2020).

³¹ Macnicol, *Politics of Retirement*, pp. 162-3

³² *Ibid.*, p. 156.

³³ Political and Economic Planning, *Report on The British Social Services: A Survey of the Existing Public Social Services in Great Britain with Proposals for Future Development* (London, 1937), pp. 113-14

³⁴ *Ibid.*, p. 114

³⁵ Green, *Crisis of Conservatism*, pp. 288-90.

Though not obvious to contemporaries, there were two key problems with the National Insurance legislation that would cause problems after the War. First, it was confined to a limited number of trades. To begin with, only those engaged in building, construction of works, shipbuilding, mechanical engineering, iron-founding, construction of vehicles, and sawmilling were eligible to participate.³⁶ Secondly, the system was only designed to deal with short-term unemployment. This meant that when the scheme was expanded to include more trades, and to deal with long-term unemployment, its finances came under severe strain.

The National Insurance Act also provided the first health insurance scheme. As would be the case repeatedly throughout the twentieth century and beyond,³⁷ the British Medical Association ('BMA') proved difficult, but eventually acquiesced. Access to health insurance was far broader than for unemployment insurance, and included all manual workers between 16 and 70 years old, and non-manual workers earning up to £160 per year.³⁸ Specialist treatment was excluded, and the scheme only covered workers, not wives and dependants. Workers were entitled to receive 26 weeks of sickness benefit, after which they could apply for disability benefit.³⁹ Healthcare would remain under an insurance basis until the creation of the National Health Service in 1948.

Within a decade the number of insured trades expanded considerably. Munitions workers were added during the War as were some trades 'largely engaged on war services'.⁴⁰ The effects of economic dislocation following the First World War led the Lloyd George coalition government to expand the number of insured trades still further. Following the passage of the Unemployment

³⁶ National Insurance Act 1911, schedule 6, in A.S. Commyns Carr, W.H. Stuart Garnett and J.H. Taylor, *National Insurance* (2nd ed., London, 1912).

³⁷ As former Prime Minister David Cameron complained in his memoirs, '[o]ne of the problems with the BMA is that you know it will oppose absolutely anything, whether it is a good idea or not'. David Cameron, *For the Record* (London, 2019), p. 230.

³⁸ Political and Economic Planning, *Report on the British Health Services: A Survey of the Existing Health Services in Great Britain with Proposals for Future Development* (London, 1937), p. 94.

³⁹ Harris, *British Welfare State*, pp. 162-3.

⁴⁰ Cmd. 4185, *Royal Commission on Unemployment Insurance Final Report* (London, 1932), p. 15.

Insurance Act of 1920, unemployment insurance now included all those covered by health insurance except domestic servants and agricultural workers.⁴¹

Further, Labour and Conservative governments oversaw the emergence of what evolved into ‘transitional benefit’ under which the unemployed continued to access National Insurance-level benefits even after they had exhausted their contributions. While the creation of transitional benefit clearly ran contrary to the original design of the National Insurance system,⁴² it proved impossible to dismantle throughout the 1920s. As with housing policy, what was intended as a temporary measure to deal with the effects of war proved impossible to remove. As one contemporary wrote in 1936, ‘since the end of 1920, unemployment insurance has been simply a bundle of expedients, which has always hoped that it might someday recover its lost youth and become an insurance policy again, but has never quite succeeded’.⁴³ Between them, successive governments amended the 1920 legislation 18 times within the following decade, though mostly to adjust the Fund’s borrowing powers, resulting in a ‘tangled maze of opportunist legislation’.⁴⁴

The process began with the introduction of Out of Work Donation scheme in 1918. This was intended as a provisional measure designed in part to prevent returning servicemen from finding themselves on the Poor Law. In the expectation of improved economic conditions, in 1920 the Unemployment Insurance Act once again imposed a cap on the number of insurance payments workers could receive in a given year. Poor economic conditions then forced the extension of the 1919 scheme. In 1921, those who had exhausted their contributions were granted ‘uncovenanted benefit’, and the Out of Work Donation scheme finally ceased. The uncovenanted benefit was

⁴¹ Ibid.

⁴² *Britain’s Industrial Future*, p. 275.

⁴³ Harold Wickwar, *The Social Services: A Historical Survey* (London, 1936), p. 204.

⁴⁴ PEP, *British Social Services*, p. 115.

paid out of Unemployment Insurance Fund borrowings. Further legislation in 1927 retained payments for those who exhausted their entitlements, renamed 'transitional' benefit in 1927.⁴⁵

No government seriously attempted to reinstate the insurance principle until the Great Depression, when rising unemployment made the cost of maintaining transitional benefit unsustainable. The Unemployment Insurance Fund's financial problems were discussed at length in chapter two. No small part of the reason for this was the effects of the First World War. In an atmosphere of revolutionary fervour, the Coalition government feared the consequences of forcing large numbers of ex-servicemen onto the Poor Law.⁴⁶

Beyond unemployment benefits, as mentioned in chapter one, the British welfare system continued to expand under Conservative governments in the 1920s. Neville Chamberlain personally drove a series of reforms in his capacity as Minister of Health.⁴⁷ In 1925, the Conservatives introduced contributory old-age pensions for 65-year-olds. Contributory pensions for widows and orphans of deceased workers were introduced as well. The new pensions were deliberately formulated as an evolutionary measure—the 'direct succession of a long line of measures'—that filled 'a gap in the chain' within the existing system.⁴⁸ As mentioned in chapter one, Neville Chamberlain's signature reform was the 1929 Local Government Act. This further chipped away at the old Poor Law by finally abolishing the Boards of Guardians and transferring their functions to the local authorities. Not everyone within the party was equally enthusiastic, with Lane-Fox observing that Chamberlain's reforms were 'unpopular with many of our best Tories'.⁴⁹

⁴⁵ Garside, *British Unemployment*, pp. 38-48.

⁴⁶ *Ibid.*, pp. 34-7.

⁴⁷ Neville Chamberlain's efforts at the Ministry of Health were clearly appreciated by some in the Department. This is evidenced by the 14 bound volumes of acts and speeches that departmental officials presented to him upon his departure from office after the 1929 election. The volumes are found in NC 14/1-NC 14/11. The list of departmental subscribers to the books is in NC 14/1.

⁴⁸ HC Debates, 5th ser., vol. 184, cols 74-5, 18 May 1925 (Neville Chamberlain).

⁴⁹ Lane-Fox to Irwin, 26 September 1927, C/152/17/1/256b, in Ball (ed.), *Letters from Britain*, p. 179.

The 1920s reforms can thus be characterised as evolutionary rationalising measures rather than anything revolutionary.

There remained limits to welfare expansion. Local authorities that tried to overstep legal boundaries were reined in. In September 1921, members of the Poplar Borough council, including the future Labour Leader George Lansbury, were briefly gaoled for contempt of court after refusing to meet its financial obligations to the county council. They did this in protest at inequitable funding arrangements that made it difficult for poorer authorities to tackle poverty within their districts. Not everyone in Labour, including Ramsay MacDonald, was thrilled at the councillors' actions. 'Poplarism', as it became known, troubled Conservatives on fiscal grounds.⁵⁰ Several Boards of Guardians at West Ham, Durham, and Bedwellty ran into severe financial difficulty, leading to their suspension and replacement by central government-appointed commissioners.⁵¹ Moreover, not all reforms were entirely progressive. The 1908 Old Age Pensions Act had, somewhat unusually for the time, disproportionately benefited women.⁵² The 1925 legislation, however, worked against them. Because eligibility for the new insurance-based pensions was confined to male-dominated insurable trades, they largely excluded women.⁵³

Further, not all proposed reforms attracted legislative support. Family allowances, or child endowment, though popular in France, never found a particularly receptive audience in the United Kingdom. This was despite their championing by campaigner and later independent MP Eleanor Rathbone and the Family Endowment Society.⁵⁴ Writing in 1924, Rathbone argued that family allowances paid to the mother were necessary on economic grounds.⁵⁵ As the previous chapter

⁵⁰ Renwick, *Bread for All*, pp. 166-7; Allen Hutt, *The Post-War History of the British Working Class* (London, 1937), pp. 67, 92; John Davis, 'Poplar Councillors', in *Oxford Dictionary of National Biography* (Oxford, 2015).

⁵¹ Self, *Neville Chamberlain*, pp. 117-19.

⁵² Macnicol, *Politics of Retirement*, pp. 162-3.

⁵³ Renwick, *Bread for All*, p. 166.

⁵⁴ Pedersen, *Politics of Conscience*, pp. 199-218.

⁵⁵ Eleanor F. Rathbone, *The Disinherited Family* (London, 1924).

mentioned, part of the reason for the lack of support lay in trade union fears that such allowances risked undercutting male wage earners. This fear never entirely disappeared before the Second World War.

In sum, the emergence of the welfare state did not follow any sort of plan, but rather a series of gradual, ad hoc changes. As a result, while British welfare provision was generous by the standards of its time, serious gaps remained in what had become a very complicated system. Particularly in the 1920s, Conservatives under Neville Chamberlain had demonstrated a willingness to extend benefits gradually on an insurance basis. While National Insurance had, despite its name, ceased to run along insurance lines, this was largely for pragmatic rather than ideological reasons. Where Conservative governments had the chance to shift payments onto an insurance basis, as with pensions, they did so. Most of these trends continued throughout the National Government period.

The Development of Conservative Welfare Policy

Conservative welfare policy underwent two distinct phases in the 1930s. First, in the background of economic crisis came cuts to payments and, connected to this, the re-emphasis of the insurance principle. Secondly, as the worst of the crisis abated, the cuts were reversed and the trend of extending the scope of payments resumed, albeit modestly and with the insurance/assistance boundary clearly maintained.

As mentioned in the previous chapter, upon taking power in 1931, a primary goal of the National Government was to stabilise Britain's finances. To do so, Conservatives felt the need to cut expenditure. As a significant portion of government expenditure was on welfare, cuts in that area were deemed necessary. To facilitate this, the government reintroduced the distinction between

insurance and assistance. Under the Economy Act of 1931, all those who had exhausted their 26 weeks of benefit were to be paid on a needs basis by local public assistance committees. Those requiring assistance would be assessed based on a household means test. This meant that the income of the household as a whole was assessed when determining if an individual within it needed state assistance. The burden thus fell on the household to look after its own members, and the state would only intervene where it was incapable of doing so. It chose to distribute these payments through the public assistance authorities partly to avoid what the May Committee termed a 'wasteful duplication' of existing institutions. It also felt that it was 'equally important' to ensure 'that each case was dealt with by a body competent to have due regard both to the local and personal circumstances of each case and removed from political pressure'.⁵⁶

As discussed in chapter two, the burden of the cuts during the Depression fell disproportionately on women. Nothing changed during the 1930s, and there was little serious pressure on the National Government to reverse the 'anomalies' legislation that made it far more difficult for married women to access their National Insurance entitlements. Women continued to be refused unemployment benefits in large numbers, because it was expected that married women did not usually work.⁵⁷

There were, however, key problems with the new arrangements. First, because the level of government administering the new regime (the local authorities) was not the same level that financed the benefits (the central government), there was less motivation to manage them sparingly.⁵⁸ The government had foreseen this would 'likely' 'be the subject of strong criticism'.⁵⁹

⁵⁶ 'Unemployment Insurance. Provision for Insured Persons Not Entitled to Ordinary Benefit', Memorandum by the Ministers of Health and Labour, 28 August 1931, CP 211(31).

⁵⁷ Pedersen, *Family Dependence*, pp. 297-307.

⁵⁸ Garside, *British Unemployment*, p. 68.

⁵⁹ 'Unemployment Insurance. Provision for Insured Persons Not Entitled to Ordinary Benefit', Memorandum by the Ministers of Health and Labour, 28 August 1931, CP 211(31).

This led to ‘anomalies’ which were ‘difficult to justify’.⁶⁰ In two instances, Rotherham and Cuthbert Headlam’s home of Durham, the central government took over public assistance after the local authorities openly ignored the legislative constraints on the amounts they could pay to assistance recipients. The ensuing controversy played out both on the local⁶¹ and national levels. Chamberlain’s belief that the use of public assistance machinery would keep political considerations at bay thus proved optimistic.

The new means test was also bitterly resented by those receiving it. Many viewed the administration of the test through inspections as intrusive, and the obligation to care for other family members placed a strain on familial relations. In addition, for the recipients, the public assistance regime was associated with the detested Poor Law.⁶² The Conservatives tried to dispute the new legislation’s Poor Law connection. As one pamphlet recorded:

The Principle of the Unemployment Assistance Scheme (embodied in Part II of the Act) was that the State assumed general responsibility for the able-bodied unemployed, including classes, such as agricultural labourers, who did not come within the Unemployment Insurance Scheme, and took them completely outside the scope of the Poor Law (except for their medical needs).⁶³

Such protestations did not convince the party’s opponents.

Conservatives justified these measures to the electorate for two reasons. First, budget cuts generally were necessary to balance the budget, which in turn was necessary to restore confidence and hence make economic recovery possible. While Labour, which now opposed the cuts that it had agreed to a few months earlier, ‘threw up the sponge’, as Baldwin put it, the parties of the National Government ‘took the courageous course and balanced the Budget on sound lines’. Were

⁶⁰ PEP, *British Social Services*, p. 134.

⁶¹ ‘MEANS TEST The Truth’, *County Council Elections*, 6 March 1934, in D/He 112.

⁶² Ward, *Unemployment and the State*, pp. 98-108.

⁶³ *A Record of Progress: The National Government’s Work*, NU no. 3538 (London, 1935), in MS Macmillan Dep. C. 866, pp. 14-15.

Labour to be returned 'pound notes would be worth pennies, and we should be at a loss to pay for the food from abroad which alone keeps us from starvation'.⁶⁴ By restoring sound finance, the Conservatives had protected even the reduced pensions. Thus, had the pound crashed, as Conservatives warned it would following a collapse in confidence generated by fiscal indiscipline, '[y]our unemployment benefits; your old age pensions; your wages, might to-day have been worth perhaps only a quarter of what they were last July' in real terms.⁶⁵

After the immediate panic was over, the National Government still needed a permanent mechanism to provide for the long-term unemployed. Its proposed solution was the Unemployment Bill, described by Stephanie Ward as 'the most debated piece of domestic legislation in the interwar period'.⁶⁶ The legislation changed the way that assistance relief was calculated, and was intended to take 'unemployment relief out of party politics'. The way to do this was 'by setting up an independent central authority...to do the work of the assistance committees'.⁶⁷ For the first time, under national assistance, those who fell outside the National Insurance system would now be funded by Westminster rather than by the local authorities as previously had been the case. Macmillan noted this at the time and called it 'a great landmark in the history of our social services'. To him, 'this development is a source of lively satisfaction to those of us who have always contended that the charge of able-bodied unemployed should be a National charge'. Indeed, '[a]s long ago as 1927, many of us pleaded with a Conservative Government to adopt this view'.⁶⁸ Not everyone thought this a good idea. The *Spectator* worried that a national body dealing with unemployment payments risked sliding into corruption in an attempt to curry favour with the electorate. It also feared that a 'cast-iron central system of central

⁶⁴ Patrick Gower, 'Draft Interview with Mr. Baldwin, to be issued on Saturday for publication in the press of the country on Sunday and Monday', 1931, in Baldwin MSS, vol. 201.

⁶⁵ 'Notes for Mr. Baldwin's Broadcast', 1931, Baldwin MSS, vol. 201.

⁶⁶ Ward, *Unemployment and the State*, p. 163.

⁶⁷ Simon Diaries, 13 February 1935, MS. Simon 7.

⁶⁸ Undated speech notes, 'Mr Macmillan', probably March/April 1935, MS Macmillan, Dep. C, 720, pp. 9, 22.

control' would lack the necessary local understanding of the 'personal history'.⁶⁹ Thus, as with the earlier decision to leave the administration of unemployment assistance under the direct responsibility of local government, the Conservative decision to shift that responsibility to the central government was made on pragmatic grounds.

Unfortunately for the National Government, it botched the implementation of the new scheme in January 1935. Because benefits varied across the country, being determined by the local authority administering them, the proposed standardised rates had the effect of lowering benefits for some national assistance recipients. This had not been the government's plan. Addressing the backbench 1922 Committee, the Minister of Labour, Oliver Stanley, explained that 'the whole idea of the original regulations was to improve the conditions of the unemployed. It became apparent that the estimate was completely wrong, and the only fair course was to withdraw the cuts.'⁷⁰ The result was, politically speaking, '[a]n appalling mess'.⁷¹ This led to a significant political backlash, and the Government was forced to make a hasty retreat. Even the *Spectator* thought that the ensuing public outrage was 'in part just'.⁷² Rather than feeling anger at the government's backdown, its supporters were 'at a loss' and 'badly let down' at its failure to foresee the Bill's consequences.⁷³

As an interim measure to limit the damage, the Conservatives were forced to enter into 'standstill' arrangements to ensure that recipients of Unemployment Assistance were not left worse off as a result of the changes. Under the Unemployment Assistance (Temporary Provisions) Act, enacted on 15 February 1935, anyone whose payments would have been reduced under the 1934 Act would continue to receive assistance at the previous rate.⁷⁴ The problem was not resolved quickly—the

⁶⁹ 'The Unemployment Bill', *Spectator*, 10 November 1933, p. 651.

⁷⁰ 1922 Committee minutes, 27 May 1935, 1922/3.

⁷¹ Simon Diaries, 13 February 1935, MS. Simon 7.

⁷² 'This Week in Parliament', *Spectator*, 15 February 1935, p. 237.

⁷³ 'The Fiasco of the Unemployment Board', *ibid.*, 8 February 1935, p. 195.

⁷⁴ Cmd. 5145, *Ministry of Labour Report for the Year 1935* (London, 1936), p. 65.

party still had not worked out a resolution before the 1935 general election. The manifesto merely stated that the “standstill” arrangements are, as they were always intended to be, temporary’, without stating what the replacement was to be.⁷⁵ In the end, they remained in place for almost two years, until November 1936.⁷⁶

The Government took more care when amending the regulations. Simon, now at the Home Office, wrote in his diary that the ‘framing and carrying through’ of the new Unemployment Assistance Regulations had been ‘the most difficult achievement of the Session in the domestic sphere’.⁷⁷ The Unemployment Assistance Board officially took charge over recipients of Unemployment Assistance on 1 April 1937.⁷⁸

Some Conservatives openly criticised the National Government’s approach to the means test and argued for a more generous stance towards recipients of national assistance. Harold Macmillan told ‘a well-attended meeting of the combined lodges of the National Conservative League’ that he was ‘prepared to do all that was humanly possible to revise the scheme so that hardships did not prevail’.⁷⁹ He criticised the ‘too rigid enforcement’ of the means test.⁸⁰ Macmillan also called for service pensions to be excluded when calculating household income.⁸¹ Moreover, public concern was not confined to the usual malcontents within the Conservative Party. In one of his pamphlets, Cuthbert Headlam declared himself ‘in favour of a complete alteration of the present “Family Means Test”’. This was ‘to relieve the hardships which now exist’, and, more interestingly, ‘which I have constantly brought to the notice of the Government’.⁸² Macmillan also called for the

⁷⁵ Stanley Baldwin, J. Ramsay MacDonald and Sir John Simon, *A Call to the Nation: The Joint Manifesto of the Leaders of the National Government*, NU No. 3536 (London, 1935), p. 9.

⁷⁶ PEP, *British Social Services*, p. 135.

⁷⁷ Simon Diaries, 11 August 1936, MS. Simon 7.

⁷⁸ Cmd. 5717, *Ministry of Labour Report for the Year 1937* (London, 1938), p. 59.

⁷⁹ ‘Means Test Anomalies’ cutting from *North-Eastern Daily Gazette*, 9 February 1932, in MS Macmillan, Dep. C. 862.

⁸⁰ Harold Macmillan to J.R. Carr (Town Clerk, Borough of Thornaby-on-Tees), 21 January 1932, MS Macmillan, Dep. C. 862.

⁸¹ Macmillan to Mrs Flounders, 18 February 1932, MS Macmillan, Dep. C. 862.

⁸² *To the Electors of Barnard Castle Division* (Durham, 1935), D/He 112/3.

abolition of the family means test in his election address, and for the introduction of ‘a nation-wide system of superannuation allowances’.⁸³

However, internal criticism of National Government policy did not necessarily entail criticism of the principles behind that policy, but rather of the minutiae of their application. Support for some sort of means test existed across the spectrum of Conservative opinion, even if different Conservatives thought it should be administered in different ways. Thus, Harold Macmillan, who lay very much on the party’s left, and, who by his own admission was ‘often a thorn in the flesh of the Government’,⁸⁴ did not support the outright abolition of the means test.⁸⁵ Instead, he thought the ‘object [of such a test] is to assess the “needs” of the individual and relieve him according to the “means” of the State [emphasis in original]’. He added that a means test was justified because:

The money out of which transitional benefit is paid is collected by the Government from all the citizens according to their income. In that fact alone there is surely justification for distributing it according to the needs of those who receive it. While it would be nice to provide more, the brutal reality was that society’s generosity must be limited to what the ordinary citizen can afford to pay.⁸⁶

Macmillan’s gripe was with how the means test was applied. Savings should only count towards the assessment of a person’s means, he argued, to the extent that income was generated from those savings. Otherwise, ‘thrift’ would be ‘discouraged’.⁸⁷ This was a typically Conservative argument. Similarly, while it was ‘right and proper’ to expect relatives to ‘make a substantial contribution to the maintenance of the family when one is working and the others idle’, the contributions expected should be nationally consistent, and ‘the temptation to evade this natural duty should not be increased by the action of the state’.⁸⁸

⁸³ Harold Macmillan, *To the Electors of Stockton and Thornaby: What I Stand For: A Policy of Economic Reconstruction, Social Justice, International Peace* (Stockton-On-Tees, 1935) MS Macmillan Dep. C 142.

⁸⁴ Harold Macmillan, ‘Notes for Chapter 8’, MS Macmillan Dep. C. 862.

⁸⁵ HC Debates, 5th ser., vol. 289, cols 1148-52, 9 May 1934 (Harold Macmillan).

⁸⁶ Undated speech notes, ‘Mr Macmillan’, p. 1.

⁸⁷ *Ibid.*, pp. 21, 34.

⁸⁸ ‘PRECIS OF SPEECH to be delivered in the House of Commons today, April 5th, on the UNEMPLOYMENT INSURANCE RESOLUTION’, 5 April 1935, MS Macmillan, Dep. C. 720.

Part of the reason for Macmillan's and Headlam's opposition to the family means test no doubt lay in the nature of the northern constituencies they represented. 'The fact that I am a representative of a "depressed area" is never absent from my mind', Macmillan wrote in 1936.⁸⁹ Welfare issues were far more pressing concerns to voters in economically distressed constituencies than those in the more prosperous ones. This could cause frustration. Reflecting this, Headlam wrote in his diary '[i]n this election the one and only point at issue is the "Means Test"', which was being used 'as the main count against the Government'. Because of the government's 'failure to revise it our position is a very difficult one'.⁹⁰ Headlam lost his seat in 1935, while Macmillan survived with a reduced majority—the intervention of Liberal candidates eroded both of their vote shares.

The principle of the means test remained at the core of Conservative national assistance policy throughout the 1930s. This was consistent with earlier criticism of the second Labour government's extension of transitional benefit to those whose insurance benefit had expired, as was discussed in chapter two. For Conservatives, it stood to reason that state assistance should be limited to those who had contributed to it, and, for those who did not contribute, to those who absolutely could not sustain themselves. Thus, the National Government's 1935 manifesto declared '[t]he question is not whether there should be a Means Test, but what that test should be'.⁹¹

In this regard, the Conservatives took a harder line than their opponents. The means test itself was highly divisive. In 1935, the Labour candidate for the Cambridge University constituency claimed

⁸⁹ Macmillan's... *Bulletin*, vol. 1/2 (July 1936), MS Macmillan, Dep. C. 142.

⁹⁰ Headlam Diaries, 12 November 1935, D/He/31.

⁹¹ Baldwin, MacDonald and Simon, *A Call to the Nation*, pp. 9-10.

that it ‘caused more class bitterness in England than any measure since the Poor Law of 1834’.⁹² Labour condemned the Conservatives for having ‘robbed the unemployed of benefit and subjected them to a harsh and cruel household means test’, a test which it promised to ‘sweep away’.⁹³ They further criticised the Tories, who had reduced the Exchequer grant to the Unemployment Insurance Fund by £5 million, extended the waiting period, and ‘deprived scores of thousands of unemployed men and women of their benefit, and they have cut down the rates of benefit of thousands of young people’.⁹⁴ In return, the Conservatives liked to point out that significant elements within the Labour Party had previously accepted the need for means tests.⁹⁵ The Liberals, while not condemning the concept of a means test, thought that ‘to treat the “household” as a unit is wrong’.⁹⁶

When it came to the National Insurance side of unemployment payments, the Conservatives adopted the same cautious expansionary approach as occurred with health and the tentative moves towards family allowances. First, the cuts were reversed once the budgetary situation improved. By 1934, Neville Chamberlain felt confident enough to declare: ‘I would say that we have now finished the story of "Bleak House" and that we are sitting down this afternoon to enjoy the first chapter of "Great Expectations"’.⁹⁷ In that spirit, he announced support for ‘the full restoration of unemployment benefit’ from 1 July that year.⁹⁸ The legislation giving effect to this received Royal Assent on 28 June 1934.⁹⁹

⁹² H. Lionel Elvin, *To the Parliamentary Electors of the University of Cambridge* (Cambridge, 1935), in CRD 1/7/30.

⁹³ Labour Party, *Labour Party's Call to Power*.

⁹⁴ Labour Party, *Unemployment Was to be Remedied under Tory Rule*, Leaflet No. 177 (London, 1929).

⁹⁵ See e.g. *The Means Test*, NU no. 3544, (London, 1935), CRD 1/7/30; *Labour and the Means Test*, NU no. 3529 (London, 1935), CRD 1/7/30. Harold Macmillan's own election material used this argument. See ‘General Election, 1931, The “Means Test” Lie Answered’, in MS Macmillan, Dep. C. 682.

⁹⁶ Liberal Party, *General Election—1935: The Liberal Manifesto* (London, 1935), in CRD 1/7/29, p. 5.

⁹⁷ HC Debates, 5th ser., vol. 288, col. 905, 17 April 1934 (Neville Chamberlain).

⁹⁸ *Ibid.*, col. 924.

⁹⁹ Cmd. 4861, *Ministry of Labour Report for the Year 1934* (London, 1935), p. 52.

Further, as the decade progressed, the National Government gradually extended eligibility for National Insurance. In 1934, the minimum age was lowered from 16 to the school leaving age.¹⁰⁰ Following the recommendations of the Unemployment Insurance Statutory Committee, the Government created a scheme for agricultural workers. This commenced on 1 June 1936.¹⁰¹ In April 1938, unemployment insurance was extended to cover domestic servants who previously had been excluded.¹⁰² The party also looked willing to include higher-income earners within unemployment insurance as well. The draft 1939 manifesto planned to raise the income cut off for non-manual workers from £250 to £400 per year.¹⁰³ Even allowing for the fact that this was merely an internal draft, the fact that it was produced by the policymaking body under the direct control of Neville Chamberlain makes it less likely to have been an idea wildly beyond the leadership's comprehension. Nevertheless, the scheme remained incomplete.

In sum, the Conservative approach to unemployment assistance again shows a consistency in its attitude to the state. It was prepared to use the state when it was deemed necessary to promote its objectives of a dual insurance/means-tested assistance system for caring for the unemployed. However, fears over cost and the determination to maintain the insurance principle made any radical restructuring of the system politically impossible.

When it came to the other areas of welfare addressed in this chapter, notably health and pensions, the Conservatives' general reluctance to make great strides in extending the many gaps in the system was primarily due to fears about the cost and the fear of the undermining voluntary institutions to which they attached such value. The Conservatives were not, however, completely afraid of the state. As the 1930s dragged on, the extent of state intervention in welfare continued

¹⁰⁰ Ibid., p. 53.

¹⁰¹ PEP, *British Social Services*, p. 124.

¹⁰² Cmd. 6016, *Ministry of Labour Report for the Year 1938* (London, 1939), p. 52.

¹⁰³ David Clarke, 'Draft Election Manifesto', 4 August 1939, CRD 1/7/37, p. 7.

to grow. The National Government extended access to voluntary pensions and National Health Insurance, as well as expanding the number of occupations eligible for National Insurance.

As the economy improved, the focus once again shifted to expanding the welfare system. In 1935, the National Government announced it would fill one of the holes in the health insurance system by, for example, bringing 14 to 16-year-old children in employment, and not in full-time education, into the National Health Insurance system. It also boasted that it would extend pensions to ‘people with small means’, but again under a voluntary basis.¹⁰⁴ As a result, by January 1 1938, almost all British workers and those employed on British ships were covered by National Health Insurance ‘irrespective of their sex or nationality, except those engaged in a non-manual capacity and earning more than £250 a year’.¹⁰⁵ This was not the only extension of welfare. The Widows’, Orphans’ and Old Age Contributory Pensions (Voluntary Contributors) Act of 1937 granted non-manual, or ‘black-coated’ workers access to old age and widows’ pensions on a voluntary basis.¹⁰⁶ The Conservatives made other small changes beyond insurance. For example, the Midwives Act 1936 established a ‘whole-time salaried midwifery service’ administered by local authorities.¹⁰⁷

Despite these modest improvements, the British health system remained, in PEP’s words, characterised by ‘a bewildering variety of agencies, official and unofficial’.¹⁰⁸ Moreover, substantial gaps and inconsistencies remained. The most glaring of these was the continued exclusion of dependants of wage earners. The Independent MP Eleanor Rathbone noted this was especially harsh on women, whose health ‘suffered considerably’ when faced with the strain of both caring for a sick husband and maintaining the household. Further, unlike unemployment insurance, there

¹⁰⁴ *Great New Prosperity Policy: An Outline of the National Government’s Programme*.

¹⁰⁵ S. Mervyn Herbert, *Britain’s Health* (London, 1939), p. 83.

¹⁰⁶ Harris, *British Welfare State*, p. 216.

¹⁰⁷ PEP, *British Health Services*, p. 100.

¹⁰⁸ *Ibid.*, p. 413.

was no dependants' allowance for dependants of ill workers.¹⁰⁹ This was a step that even the British Medical Association, which had vehemently opposed the creation of National Health Insurance in 1911, and which would go on to vehemently oppose the creation of the NHS in 1948, supported during this period.¹¹⁰

Women and children were not the only losers. Due to income limits, middle-class families were ineligible for any kind of state assistance. They instead had to resort to private insurers at a time when advances in medicine meant the cost of healthcare placed an increasing burden on middle-class finances. The fragmented nature of the approved society-administered system also offered no consistency to those eligible for National Health Insurance. As Arnold Wilson wrote, those individuals 'will all be paying contributions at standard rates, but what they get in return may vary so wildly as to leave a feeling of resentment against the decisions of a bureaucracy which has long ceased to be "friendly"'.¹¹¹

The entire National Insurance and pensions systems likewise remained complex, inequitable, and continued to treat women unfairly. As Labour MP Rhys Davies summarised:

Everybody is becoming a little bewildered by these several income limits. There is an income limit of £250 for non-manual workers in National Health Insurance; there is no income limit for manual workers. There is another limit for Unemployment Insurance and another limit still in this Bill—£400 for men and £250 for women. I should have thought that the right hon. Gentleman would have abolished some of these different income limits and have made them universal.¹¹²

While acknowledging the desirability of addressing these anomalies, the Conservatives took the same attitude as they did to other areas of welfare: change was ideal but could not be rushed. The

¹⁰⁹ HC Debates, 5th ser., vol. 311, cols 1197-8, 30 April 1936 (Eleanor Rathbone).

¹¹⁰ Harris, *British Welfare State*, p. 294. For the BMA's stance on the creation of the NHS, see Charles Webster, *The National Health Service: A Political History* (Oxford, 1998), pp. 22-8.

¹¹¹ Sir Arnold Wilson, 'A National Health Insurance?', *Spectator*, 13 November 1936, pp. 845-6, p. 845.

¹¹² HC Debates, 5th ser., vol. 322, col. 405, 8 April 1937 (Rhys Davies).

inclusion of 14 to 16-year olds represented the only alteration to the health insurance system following the 1932 cuts.¹¹³ When asked by Labour MP Ellen Wilkinson whether the government had any plans to extend health insurance to wives and children, the Minister of Health, Walter Elliot,¹¹⁴ replied, 'I regret that I cannot hold out any prospect of the introduction of legislation for this purpose at the present time'. He did, however, 'hope very much that we shall be able to do something about this before very long'.¹¹⁵ The draft 1939 manifesto suggested the Conservative Party was indeed moving in this direction before the War intervened. It pledged that '[i]f the burden of armaments permits, the Government also propose to make medical benefit available to the wives and children of insured persons under the National Health Insurance Scheme'.¹¹⁶

In summary, the Conservatives supported modest extensions to the emerging welfare state, but only so long as such extensions were affordable.

The Unsuccessful Campaign for Family Allowances

Another emerging battleground during the 1930s concerned family allowances. These are treated separately because they constituted a new area of welfare and they did not come into fruition during the period covered by this chapter. The idea predated the National Government and would not be implemented until just before the 1945 general election.

Support for family allowances gained traction as the decade wore on, and some private organisations established schemes for their own workers, albeit at widely varying rates.¹¹⁷ The

¹¹³ Thane, *Foundations*, p. 180.

¹¹⁴ Walter Elliot, 1888-1958. MP for Lanarkshire, 1918-23; MP for Glasgow, 1924-45, 1950-8; MP for Combined Scottish Universities, 1946-50; Parliamentary Under-Secretary to the Minister of Health for Scotland, 1923-4, 1924-6; Parliamentary Under-Secretary of State for Scotland, 1926-9; Financial Secretary to the Treasury, 1931-2; Minister of Agriculture and Fisheries, 1932-6; Secretary of State for Scotland, 1936-8; Minister of Health, 1938-40.

¹¹⁵ HC Debates, 5th ser., vol. 341, cols 295-6, 10 November 1938 (Ellen Wilkinson and Walter Elliot).

¹¹⁶ Clarke, 'Draft Election Manifesto', p. 6.

¹¹⁷ For a summary of these, see Eleanor F. Rathbone, *The Case for Family Allowances* (Harmondsworth, 1940), pp. 115-18.

purpose of these allowances, which were proposed as a supplement to inadequate wage income, was to address child poverty. Despite the growing support, criticism remained. Perhaps more unusually for a welfare measure, family allowances had their critics on the left as well as on the right. From the left, the opposition lay in a fear that payment of such allowances would depress wages and, arguably, would undermine the man's traditional role as the family breadwinner. As late as July 1938, Attlee told the Commons that Leo Amery's proposal for children's allowances

was looked at with some suspicion on this side, not because we did not think that many families ought to be given adequate assistance to support those families, but from a fear that it would spell an attack upon wages, and lest the burden of the large family would be relieved at the expense of other wage earners.¹¹⁸

Suspicion remained on the Conservative side as well, though largely on traditional grounds of economy. While the principle enjoyed some support, its implementation remained contingent on what the nation could afford. As with unemployment payments, this remained true even among some of the more radical Conservatives. Again, Macmillan acknowledged the 'gravest social urgency' in view of the number of children estimated to be living in families 'below his standard of minimum human needs' and favoured a state-run proposal to pay out these allowances from taxes. He further acknowledged that 'any short-term measures would be better than nothing'.¹¹⁹ However, no serious measures could likely be implemented beyond 'inadequate palliatives, until we face the need for such a policy', by which he meant economic reconstruction.¹²⁰

Reflecting their gradual embrace of a more extensive welfare state, by the late 1930s policymakers within Conservative ranks began to explore seriously the possibility of introducing their own scheme of family allowances. In June 1938, when asked about the subject in the Commons, Chamberlain said he would not establish a Royal Commission, 'but undertook to keep the question

¹¹⁸ HC, Debates, 5th ser., vol. 338, col. 1833, 18 July 1938 (Clement Attlee).

¹¹⁹ Harold Macmillan, 'Are Family Allowances Possible?', *Liberal National Magazine*, 1/6 (March 1939), pp. 366-370, in MS Macmillan, Dep. C. 866.

¹²⁰ *Ibid.*, p. 368.

under consideration' i.e. not to rule it out. Indeed, it is distinctly possible that family allowances would have been introduced had the National Government survived beyond 1940. This is evident not only from an internal memorandum,¹²¹ but from subsequent events. In January 1940, Leo Amery, a noted supporter of family allowances,¹²² saw Ball at the CRD to discuss the subject 'at Neville's suggestion'. Ball, Amery noted, was 'reasonably well posted' on the topic, and 'thoroughly sympathetic'.¹²³ However, while family allowances were certainly becoming more likely, it does not mean they were certain. Just three months after a memorandum discussing family allowances as a possible election topic, they disappeared from the actual manifesto draft.¹²⁴

The proposals emerging behind the scenes, however, would have fallen somewhat short of campaigners' hopes. Clarke's memorandum proposed an insurance-based scheme, to include those already covered by the National Insurance Act. It would also apply to 'civil servants, teachers, public utility staffs and similar categories exempt from Health Insurance'. Certain people could opt out: 'widowed or divorced men over 50 at a certain date, married men with wives over 45 and all women over 45'. The wives of insured persons would receive an allowance of 5/- per week from the third child onwards. It would, however, only 'be payable during absence from work through sickness or incapacity'. Clarke estimated the scheme would cost 'about £27,000,000 annually'. It would be financed 'by equal contributions by the employer, the employee, and the State'.¹²⁵ By tying the proposal to insurance in this manner, it would remove the inconsistency of the unemployed receiving family allowances while those in work missed out. It was also not a universal scheme. While far from ambitious, the structure of the proposed Conservative family allowance regime was entirely consistent with earlier Conservative reform proposals, and indeed

¹²¹ Memorandum, Clarke to Ball, 19 May 1939, CRD 1/7/37. This is probably the manifesto that Ramsden cites as evidence that the Conservatives would have introduced family allowances at a hypothetical 1940 election. The memorandum was not a manifesto, but a 'series of very brief notes' on possible manifesto proposals.

¹²² Pedersen, *Family Dependence*, pp. 319-20.

¹²³ Amery Diaries, 26 January 1940, AMEL 7/34.

¹²⁴ Clarke, 'Draft Election Manifesto'.

¹²⁵ Memorandum, Clarke to Ball, 19 May 1939, CRD 1/7/37.

with future ones. As with earlier schemes, the proposed family allowances would have used the state to extend the insurance principle, but not in a universal fashion—coverage was limited to those believed to require it. Further, like reforms to National Insurance, national assistance and National Health Insurance, it represented a gradual, incremental change that would have disappointed many.

Conservative support for family allowances increased because of the apparent practical effects family allowances would have on reducing child poverty. As Thane and Pedersen have argued, this differed from the original intention behind such allowances, namely the empowerment of women.¹²⁶ The backbencher Robert Boothby, for example, asked Chamberlain in June 1938 whether he would ‘examine’ the subject, [i]n view of the bearing of this question on the whole problem of nutrition and of the widespread public interest that is taken in it’.¹²⁷ Family allowances also enjoyed support on natalist grounds. Amery worried that the high cost of having children relative to incomes was limiting the number of children in working-class families. This risked lowering the birth rate to the point where Britain faced ‘the menace of a dwindling population’.¹²⁸ This was especially alarming given the birth rate was already below replacement level.¹²⁹ The outbreak of war and national security concerns increased Conservative support. Based on the evidence available, Pedersen was probably right to suggest that no widespread family allowance scheme would have been introduced but for the outbreak of war.

¹²⁶ Thane, *Foundations*, pp. 200-3; Pedersen, *Family Dependence*, pp. 316-20.

¹²⁷ HC Debates, 5th ser., vol. 337, col. 1899, 29 June 1938 (Robert Boothby).

¹²⁸ ‘We must stop the Prices-Wages Scramble. Are Family Allowances the Solution?’, interview with Leo Amery in cutting from *Answers*, 30 March 1940, in AMEL 1/5/2, pp. 7-8.

¹²⁹ ‘Birmingham M.P. Appeals for Family Allowances’, cutting from *Birmingham Evening Dispatch*, 14 November 1938, in AMEL 1/5/43.

Thus, family allowances, much like social insurance and health, conform to an existing pattern of Conservative behaviour towards the state: only reforming what could be paid for and not needlessly undermining private initiatives.

Factors Driving Conservative Welfare Policy

Several factors explain the party's apparently contradictory stance of restraining the growth of the state, yet supporting its extension, as the decade drew on. This section will begin by examining the drivers of a more positive policy before moving on to discuss the constraints the party faced.

Popular opinion naturally played a role. While times of financial crisis justified retrenchment, as circumstances improved, electoral pressures shifted policy in the direction of welfare expansion, even if at a modest pace. Conservatives also acted defensively when attacked on their welfare record.¹³⁰ Once the immediate task of stabilising the economy had been achieved, and with the National Government 'nearing the end of the work which it had been returned to do', it needed new policy initiatives, including those in the arena of welfare. As early as January 1934, Ball suggested that the CRD look into a 'supplementary voluntary pensions scheme for insured workers'.¹³¹ Chamberlain thought the party should 'certainly examine the possibilities' of such pensions, but feared the cost implications. Sir Kingsley Wood¹³² thought it would be 'a splendid political idea if it could be adopted'.¹³³ It doubtless helped that contributory schemes generally were recognised as popular at the time.¹³⁴ Conservative politicians felt that they could gain political capital by focusing on the party's existing welfare record. They claimed that Britain enjoyed a

¹³⁰ *The Poor Law Lie*, NU no. 3496 (London, 1935).

¹³¹ Joseph Ball, 'Notes of discussion with the Chancellor of the Exchequer on 30/1/34', CRD 1/64/1.

¹³² Sir (Howard) Kingsley Wood, 1881-1943. MP for Woolwich, 1918-43; Parliamentary Secretary to the Ministry of Health, 1924-9; Parliamentary Secretary to the Board of Education, 1931; Postmaster-General, 1931-5; Minister of Health, 1935-8; Secretary of State for Air, 1940; Lord Privy Seal, 1940; Chancellor of the Exchequer, 1940-3.

¹³³ CCC minutes, 2 March 1934, CRD 1/64/2.

¹³⁴ See PEP, *British Social Services*, p. 25.

sound welfare system and that Conservatives had helped to preserve and expand it. Headlam's 1935 election address claimed as one of the National Government's achievements that it 'has maintained to the full the Social Services'.¹³⁵ 'No country in the world makes such generous provision for the unemployed as Britain', said another pamphlet.¹³⁶ Addressing the 1922 Committee in 1937, the Minister of Labour thought that a 'good deal more work could be made electorally of the Governments [sic] work relating to his Department'.¹³⁷ Britain's social services 'continue to be the admiration of the world' and were about to expand 'into a new field, namely cancer clinics'. 'Nearly 3,000,000 children were getting milk in the schools and thousands of people every week were coming into the Voluntary Pensions Scheme'.¹³⁸ There were limits to the perceived electoral benefits of welfare. Few Conservatives would have suggested trying to out-do the Labour Party's welfare promises. 'Bidding for votes by promises of public money' was a game 'at which the Socialists are so good' that beating them was impossible and imprudent, warned Hilton Young in advance of the 1935 election.¹³⁹

Individual policy decisions or short-term political imperatives also had an impact. Whether to head off a more significant protest, or to prevent embarrassment, Conservatives would on occasion reverse course. The backflip over the National Assistance Regulations already has been discussed, but it was not the only such instance. In 1936, for example, the Minister of Health, Kingsley Wood, with Neville Chamberlain's support, recommended that Cabinet allow him to announce the lowering of the pension age for the blind from 50 to 40. Such a proposal would continue the legislative trend of taking the blind out of the Poor Law. Though Wood had had the legislative proposals to give effect to this change 'under consideration for some time', an impending march

¹³⁵ *Vote for Headlam: The National Conservative Candidate* (Durham, 1935), in D/He 112/4.

¹³⁶ *A Record of Progress*, p. 15

¹³⁷ 1922 Committee minutes, 14 June 1937, 1922/3.

¹³⁸ Harry Crookshank, 'Speaking at Fillingham on 18th November', 18 November 1938, MS Eng. Hist. C.597 (Crookshank papers).

¹³⁹ 'Note by the Minister of Health, Containing Suggestions for Closing Gaps in Our Social Services', 15 April 1934, CRD 1/64/4, p. 1.

of the blind in London made it ‘desirable that a decision should be taken at once’.¹⁴⁰ The Cabinet agreed. Even here, though, the proposals were hardly new, and had first been promised in the Conservatives’ 1929 election manifesto.¹⁴¹

Many Conservatives also recognised that times had changed, and that a shift in public attitudes towards the state both limited the scope for retrenchment and necessitated at least some further reform. This theme of changed popular expectations was evident throughout the 1930s across various groups within the party. For example, Leo Amery, then on the backbenches, wrote in 1935 that:

If, on the other hand, our idea of economy is the drastic reduction of State activities involving common expenditure—and that is perhaps the commonest sense in which the word economy is used in politics to-day—we are bound to find ourselves against the fact that the *laissez-faire* [sic] era is over. It is gone and cannot be restored.¹⁴²

That Amery was a fierce protectionist no doubt made it easier for him to acknowledge the necessity of at least some other forms of state intervention. This attitude showed no signs of retreating as the 1930s progressed. Thus, Sir Arnold Wilson¹⁴³ recorded in his published diary that ‘[t]he forces now working for change are deeper than those of the Renaissance-Reformation upheaval’.¹⁴⁴ Members of the CRD shared this view. Clarke wrote that ‘[t]here is something in the nature of a new idealism emerging’.¹⁴⁵ Conservatives were far from the only ones to notice this trend, with PEP noting that it was ‘of course, impossible after the grim experience of the post-War years’ to revert to the original, much less complex social insurance system.¹⁴⁶ The impact of this was to nudge the policymaking machinery to make further reforms that it might otherwise have thought

¹⁴⁰ ‘Blind Persons: Memorandum by the Minister of Health’, 29 August 1936, CP 231(36), pp. 22-3.

¹⁴¹ Cabinet conclusions, 2 September 1936, CAB 56(36).

¹⁴² L.S. Amery, *The Forward View* (London, 1935), p. 393.

¹⁴³ Sir Arnold Talbot Wilson, 1884-1940. MP for Hitchin, 1933-40. Joined the RAF in 1939 and was killed in action the following year.

¹⁴⁴ Sir Arnold Wilson, *Thoughts and Talks 1935-7: The Diary of a Member of Parliament* (London, 1938), p. 19.

¹⁴⁵ Memorandum, Clarke to Ball, 27 January 1939, CRD 1/7/37.

¹⁴⁶ PEP, *British Social Services*, p. 116.

unnecessary. Whether this shift was as great as contemporaries imagined, though it probably was, is immaterial. What mattered was that the perception of a threat had an impact upon the speed with which the Conservatives would countenance social change.

However, political incentives do not suffice to explain why the Conservatives acted as they did, and specifically why the Conservatives embraced the sorts of reforms as they did. For a start, many Conservatives acknowledged practical difficulties with existing arrangements and believed in at least the theoretical desirability of extending benefits still further. For example, the backbench MP Sir Arnold Wilson noted that the ‘vast majority of adult men and women... cannot make their voice heard when the wheels [of the welfare system] creak, or worse, grind some unfortunate into the dust’. He added the medical insurance system applied to ‘insured persons only, not their wives and children’, and that the ‘Approved Society system is complicated and extravagant’.¹⁴⁷ Even with the threat of war looming ever larger and rapidly increasing defence spending, welfare never entirely slipped off the party’s policy agenda. Thus, a draft speech for Harry Crookshank acknowledged that ‘we must ever remember that Peace and Security which we hope to achieve come first’. Despite this, ‘[n]o one can say that our defence policy has, at any rate as yet, had to slow down our plans for the improvement of the condition of our people’, and he hoped it would not do so.¹⁴⁸ It is difficult to argue that all of this was confected for electoral purposes.

In addition, it is difficult to see how Conservatives could have supported welfare measures unless they were at least to some extent compatible with the party’s philosophy as then understood. As already mentioned in previous chapters, a number of Conservatives stressed their desire to improve social conditions. As Macmillan wrote in his constituency newsletter, ‘[t]he preservation of Peace is of course paramount; but the other test of good government is the condition of the

¹⁴⁷ Wilson, *Thoughts and Talks*, pp. 73-5.

¹⁴⁸ Harry Crookshank, untitled speech for ‘annual meeting’, April 1938, MS Eng. Hist. C.597 (Crookshank papers), pp. 6-7.

people'.¹⁴⁹ Conservatives could support the growth of the state to achieve this end because they developed their own conception of what purpose welfare served. Viewed through a Conservative lens, the role of the state was not to redistribute wealth but to assist individuals to self-help. This position was summed up in a draft election manifesto from 1939, which argued:

The basis of the National Government's policy is the conviction that democratic civilisation is founded upon the individual. The National Government does not stand for the interests of any one class or section of the community but for the common good of the whole nation. It recognises that only by providing for each individual the opportunity for his highest development can the nation prosper.¹⁵⁰

Conservatives could also support ideas that had emerged from outside the Conservative tradition if they could be justified on Conservative grounds. Family allowances offer a clear example of this. As Susan Pedersen has pointed out, and as this chapter has already noted, Leo Amery's enthusiasm for family allowances was primarily motivated by the desire to reduce child poverty, and in part motivated by concerns that Britain's low birth rate threatened her future as an imperial power. This rationale for supporting family allowances differed from the motivations of its earlier supporters, who saw them as a means of empowering women.¹⁵¹

Thus, where Conservatives engaged in reform or were close to implementing reform, their proposals were often based so far as possible on existing institutions. On unemployment assistance, for example, the provisional scheme deliberately chose to work through the Public Assistance Committees since they were already there. Even family allowances, which the party was gradually coming to support, were hardly a new idea. By the 1930s, they already had been 'widely adopted on the Continent',¹⁵² so were not unfamiliar to British policymakers. Moreover, they already existed within Britain itself. As Rathbone pointed out, both unemployment insurance and

¹⁴⁹ *Macmillan's... Bulletin*, vol. 1/2.

¹⁵⁰ Clarke, 'Draft Election Manifesto', p. 2.

¹⁵¹ Pedersen, *Family Dependence*, pp. 317-20.

¹⁵² PEP, *British Social Services*, p. 166.

unemployment assistance recipients were entitled to children's allowances. Only the employed missed out.¹⁵³ It likely also helped that family allowances were envisaged as a relatively inexpensive top-up benefit rather than a large universal one. Finally, as has already been pointed out, the Conservative family allowance scheme was not proposed as a universal benefit. One should also point out that not all planners proposed to go as far as the NHS legislation would in the 1940s. PEP, for example, in its lengthy report on the British health services, recommended that health insurance should remain on an insurance basis.¹⁵⁴

The maintenance of existing social norms also played a role in the shaping of policy, particularly those norms relating to gender. As has already been pointed out, women suffered disproportionately as a result of welfare cuts. They had a higher chance of having their assistance claims rejected, for example.¹⁵⁵ When new benefits were created, existing conceptions of the family meant that women continued to be treated differently to men. For example, when contributory pensions were extended to black-coated workers in 1937, the scheme was open to men earning up to £400 per year, but to women earning up to just £250 per year. The reason for this discrepancy, explained Kingsley Wood at the Bill's second reading, was 'not one of sex differentiation at all'. Whereas a married man 'will need to make provision, not only for his old age but for his wife, and, in case he should not survive, for pension and allowances for his widow and children', a woman would primarily want to insure for an old-age pension.¹⁵⁶ This reflected the prevailing Conservative view of the married male breadwinner's role within the family. Once again, that the Conservatives did this is hardly surprising given both the party's general disposition against social change, and their previous support of Labour's 'anomalies' legislation based on similarly gendered assumptions.

¹⁵³ Rathbone, *Case for Family Allowances*, p. 24.

¹⁵⁴ PEP, *British Health Services*, p. 229.

¹⁵⁵ Pedersen, *Family Dependence*, pp. 308-9.

¹⁵⁶ HC Debates, 5th ser., vol. 322, cols 393-4, 8 April 1937 (Kingsley Wood).

On the other hand, it seems unlikely that the Conservatives' National Government coalition partners had a substantial effect on policy formulation, at least directly. National Government propaganda certainly liked to boast that Liberalism had a say in the shaping of policy. Thus Liberal voters were urged to 'vote National and save Liberalism', and one pamphlet boasted that Liberal Nationals were 'an active force in the shaping of policy'.¹⁵⁷ Similarly, in one of his constituency bulletins, Macmillan wrote that this was 'not a Conservative Party Government'.¹⁵⁸ On occasion, it seems, the minor parties could have some impact.¹⁵⁹ There were, however, limits to what the junior partners could do, or be allowed to take credit for. This created irritation within both the Liberal National and National Labour parties. In 1937 National Labour Cabinet Minister Earl De La Warr¹⁶⁰ complained to Harold Nicolson¹⁶¹ that the Cabinet was 'really Tory and reactionary'.¹⁶² Similarly, Alec Beecham, who ran the Liberal National Research Department, saw 'among his Liberals a common opinion that the Conservative Research Department had a cut-and-dried programme fully worked out which at a given moment they proposed to force down the throats of the Liberal National and National Labour allies at the point of a pistol', even though he himself did not share that opinion.¹⁶³ Beecham was not alone in rejecting this criticism of the Government's direction and leadership, even if members of the smaller coalition parties were not equally comfortable with all individual Conservatives. The Liberal National Leader Sir John Simon

¹⁵⁷ *Vote National and Save Liberalism* (London, 1935), in CRD 1/7/30.

¹⁵⁸ *Macmillan's... Bulletin*, vol. 1/2.

¹⁵⁹ Nicolson Diaries, 1 July 1936, Nicolson MSS.

¹⁶⁰ Herbrand Edward Dundonald Brassey Sackville, 9th Earl de la Warr, 1900-76. Inherited earldom upon the death of his father, 1915; Parliamentary Under-Secretary of State for War, 1929-30; Parliamentary Under-Secretary for War, 1929-30; Parliamentary Secretary to the Ministry of Agriculture and Fisheries, 1930-1, 1931-5; Parliamentary Secretary to the Board of Education, 1935-6; Parliamentary Under-Secretary of State for the Colonies, 1936-7; Lord Privy Seal, 1937-8, President of the Board of Education, 1938-40; First Commissioner of Works and Public Buildings, 1940. Later served as Postmaster-General, 1951-5.

¹⁶¹ Sir Harold (George) Nicolson, 1886-1968. Husband of Vita Sackville-West. Former diplomat. Joined Sir Oswald Mosley's New Party and was the New Party candidate for the Combined English Universities constituency, 1931; National Labour MP for West Leicester, 1935-45; Parliamentary Secretary to the Ministry of Information, 1941-1; became a member of the Labour Party, 1947.

¹⁶² Nicolson Diaries, 10 September 1937, Nicolson MSS.

¹⁶³ Henry Brooke, 'Note on Co-Operation with Liberal Nationals', 29 March 1935, CRD 1/68/1.

wrote in his diary of Baldwin that ‘he represents our general outlook completely and there is nothing of the high-and-dry Tory about him’.¹⁶⁴

Further reflecting the belief in the popularity of certain welfare measures, there is evidence that Conservatives also wanted explicitly to take credit within the National Government itself for popular measures. Evidence for this lies, ironically, in the same folder in which Beecham dismissed the concerns of his fellow party members. Henry Brooke¹⁶⁵ of the CRD only felt it necessary to inform Beecham that authority had been obtained ‘to have retirement pensions referred to the Government Actuary’ because he worried that Beecham might otherwise find out through the Liberal National Parliamentary Secretary to the Ministry of Health, Geoffrey Shakespeare.¹⁶⁶ Even then, Brooke ‘saw no need to give him [Beecham] any inkling of the actual terms of reference given to the Government Actuary; nor of course did I mention to him the other matter of an extension to the Contributory Pensions Scheme, because that is a question which he has never raised’.¹⁶⁷ Contributory pensions had in fact been discussed at a Conservative Cabinet Committee meeting two months earlier.¹⁶⁸ Brooke added that he had ‘taken care never to mention to him [Beecham] that we are considering coming out with a Health policy because knowing Beecham, I am sure he would appropriate it and that his Liberal friends would then come out with it as their distinctive contribution to the programme’.¹⁶⁹ Similarly, there was ‘some indignation’ within National Labour after Kingsley Wood asked the group to ‘suppress’ a pamphlet on insurance that it had produced. Assuming the party’s members kept silent, however, it was implied Wood would

¹⁶⁴ Simon Diaries, 14 February 1935, MS. Simon 7.

¹⁶⁵ Curiously, after leaving Oxford, Brooke had worked at a Quaker-run settlement for the unemployed in South Wales. See Richard Davenport-Hines, ‘Brooke, Henry, Baron Brooke of Cumnor’, in *Oxford Dictionary of National Biography* (Oxford, 2014).

¹⁶⁶ Geoffrey Hithersay Shakespeare, 1893-1980. MP for Norwich, 1929-45 first for the Liberals and from 1931 for the Liberal Nationals; Lord Commissioner of the Treasury, 1931-2; Liberal National Chief Whip, 1931-2; Parliamentary Secretary to the Ministry of Health, 1932-6; Parliamentary Secretary to the Board of Education, 1936-7; Parliamentary and Financial Secretary to the Admiralty, 1937-40; Parliamentary Secretary to the Department of Overseas Trade, 1940; Parliamentary Under-Secretary of State, Dominions Office, 1940-2.

¹⁶⁷ Memorandum, Brooke to Ball, 15 April 1935, CRD, 1/68/1.

¹⁶⁸ CCC minutes, 2 March 1934, CRD 1/64/2.

¹⁶⁹ Memorandum, Brooke to Ball, 11 May 1935, CRD 1/68/1.

introduce ‘at least two thirds’ of the pamphlet’s proposals himself. Thus, National Labour members would ‘have the satisfaction of knowing’ that they had ‘obliged the Minister of Health to introduce important reforms’, even if they received ‘no public credit’ for their efforts.¹⁷⁰

Other non-Conservatives could also shape policy and do so more publicly. Sir William Beveridge, the Director of the London School of Economics and later Master of University College, Oxford, was appointed head of the Unemployment Insurance Statutory Committee. This body was charged with overseeing the Unemployment Insurance Fund, and to make recommendations. It was this Committee that proposed the creation of an insurance scheme for agricultural workers that was later adopted as Government policy.¹⁷¹ Even here, though, while the initiative may have arisen outside the Conservative Party, the actual proposals were not so far removed from existing policy as to be radical or to represent any actual philosophical innovation.

There were, however, several key restraints preventing further reform of Conservative welfare policy. Prioritising finance over welfare expansion was not the only ideological constraint on welfare policymaking. Conservatives worried that granting too much power to the state risked undermining individual incentive. ‘The natural preference to rely for these [the good things of life] upon the State, which means somebody else’s work and money, has had encouragement enough’, warned Hilton Young.¹⁷² This reasoning echoed the logic behind the 1834 Poor Law. Fears of granting too much power to the state remained, even in the area of social services. The other concern was that centralised state institutions lacked a human touch. Thus Captain Crookshank warned that:

The social conscience has been more and more awakened: and more and more is done each year to help the destitute, the downtrodden, the afflicted: and more and more men and women—and thank God for it—find an outlet in social work. But this very soon

¹⁷⁰ Nicolson Diaries, 1 July 1937, Nicolson MSS.

¹⁷¹ Cabinet conclusions, 18 December 1935, CAB 56(35).

¹⁷² ‘Note by the Minister of Health’, p. 1.

brings in the State which in the beginning merely means the direction and organisation of effort: from this intervention the danger follows of the loss of personal touch, and the coming of the soulless machine.¹⁷³

In Crookshank's eyes, events on the continent offered a warning for the United Kingdom. The destruction of religious freedom in Germany, Soviet Russia, and Europe generally meant Britons 'always' needed to be 'on guard'. As the state acquired more responsibilities, it acquired more power. As it acquired more power, the state 'may not be willing to allow quite so much of the old freedom'.¹⁷⁴

Secondly, Conservatives prioritised economy and national security over expanding the welfare state. The rationale for this was that without economies in public spending, public confidence would be undermined. This would, in turn, make it impossible to pay for the very social reforms that the progressively-minded desired. This was as true in 1939 as it was in 1931, and Conservatives of all stripes believed it. As Harold Macmillan put it, the government had to run unemployment benefits along 'economical lines', 'not because any member of the House regards 15/3 a week as a satisfactory sum for a man to live on—Heaven forbid! It is because too great a burden of public expenditure might endanger our ability to pay him any sum at all'.¹⁷⁵ Macmillan even thought that 'limit of taxable capacity', that is the amount that the state could raise without adverse effects on the private sector, would be reached 'long before a satisfactory minimum standard of comfort and security' could be achieved exclusively through the social services.¹⁷⁶ However, a lower unemployment rate 'as a result of economic planning' would make this affordable.¹⁷⁷

¹⁷³ Harry Crookshank, speech on 'Religious Freedom', 4 December 1938, MS Eng. Hist. C.597 (Crookshank papers), p. 8.

¹⁷⁴ Ibid, pp. 5-10.

¹⁷⁵ Undated speech notes, 'Mr Macmillan', pp. 3, 16.

¹⁷⁶ Macmillan, *Middle Way*, pp. 33-4.

¹⁷⁷ *Macmillan's... Bulletin*, vol. 1/4 (June 1938), in MS Macmillan Dep. C. 866.

The extent of opinion within the party concerned about state expenditure also should not be underestimated. Not all Conservatives were equally keen on new social reform expenditure, or any new expenditure for that matter. For example, the backbench MP Herbert Williams condemned the 1931-5 Parliament as ‘the most profligate in history’. He went onto say that in the past year ‘we had been more extravagant than even the Socialist L.C.C [London County Council]’ and that ‘[t]he time had come when the burden of taxation must be reduced at all costs’. This produced an ‘animated discussion’ at the 1922 Committee.¹⁷⁸ The effect of this was to limit the extent to which the leadership could extend welfare services, even had it wished to do so. Thus, the key difference between the earlier and later 1930s was not a change in outlook towards welfare, but rather that fiscal constraints to modest extensions of welfare had been reduced.

This is not to say that such constraints disappeared entirely. While the Great Depression hindered social spending during the early years of the National Government, the deteriorating international situation during the second half of the 1930s meant that extending welfare remained a secondary priority. For example, in the 20-page pamphlet, *A Record of Progress, 1931-1935*, ‘Insurance and Assistance’ only featured on page 14.¹⁷⁹ Macmillan, in a bulletin to his constituents discussing *The Middle Way*, noted that since the 1935 poll, ‘the attention of Parliament has been largely concentrated upon Foreign Affairs and National Defence’.¹⁸⁰ Unsurprisingly given the international context, the leadership expressed the need to prioritise armaments spending over new social reforms. Neville Chamberlain told the Conservative Party Conference in 1937 that the difficult international situation precluded any dramatic new schemes. ‘But safety cannot be attained without sacrifice’, he warned, and could see ‘no prospect’ of being able ‘in the near future to introduce reforms which would add substantially to the present enormous annual expenditure of

¹⁷⁸ 1922 Committee, minutes, 18 March 1935, 1922/3.

¹⁷⁹ *A Record of Progress*, p. 14.

¹⁸⁰ *Macmillan's... Bulletin*, vol. 1/4.

the country'.¹⁸¹ Thus, while social reform was desirable, it could not be at the expense of national security.

Finally, Conservatives also remained deeply attached to the insurance principle. This made any more wide-ranging reforms impossible. The partially contributory insurance system 'had done much to maintain the unemployed or sick worker's self-respect', wrote Leo Amery, who praised the renewed separation of insurance and assistance. Rather optimistically, he felt in future that revived prosperity and industrial reorganisation would mean that only in limited circumstances would any substantial body of workers need unemployment assistance.¹⁸² The idea behind this, as explained by the Minister of Labour, Sir Henry Betterton,¹⁸³ during the second reading of the Unemployment Bill, was the contributory schemes would cover 'as much of the field as possible'. The state would only assume direct responsibility for those who fell outside insurance. The number of people required to satisfy a means test would also fall 'to the lowest possible figure'.¹⁸⁴ Support for the insurance principle stretched beyond the parliamentary party. In his Right Book Club work, *Conservatism: The Only Way*, Reginald Northam noted that the social services were 'largely contributory and must remain so'.¹⁸⁵ It should be stressed that Conservatives were far from the only ones to support the idea of insurance. PEP noted in 1937 that the contributory method was 'at present very popular'.¹⁸⁶ None of this represented any great philosophical departure from the 1924-9 Baldwin Government.

¹⁸¹ Neville Chamberlain, Draft and notes for speech on 8 October 1937 at the Conservative Party Conference, NC 4/5/2.

¹⁸² Amery, *Forward View*, p. 433.

¹⁸³ Sir Henry Bucknall Betterton, 1872-1949. MP for Nottinghamshire, 1918-34; Parliamentary Secretary to the Ministry of Labour, 1923-4 and 1924-9; Minister of Labour, 1931-4; Chairman of Assistance Board, 1934-41. Created 1st Baron Rushcliffe in 1935.

¹⁸⁴ HC Debates, 5th ser., vol. 283, col. 1077, 30 November 1933 (Sir Henry Betterton).

¹⁸⁵ Northam, *Conservatism*, p. 172.

¹⁸⁶ PEP, *British Social Services*, p. 25.

In summary, while political and economic circumstances altered the pace of change and the degree to which it was prioritised, the party's philosophy remained largely unchanged.

Conclusion

As with the other case studies discussed in this thesis, the evolving welfare policies of the National Government reveal no significant departures in the party's attitude towards the state. While government policy swung from welfare cuts to welfare growth between 1931 and 1940, this represented less an ideological shift than an adjustment of policy settings towards changed economic and political realities.

It is true that the National Government took a harder line on reinforcing the distinction between assistance and insurance than its immediate predecessors. However this change, occurring as it did during an economic crisis, reflected a long-standing Conservative determination to limit welfare spending to that which was affordable. Further, the basic principle of an insurance-based system had been at the core of Conservative thinking on welfare for many years. Conservatives had long believed that individuals should contribute to their own security, and not rely upon the state unless absolutely necessary. It also needs to be stressed that Conservatives of all shades agreed with the basic proposition that economic stabilisation and reconstruction took priority over welfare payments. Economic recovery, not transfers from the state, was the ultimate guarantee of improved societal wellbeing. Even when some Conservatives on the left criticised the National Government, they did so not on principle but on details, as the debate over the family means test demonstrates.

Even periods of retrenchment demonstrated that most Conservatives remained open to using the state in the right circumstances. The changes to national assistance, as has been pointed out,

represented a significant extension of central government authority, an extension that contemporaries noticed. As with earlier Conservative welfare interventions, and as with concurrent moves towards government-led economic reorganisation, such intervention was justified on efficiency and practicality grounds.

Once the state had achieved its primary duty to stabilise the economy it could again contemplate further reform. When this had happened, the Conservatives once again proved willing to use the state to enact gradual reforms that extended existing insurance-based schemes. Thus, 14 to 16-year-olds became eligible for national insurance, a new unemployment insurance scheme was created for agricultural labourers, and a limited family allowance package was drafted. Conservatives also designed legislation that conformed with their exiting views of gender and social norms. This all followed a very similar pattern to the reforms of the 1920s. Even after the economic picture improved, however, the burdens of increased defence spending further reduced the likelihood of more substantial reforms. These would have to wait until the Second World War, when changed political conditions forced most in the party to accept a far more comprehensive welfare system than they would have tolerated before 1939.

Chapter Five: ‘Making Haste Slowly’: The Conservatives and Education, 1931-40

Introduction

Conservative pamphlets may have boasted of a ‘comprehensive scheme of reform’ in education,¹ but the actual progress in that direction was disappointing. As occurred with welfare, the first years of the National Government were marked by cuts. The Exchequer grant to local authorities was reduced, teachers’ salaries cut by ten per cent, and free secondary school places replaced by means-tested ‘special places’. Although the National Government reversed some of the cuts made in the immediate aftermath of the economic crisis, it failed to make any major structural changes to British education when conditions improved. It did finally move, largely in response to external pressure, to raise the school leaving age to 15 in 1936. However, the Government’s decision to permit 14-year-olds to be exempted from the extra year of schooling should they secure ‘beneficial employment’ was widely criticised from across the political spectrum. Some progress was made on other fronts as well. Some facilities were upgraded, class sizes reduced, the number of ‘blacklisted’ schools fell, and the Hadow reorganisation, which aimed to separate primary and post-primary education, was gradually implemented. However, dealing with the core issues of raising the school leaving age, or addressing the problems caused by Britain’s ‘dual’ school system proved either too difficult, or not a high enough priority, to resolve. Inequality between the public schools and the rest remained. Finally, when the new Education Act was meant to come into force, the unfortunate choice of 1 September 1939 as a commencement date meant it never came into force.²

¹ Baldwin, MacDonald and Simon, *A Call to the Nation*, p. 14.

² Ross McKibbin, *Classes and Cultures* (Oxford, 2001), p. 213.

First, a definitional point. The topic of education includes all forms of learning, from nursery schools, to primary, secondary, tertiary education, and adult education. While there will be some mention of both nursery and tertiary education, schools are the primary focus of this chapter. This is because the future shape of schooling was the main subject of contemporary debate. The most significant educational reforms during the 1931 to 1940 period also concerned primary and secondary education. Higher education, for example, experienced comparatively few changes. Large-scale state funding of universities dated from the First World War.³ While the numbers of students attending universities increased during the first half of the interwar period, the class background of those students did not radically change, and only one institution, the University of Reading, was granted university status.⁴ Existing universities continued to evolve following pre-1931 trends. The newer ‘civic’ or ‘redbrick’ universities,⁵ often ‘regarded as second best’ compared to their ancient rivals, were criticised for the ‘apathy’ of their students and their ‘narrow’ curriculums.⁶ Despite such attacks, and prejudice against them,⁷ the redbricks experienced ‘development—albeit development tempered by anxiety’ after 1914,⁸ though they did not change substantially in the 1930s. Overall by 1939, the university sector in England remained ‘both diverse and comparatively small’.⁹ Finally, this chapter is also primarily concerned with developments in England and Wales because Scotland had a separate education system.

Secondly, this chapter acknowledges that, to a greater extent than welfare and certainly industrial reorganisation, schooling remained primarily a local authority and voluntary matter throughout the

³ John Taylor, *First World War on British Universities*, pp. 166-8.

⁴ The total number of full-time university students in England and Wales increased from 22,959 in 1919/20, to 36,437 in 1930/1 and 39,348 in 1937/8. The number of part-time university students fell slightly from 11,625 in 1919/20 to 11,221 in 1930/1 and 9,575 in 1937/8. See Harris, *British Welfare State*, pp. 278-81.

⁵ That is, those universities founded in cities during the late nineteenth or early twentieth centuries in cities such as Manchester, Birmingham, Bristol, Liverpool, and Leeds. These institutions generally used the label ‘civic’ universities. See McKibbin, *Classes and Cultures*, p. 252. The phrase ‘redbrick’ itself was only coined in 1943. See William Whyte, *Redbrick: A Social and Architectural History of Britain’s Civic Universities* (Oxford, 2015), pp. 6-7.

⁶ Whyte, *Redbrick*, pp. 185-90.

⁷ *Ibid.*, p. 188.

⁸ *Ibid.*, p. 190.

⁹ McKibbin, *Classes and Cultures*, p. 254.

1930s and beyond. Unlike continental countries, the UK as a whole, and not just the Conservative Party, was reluctant to establish a state-controlled education system. From the 1920s to the 1970s, ‘the balance of power within this partnership [between the central state and the school system] shifted from the centre to the periphery’.¹⁰ Indeed, not until 1988 was the English ‘aversion to handing education over to state control and ideological influence’ ‘decisively abandoned’.¹¹ As one interwar Tory President of the Board of Education, Lord Halifax, observed in 1952, it was ‘[t]he more remarkable to remember how slow the State was to acknowledge any responsibility in this field’.¹² During the interwar period, the central government’s role in education was ‘best summed up in the word “superintendence”’.¹³ The state provided funding, carried out inspections, and determined the compulsory school leaving age. It did not, however, have any say over the curriculum, over which individual teachers enjoyed control.¹⁴ Nevertheless, given that the central government’s role in education was gradually increasing, and the importance of contemporary debates about how much further this activity should extend, it remains a valuable case study on Conservative attitudes to the state. Additionally, even during the interwar period, the state was still responsible for a considerable portion of education funding, the shape of the school system, and determining the school leaving age.

Despite this comparative lack of direct state involvement, education is particularly important for several reasons, even if it was not at the forefront of political debate at the time.¹⁵ First, as this thesis is not the first to point out, education is especially important in the history of the Conservatives and the welfare state, since two of the most significant pieces of reforming

¹⁰ Adrian Wooldridge, ‘The English State and Educational Theory’, in Green and Whiting (eds), *Boundaries of the State in Modern Britain*, pp. 213-257, pp. 248-9.

¹¹ Ibid., p. 257.

¹² Lord Halifax, ‘Lecture on Education in a Democratic State Delivered at Swinton Conservative College’, 28 July 1952, HALIFAX MSS, A4/410/1/180.

¹³ PEP, *British Social Services*, p. 67.

¹⁴ Wooldridge, ‘English State and Educational Theory’, p. 233.

¹⁵ Halifax did not even mention his second term at the Board of Education in his memoirs. Edward Frederick Lindley Wood, Earl of Halifax, *Fulness of Days* (London, 1957).

legislation, the 1902 Education Act and the 1944 Butler Act, were steered through by Conservatives.¹⁶ This makes the period of relative legislative inaction between those two acts of interest. Secondly, and of particular relevance to this thesis, the comparative inaction in this sphere and in welfare contrasts with the far more interventionist stance the party leadership took in industrial reorganisation. Understanding why the Conservatives were interventionist in some areas but not others should cast some light on where they saw the appropriate boundaries of state action.

Scholars have considered different aspects of early twentieth-century education policy. Several historians have explored the role of intelligence testing and educational psychology in shaping the design of the school system. Adrian Wooldridge has considered the role of the prominent child psychologist Sir Cyril Burt. An ‘enthusiastic supporter of state intervention’,¹⁷ and strong believer in the idea that intelligence was innate and scientifically testable,¹⁸ he ‘hoped that everything possible could be done to discover and nurture’ the gifted.¹⁹ This was because they were ‘the nation’s most valuable asset’. Of relevance to this thesis, Burt had a significant influence on government education policy, appearing as ‘the key psychological advisor to both the Hadow and Spens Committees’.²⁰ In a related field, Gillian Sutherland has considered the role of intelligence testing for secondary school admissions. She concluded that the tests were used in ‘a selective and cavalier fashion’ by English schools before 1940. This was partly because to some educationalists ‘notions of ability and talent had social and cultural as well as more narrowly intellectual dimensions’.²¹ This situation was made worse by the decentralised nature of the English education system.²² The matter of testing and debates over innate ability are important to understanding contemporary attitudes towards the multi-tiered school system. They also chimed with existing

¹⁶ Saloma, ‘British Conservatism and the Welfare State’, p. 188.

¹⁷ Adrian Wooldridge, *Measuring the Mind* (Cambridge, 1994), p. 101.

¹⁸ *Ibid.*, p. 90.

¹⁹ *Ibid.*, p. 93.

²⁰ *Ibid.*, p. 108.

²¹ Gillian Sutherland, *Ability, Merit and Measurement: Mental Testing and English Education 1880-1940* (Oxford, 1984), pp. 283-90.

²² *Ibid.*, p. 270.

Conservative understandings of human nature. However, they are less significant to explaining why government intervention in education was limited.

On the development of education more generally, the prevailing scholarly view is that little progress took place during the interwar years. Gordon, Aldrich and Dean concluded, for example, that ‘in structural terms the overall verdict on this period must be one of stagnation rather than progress’.²³ Others were even more critical. Brian Simon described the 1936 Education Act as ‘negation by legislation’.²⁴ ‘It was’, he wrote, ‘a fitting comment on the 1930s, and those responsible for the government of the country, that this single, belated and inadequate measure, on which so much time had been misspent, never did materialise’.²⁵ Ross McKibbin was just as blunt in his assessment of the entire 1918 to 1951 period. ‘The history of English education in these years’, he wrote, ‘is a history of failure’.²⁶ The reason for the lack of ambition in the 1936 legislation, McKibbin argued, lay with the voluntary schools and Conservative angst that a state system of secondary education would undermine the grammar schools.²⁷ By the commencement of hostilities, ‘though certain “systemic” elements had been introduced into English state education, it remained fragmented and, at least at the level of the elementary school, without central direction’.²⁸ Gail Savage has argued that the overrepresentation of Oxford and public school-educated figures within the Board of Education led its officials to believe that ‘the best interests of the nation depended upon the proper funding of secondary education by the state, the accurate selection of the very brightest children to attend secondary schools, and the maintenance of the very highest standards by those schools’.²⁹

²³ Peter Gordon, Richard Aldrich and Dennis Dean, *Education and Policy in England in the Twentieth Century* (London, 1991), p. 59.

²⁴ Brian Simon, *The Politics of Educational Reform, 1920-1940* (London, 1972), pp. 196-224.

²⁵ *Ibid.*, p. 224.

²⁶ McKibbin, *Classes and Cultures*, p. 269.

²⁷ *Ibid.*, p. 213.

²⁸ *Ibid.*, p. 218.

²⁹ Gail L. Savage, ‘Social Class and Social Policy: The Civil Service and Secondary Education in England during the Interwar Period’, *Journal of Contemporary History*, 18/2 (1983), pp. 261-80, p. 276.

Even those who recognise some progress in the interwar years note that core problems remained unaddressed despite the expansion of the education budget, and rising number of students engaged in some form of secondary education. Thus, Bernard Harris wrote that it is ‘important to acknowledge the positive nature of some of the changes which did occur’, such as a 70 per cent fall in the number of ‘blacklisted’ schools. However, he went on to say that ‘these improvements failed to address the fundamental problems associated with the relationship between the elementary-school system and the secondary-school system’.³⁰ Thane similarly noted that while secondary education ‘undeniably improved’ during the interwar period, and by the outbreak of war ‘most teachers in state schools had received formal training’, still only 19.2 per cent of 14-17-year-olds attended school.³¹ While this chapter does not challenge the prevailing critical view of interwar education policy, it is unique in grounding its argument on the Tory conception of the state.

This chapter argues that, as with welfare policy, the Conservatives’ response to educational policy was steady and unimaginative. Though in key respects the ideas stemming from the interwar period laid the groundwork for the wartime Butler Act, there simply was not enough pressure on the National Government to nudge it towards more radical change. Where the National Government did embrace change, it usually followed the agenda set either by its opponents or experts from outside its ranks, rather than initiate any great change itself. This was in part because the Conservatives were for the most part more sceptical that the claimed benefits of additional schooling outweighed the financial costs. Some Conservatives doubted whether it was the state’s business to get further involved in this area. They were also constrained by the existing ‘dual’ elementary schools, which greatly complicated reform efforts. In order to provide necessary background, the chapter begins by outlining the British education system as it existed in 1931. It

³⁰ Harris, *British Welfare State*, p. 282.

³¹ Thane, *Foundations*, p. 192-3.

then explains what measures the Conservatives took, before looking at what factors drove Conservative policymaking in this field.

The British Education System in 1931

Because many of the key debates over Conservative education policy in the 1930s concerned long-standing structural problems and controversies, this chapter needs to provide an overview of policy developments and debates before 1931 and attempt to explain how British education was structured.

As with welfare, state involvement in the British education system emerged through a series of acts beginning in the nineteenth century. The year 1833 marked the first occasion when Westminster offered grants to pay for the construction of elementary schools.³² In 1870, the Education Act provided for the establishment of school boards in areas where existing schooling was inadequate. The boards were charged with setting up elementary schools in those areas, which would be financed out of local rates.³³ The Board of Education was established in 1899. In 1902, Arthur Balfour's Education Act abolished the school boards, and placed all schools under the control of Local Education Authorities. Significantly, by permitting local authorities to fund secondary education, it took the first tentative steps towards the state provision of secondary education. Under regulations introduced in 1907, 25 per cent of places at grammar schools, now eligible for state assistance, were 'ordinarily' to be free.³⁴ The mandatory school leaving age rose gradually. In 1876, schooling became compulsory from the age of five, with children aged ten eligible for exemptions from further schooling.³⁵ Subsequent legislation raised the minimum exemption age to 11 in 1893, and 12 in 1899. However, 'if the Local Authority adopted a general

³² Sir Lewis Amherst Selby-Bigge, *The Board of Education* (London; New York, 1927), p. 222.

³³ Harris, *British Welfare State*, pp. 142-7.

³⁴ Michael Sanderson, *Educational Opportunity and Social Change in England* (London, 1987), p. 24.

³⁵ Selby-Bigge, *Board of Education*, p. 37.

leaving age of thirteen, children employed in agriculture could obtain partial exemption at 11 and other children at 12'.³⁶ Significantly, when it first became involved in the finance of education, the idea that the state owed 'a public duty' to 'provide and finance a comprehensive system of education', remained 'undeveloped'.³⁷

The last major piece of education reform before the Second World War was the Education Act of 1918, known as the Fisher Act after the Liberal Board President H.A.L. Fisher. Under it, schooling became compulsory up to 14 years of age for all children without exemptions, with individual local authorities having the option to raise it to 15. To alleviate the problem of Westminster increasing the educational burdens on local government rates without adequate supplementary financial support, especially to ensure the payment of teachers, the Fisher Act required that the central government provide no less than 50 per cent of a local authority's educational spending.³⁸ The Fisher Act also intended to provide for mandatory attendance at continuation schools for children between 14 and 18. They would be required to attend for 320 hours per year during the day, or approximately two half days per week.³⁹ However, subsequent cuts severely limited the implementation of the Fisher Act. The continuation schools, for example, proved 'a dismal failure', disliked by parents, children, and employers, and proved 'easy victims of the "Geddes" axe'.⁴⁰

As a result of this patchwork development, the British education system, particularly at the school level, was complicated. At the elementary level, schools remained divided between local authorities and the voluntary sector, which one former Permanent Secretary of the Board of Education described as an 'embarrassing feature' of the English education system.⁴¹ First, there were the

³⁶ Ibid., pp. 37-8.

³⁷ Ibid, p. 83.

³⁸ Harris, *British Welfare State*, pp. 263-6; H.A.L. Fisher, *An Unfinished Autobiography* (London, 1940), p. 104.

³⁹ PEP, *Entrance to Industry*, pp. 12-13.

⁴⁰ Ibid.

⁴¹ Selby-Bigge, *Board of Education*, p. 221.

schools under the ‘complete control of the Local Education Authority’ established under the 1870 Education Act. Denominational religious instruction was expressly forbidden in such schools. Secondly, the 1902 Act provided for local authority control over non-religious instruction in other schools, but left religious education ‘under the control of local bodies of managers’.⁴² As such, a very significant portion of the school system remained outside full government control. Church-run voluntary schools controlled more than half the elementary schools and educated nearly a third of the students.⁴³

The religious control over the voluntary schools posed a major obstacle to restructuring the education system. The reason for this was that the voluntary schools tended to be less well-resourced than local authority schools. In fact, after the First World War, the Church of England abandoned an average of 76 schools a year.⁴⁴ This meant that any proposals to extend the school leaving age risked placing an insurmountable burden on schools that could only be addressed with further assistance either by direct subsidies from Westminster, or from local rates. Further assistance for denominational schools was politically fraught, especially given opposition from nonconformists. As they had comparatively fewer schools,⁴⁵ nonconformists often, given the absence of any local alternative, had no choice but to send their children to Church of England-run schools. This displeased them greatly.⁴⁶ The alternative solution—further state assistance in exchange for greater local authority control—was unacceptable to the churches who did not want to cede control of the education of the next generation of the faithful. Though some of the denominational bitterness had eased by the 1930s, the problem of the dual system remained unresolved until the Butler Act of 1944.

⁴² Ibid., pp. 221-2.

⁴³ PEP, *British Social Services*, p. 14.

⁴⁴ Lord Butler, *The Art of the Possible: The Memoirs of Lord Butler*, K. G., C.H. (London, 1971), p. 98.

⁴⁵ In 1932, out of a total 11,077 voluntary schools in England in 1931, just 111 were described as ‘Wesleyan’. By contrast, 9,501 belonged to the Church of England and 1,200 to the Roman Catholic Church. The remainder consisted of 13 Jewish and 252 ‘other’ schools. See Cmd. 4364, *Education in 1932, Being the Report of the Board of Education and the Statistics of Public Education in England and Wales* (London, 1933), p. 99.

⁴⁶ Butler, *Art of the Possible*, pp. 96-7.

The secondary school system was ‘extraordinarily complex’.⁴⁷ The local authority voluntary schools educated by the far the largest number of children, but they were not the only types of school. The grammar schools aimed to prepare their students for entrance to university.⁴⁸ In addition, a small number of children (29,761 in 1937) attended Junior Technical Schools, Junior Art Departments, or Schools of Nautical Training. These aimed to prepare the children for entry to particular industries, trades, commercial life, or to prepare girls for ‘home management’.⁴⁹ Outside state control, and responsible for educating most of the elite, lay the public and private schools. Not only were a disproportionate number of Conservative MPs educated at the public schools, but so too were most senior officials of the Board of Education.⁵⁰

Beyond the schools, universities remained independent of the state, though they did receive considerable government funding in the form of grants.⁵¹ This was a recent development. Prior to the First World War, the government support to universities was mostly confined to ‘specific programmes or subject areas’. This changed during the First World War,⁵² as the state came to recognise both the practical value of universities and their need for financial support to survive.⁵³ The solution to these problems was the creation of the University Grants Committee. Established in 1919, the Committee comprised a group of experts whose role was to distribute taxpayer funds to support the universities.⁵⁴ The Committee supplied one-third of university revenue during the interwar period,⁵⁵ and the redbrick universities in particular became increasingly dependent on it.⁵⁶

⁴⁷ F. Clarke, *Education and Social Change: An English Interpretation* (London, 1940), p. 34.

⁴⁸ Consultative Committee to the Board of Education, *Report of the Consultative Committee on Secondary Education with Special Reference to Grammar Schools and Technical High Schools* (‘Spens Report’) (London, 1939), p. xxii.

⁴⁹ For a brief description, see *ibid.*, pp. 104-6.

⁵⁰ McKibbin, *Classes and Cultures*, pp. 235-8.

⁵¹ PEP, *British Social Services*, p. 73.

⁵² For a discussion of the impact of the First World War on British universities, see Taylor, *First World War on British Universities*.

⁵³ *Ibid.*, p. 330.

⁵⁴ PEP, *British Social Services*, p. 73.

⁵⁵ McKibbin, *Classes and Cultures*, p. 254.

⁵⁶ Whyte, *Redbrick*, p. 202-4.

There were, however, clear limits to this form of state intervention—the maintenance of universities’ independence was considered sacrosanct. The government itself had no say in how the universities were governed, and the Committee did not impose conditions on how the grant money was spent. As the former President of the Board of Education, Lord Eustace Percy,⁵⁷ wrote, ‘even Royal Commissions, appointed from time to time to investigate the constitution and administration of universities, shall not inquire into or report upon questions of university curriculum’.⁵⁸

Further suggestions for, and attempts at, reform followed. In 1922, R.H. Tawney wrote the influential *Secondary Education for All*. Among other things, it called for ‘a system of free and universal secondary education’ from which children would transfer at age 11+, where they would stay until they turned 16.⁵⁹ In 1924, the first Labour Government asked the Consultative Committee to the Board of Education,⁶⁰ chaired by Sir Henry Hadow, to investigate ‘the organisation, objective, and curriculum of courses of study’. Labour Party member and educationalist Richard Tawney was also a member.⁶¹ Released in 1926, the Committee’s recommendations, subsequently known as the Hadow reorganisation, lay at the centre of governmental educational policy for over a decade. It recommended a divide between primary and post-primary education when a child reached 11+ years of age, there being a ‘consensus of opinion’ on the matter.⁶² Further, it recommended that ‘[a]ll normal children should go onto some form of post-primary education’.⁶³ This marked a departure from the existing regime, under which ‘nearly

⁵⁷ Percy continued to take an interest in educational matters during the 1930s and served as editor of the *Year Book of Education* between 1932 and 1935.

⁵⁸ Lord Eustace Percy, *Education at the Crossroads* (London, 1930), p. 4.

⁵⁹ R.H. Tawney, *Secondary Education for All: A Policy for Labour* (London, 1922, 1988 ed.), p. 7.

⁶⁰ Created in 1899, the Consultative Committee was an independent body of educational experts appointed by the President and tasked with advising the Board of Education on educational matters. See Brian Simon, *Education and the Social Order, 1940-1990* (London, 1991), p. 33.

⁶¹ Consultative Committee to the Board of Education, *Report of the Consultative Committee on the Education of the Adolescent* (‘Hadow Report’) (London, 1926), p. iv.

⁶² *Ibid.*, pp. 74-5.

⁶³ *Ibid.*, p. 77.

all children up to the age of 14' received some form of 'elementary' education, with only 'a small minority of children' going on to secondary education from age 11.⁶⁴ As to the structure of the new school system, Hadow recommended five different types of secondary school. First were the Junior Technical and Trade Schools. Secondly were grammar schools that followed 'a predominantly literary or scientific curriculum' that educated children 'to the age of at least 16+'. Confusingly, the Committee recommended two different types of 'modern' school. One type referred to selective schools providing at least four years' instruction 'from the age of 11+ with a realistic or practical trend in the last two years', while the second referred to non-selective schools 'with due provision for differentiation between pupils of different capacities'. Finally, in local circumstances where none of the proposed other types of school could be provided, 'senior classes' should be created within state elementary schools to provide post-primary education.⁶⁵

The last major reform attempt before 1931 occurred under the second Labour Government. In 1930, Labour's President of the Board, Sir Charles Trevelyan, introduced several unsuccessful bills that aimed to raise the school leaving age to 15.⁶⁶ The opposition Conservatives attacked the legislation. The Bill ultimately failed partly due to the unresolved problem of the voluntary schools. To increase the school leaving age would place a further financial burden on the struggling voluntary sector, while nonconformists objected to any proposal to fund church schools without extending state control over those schools.⁶⁷ An internal rebellion broke out after negotiations failed to resolve the denominational schools funding issue. In January 1931, a Catholic Labour MP,⁶⁸ John Scurr, successfully moved an amendment to delay the Bill's introduction. His position followed its rejection by the Catholic hierarchy, which felt it was being 'required to make

⁶⁴ Ibid., p. 76

⁶⁵ Ibid., pp. 79-80, 95-6.

⁶⁶ For a discussion of the ill-fated Trevelyan bill, see D.W. Dean, 'The Difficulties of a Labour Educational Policy: The Failure of the Trevelyan Bill, 1929-31', *British Journal of Educational Studies*, 17/3 (1969), pp. 286-300.

⁶⁷ McKibbin, *Classes and Cultures*, p. 213.

⁶⁸ Many Irish Catholics were strongly pro-Labour. Dean, 'Labour Educational Policy', pp. 296.

permanent concessions such as greater public control, in return for only temporary financial aid'. The following month, the House of Lords voted it down.⁶⁹ The Labour government made no further legislative attempts before its downfall in August 1931.

In sum, while the British education system underwent considerable change up to 1918, and further reform attempts took place after that date, the system remained largely unchanged throughout the first interwar decade. Why this continued is the subject of the rest of this chapter.

The Development of Conservative Education Policy

As occurred in welfare, the Conservatives' overall approach to education was characterised first by cuts and then by a gradual expansion that failed to silence many critics. Although the National Government had no fewer than six Presidents of the Board of Education during its nine-year tenure,⁷⁰ the direction of policy remained consistent—minimal, cautious change.

As with welfare spending, retrenchment and cuts marked the first few years of National Government education policy. The May Committee proposed a series of cuts, but the Labour Government 'did not announce any decision before their resignation'. The National Government, by contrast, 'accepted all the particular recommendations' save those on secondary school fees, free places, and the extent of teacher salary cuts.⁷¹ Accordingly, in September 1931, the Government 'decided on a number of measures designed to secure a considerable reduction in educational expenditure' in light of the financial situation. Circular 1413 set out the 'general lines' of the cuts: teachers' salaries were to be reduced and funding arrangements to local government

⁶⁹ Ibid., pp. 296, 298-9.

⁷⁰ These were: Sir Donald Maclean, 25 August 1931-15 June 1932; Lord Irwin/Viscount Halifax, 15 June 1932-7 June 1935; Oliver Stanley, 7 June 1935-28 May 1938; Earl Stanhope, 28 May 1938-October 1938; Earl De La Warr, 27 October 1938-3 April 1940; Herwald Ramsbotham, 3 April 1940-20 July 1941.

⁷¹ Cmd. 4068, *Education in 1931, Being the Report of the Board of Education and the Statistics of Public Education in England and Wales* (London, 1932), p. 7

changed.⁷² The National Economy Act and the subsequent National Economy (Education) Order gave effect to the proposed changes. Accordingly, the requirement that the Exchequer grant—the amount transferred from London to the local authorities in England and Wales—be no less than 50 per cent of an authority's total recognised expenditure on elementary education, was abolished.⁷³ Some of these cuts were reversed as the economy improved. Teachers' salaries were restored, and overall government spending on education increased.

Further cuts followed. In 1932, free places in secondary schools were abolished, to be replaced by means-tested 'special places'. Previously, fee-charging schools could offer between 25 to 50 per cent of their places for free, with no means test, as long as a set proportion of those students had attended state elementary schools. These places disappeared. Above a certain income threshold, usually between £3 and £5 per week (regional differences were taken into account) for a family with one child, parents were now expected to pay some fees. The Board decided a 'standard minimum' of 9 guineas per year was a suitable fee. Previously fees had varied from nothing to 20 guineas or higher. Instead of the free places, the new 'special places', which were to be awarded as 'the result of open competition', were to be means tested. Up to a 'prescribed minimum', usually 25 per cent of the intake, these places were restricted to former state elementary school pupils.⁷⁴ Non-means tested secondary school places were never reinstated during the lifetime of the National Government.

The Conservatives' stated justification for the cuts was clear both inside and outside the Cabinet—in times of crisis sacrifices were necessary to maintain prosperity. Moreover, both on moral and on practical grounds, if there were to be cuts, all classes would need to carry their burden. Thus,

⁷² Ibid., p. 1.

⁷³ *London Gazette*, 2 October 1931, p. 6298.

⁷⁴ Cmd. 4364, *Education in 1932*, pp. 16-17. The rationale for the changes was set out in Circular 1421 (15 September 1932). For the text of the Circular, see Simon, *Politics of Educational Reform*, pp. 355-7.

Cabinet minutes note that all classes of public employee would accept the proposed economies 'if assured that it was essential to the salvation of the country and provided that equal sacrifices were made by all branches of the public service'. The imperative to make the cuts even overrode existing contractual obligations between teachers and the state.⁷⁵ However, economic considerations were not the only motivating factor, with the crisis providing an opportunity to shift education policy in a more Conservative-friendly direction. As Halifax wrote, the 'goal' was 'a system under which every place in the schools of each district will be filled by open competition, the parents of successful candidates being thereafter asked to make such contribution to the cost as it may be in their power to afford'.⁷⁶ Distributing benefits or services on a needs rather than universal basis was entirely consistent with other Conservative measures in welfare, such as the household means test.

There were some political limits to what Conservatives could cut. Teachers' salaries demonstrate this. The May Committee recommended sweeping cuts in the education budget and proposed a 20 per cent reduction in teachers' salaries. The National Government proposed instead a 15 per cent reduction but was 'induced to withdraw its decision and to fix the cut at 10% only'.⁷⁷ The measure attracted criticism from the Government's own side.⁷⁸ This was not the only example. Henry Brooke wrote of his desire to 'get compulsory school fees instituted before I die' but thought that 'the yield in cash would be too small to justify the awkwardness of collection and the volcanoes that it would bring into eruption up and down the country'.⁷⁹

The cuts to education attracted considerable criticism from across the political spectrum. The May Committee's minority report argued that 'it could not in any sense be in the interests of national

⁷⁵ Cabinet conclusions, 31 August 1931, CAB 49(31). Emphasis in original.

⁷⁶ 'Article entitled "Secondary Education: Thirty Years Development", typescript, 1932, Halifax MSS, A4/410/1/165.

⁷⁷ Henry Brooke, 'Education Policy and Economy', 7 October 1932, CRD 1/12/1, p. 3.

⁷⁸ See e.g. John Buchan's remarks in the Commons. HC Debates, 5th ser., vol. 256, col. 609, 14 September 1931 (John Buchan).

⁷⁹ Memorandum, Brooke to Ball, 3 June 1932, CRD 1/12/1.

economy, even in the present time of financial stringency' to halt the expansion of educational opportunities and attempts to reduce inequality with it.⁸⁰ The Labour peer Lord Sanderson condemned the National Government's cuts as 'false economy'.⁸¹ The President of the Workers' Educational Association and former member of the Consultative Committee, R.H. Tawney, attacked the abolition of non means-tested free places and the increase in secondary school fees. Many lower-income parents, he warned, would 'find the doors of secondary schools slammed in their faces'. The country would also suffer on efficiency grounds if 'the nation is prevented from making the best of its human resources' due to the inability of bright children to access secondary education.⁸² The independent MP Eleanor Rathbone, as member for the Combined English Universities, worried about the impact that reducing access to secondary education might have on the eight universities she represented, around two-thirds of whose graduates were educated in state elementary schools.⁸³ She also feared the potential eugenic consequences since '[t]he birth-rate in all the brain-working and directive occupations—clergy, doctors, teachers, civil servants and so forth, has steadily and steeply declined'. Raising the cost of education risked deterring those groups from having more children.⁸⁴ Among Liberals, Keynes slammed the cut to teachers' pay as 'particularly outrageous' in light of recent attempts to recruit more highly qualified teachers 'by holding out to them certain expectations'. That the Government proceeded anyway 'is a sufficient proof of the state of hysteria and irresponsibility into which Cabinet Ministers have worked themselves'.⁸⁵ Circular 1421 attracted particular opposition, and, in Brian Simon's words, 'resulted in possibly the greatest mass of protests received by the Board on any issue in the inter-war years'.⁸⁶

⁸⁰ Cmd. 3920, *Report of the Committee on National Expenditure* ('May Committee Report') (London, 1931), p. 262.

⁸¹ HL Debates, 5th ser., vol. 93, col. 470, 11 July 1934 (Lord Sanderson).

⁸² R.H. Tawney, *The New Children's Charter* (London, 1933), p. 3.

⁸³ HC Debates, 5th ser., vol. 270, cols 1204-6, 16 November 1932 (Eleanor Rathbone).

⁸⁴ *Ibid.*, cols 1208-10.

⁸⁵ John Maynard Keynes, 'Inflation and Deflation', in *Essays in Persuasion*, pp. 148-78, pp. 163-4.

⁸⁶ Simon, *Politics of Educational Reform*, p. 335.

Despite the cuts, and the slow pace of reform, the National Government oversaw some educational advances. Some progress was made in separating secondary education from the elementary school under the Hadow reorganisation. Not surprisingly, party campaign material boasted of educational expansion under the National Government's watch. One pamphlet described 'Our Steady Progress in Education'. It cited '[s]maller classes—more teachers—a higher standard of education within the reach of every child—that is the ideal education, and it is one which the National Government is steadily achieving'.⁸⁷ Another pamphlet boasted that '[t]here are to-day more full time teachers in proportion to the school than ever before'. It went on to boast that '[l]ast year the number of classes with more than 50 pupils was reduced by 2,111', a decrease 'far greater than was accomplished by the Socialist Government in any one year'.⁸⁸ It is true that the numbers demonstrated that some change was taking place, even during the worst years of the slump. Between March 1931 and March 1933, the number of children at senior schools 'more than doubled' from 319,000 to 700,000.⁸⁹ Gradual reorganisation continued throughout the decade so that by March 1938, around 55.4 per cent of students in public elementary schools at or over 11 years of age were 'either in senior departments or in senior divisions'.⁹⁰ This compared with 19.5 per cent in March 1931.⁹¹ That still, however, left 44.6 per cent of students in all-level schools. In addition, many school buildings remained in a poor state. Many of the voluntary schools, as Butler recalled in his memoirs, 'were appallingly old and out of date'.⁹² The status of teachers remained low compared to the other professions. As one Left Book Club volume complained in 1942, '[a]t present it [teaching] is the Cinderella of all the professions, with nothing like the social standing of, for example, the law, medicine or architecture'.⁹³

⁸⁷ 'Our Steady Progress in Education', in *Popular Pictorial*, October 1934, p. 2.

⁸⁸ *The Elector*, October 1934 (London, 1934), in HAIL 2/2/2.

⁸⁹ *Ibid.*, July 1934, (London, 1934), in HAIL 2/2/2.

⁹⁰ Cmd. 6013, *Education in 1938, Being the Report of the Board of Education and the Statistics of Public Education in England and Wales* (London, 1939), pp. 5-6.

⁹¹ Cmd. 4068, *Education in 1931*, p. 12.

⁹² Butler, *Art of the Possible*, p. 98.

⁹³ Richard Acland, *What Will it Be Like* (London, 1942), p. 105.

As already mentioned, deeper structural reform proved more difficult, and the question of whether to raise the school leaving age from 14 proved contentious. In 1934, the President of the Board of Education, Viscount Halifax, as Lord Irwin became upon inheriting his father's title earlier that year, warned the Lords of the practical difficulties raising the school leaving age. Change could not take place overnight, he said. Echoing sentiments that would come up again and again in debates on the subject, Halifax warned that raising the school leaving age to 15 would 'create a considerable difficulty in relation to buildings'. Because the government's educational reorganisation only had 'proceeded about half way' it would be impossible to raise the age 'before 1938'.⁹⁴ Moreover, Conservatives preferred to emphasise the role of parents in raising their own children above that of the state. As the Parliamentary Secretary to the Board of Education, Herwald Ramsbotham,⁹⁵ explained, 'the parent has and ought to have very considerable responsibility for the upbringing of his children'. Consistent with the long-standing Conservative belief that the appropriate role of the state was to intervene only where individual efforts proved inadequate, Ramsbotham continued:

The upbringing of the child involves the education of the child, and a policy which would put the child, as it were, on the State, would to my mind be a retrograde policy. The State's business is not to supplant the parent but to supplement the parent. Where the parents' resources are not adequate for the educational requirements of the child, it is for the State to intervene, but, so long as the parent has those resources, it is his business to look after his own child and to be responsible for it. It would be a disaster if we should go very far from that principle.⁹⁶

Pressure to raise the school leaving age was growing, and eventually forced the Government's hand. Even before he addressed the Lords to advise of the practical impossibility of doing so, Halifax realised something had to be done. As he observed in a draft note for the Cabinet Educational Policy Committee, '[t]he situation has developed since the Sub-Committee met, and

⁹⁴ HL Debates, 5th ser., vol. 93, cols 488-90, 11 July 1934 (Viscount Halifax).

⁹⁵ Ramsbotham's position as Parliamentary Secretary to the Board of Education assumed a greater significance during Lord Halifax's tenure as President, since the latter could not represent the Board in the Commons. See Simon, *Politics of Educational Reform*, p. 180.

⁹⁶ HC Debates, 5th ser., vol. 270, col. 1171, 16 November 1932 (Herwald Ramsbotham).

I think we must expect increasing pressure in favour of raising the school age'. He was conscious of the need 'to avoid attracting to the National Government unnecessary criticism upon a subject on which there is, as I have said, a good deal of feeling, which shows every sign of growing sharper and more articulate'.⁹⁷ The subject appears to have been discussed at the Conservative Cabinet Committee on 27 July 1934,⁹⁸ though the CRD itself did no further work on the matter.⁹⁹ The Committee did, however, task the CRD with examining nursery schools.¹⁰⁰ Most of the internal policy work on the school leaving age took place within the Board of Education and the Cabinet. Accordingly, the National Government's 1935 election manifesto pledged to raise the school leaving age to 15, with exemptions for 14 and 15-year-olds for 'beneficial employment'.¹⁰¹

The pressure to act on the school leaving age came from several directions. Unsurprisingly, some of it came from educational circles, or was justified on educational grounds. For example, the former Chief Inspector for Education for the London County Council warned in *The Times* '[i]f the future of our country is to be assured', children 'must be under full-time education and nurture...until they are at least 15'.¹⁰² Others went further and thought it should rise to 16.¹⁰³ In 1934, Halifax received a deputation from '43 out of 45 local authorities in Lancashire'. The deputation 'was unanimous' in calling for action.¹⁰⁴ Reform was also supported by teachers directly affiliated to the Conservative Party. The Glasgow Unionist Teachers' Association, for example, drafted a resolution stating that 'the raising of the school leaving age to 15 is an important forward step in Education'.¹⁰⁵ Beyond the education sector directly, 'anxiety about juvenile unemployment'

⁹⁷ 'Educational Policy Committee. Note by the President of the Board of Education', June 1934, Baldwin MSS vol. 230.

⁹⁸ CCC agenda, 27 July 1934, CRD 1/64/1.

⁹⁹ 'Draft Progress Report', 3 October 1934, CRD 1/64/1, p. 8

¹⁰⁰ CCC minutes, 8 June 1934, CRD 1/64/2.

¹⁰¹ Baldwin, MacDonald and Simon, *A Call to the Nation*, p. 22.

¹⁰² F.H. Spencer, letter to the editor, cutting from *The Times*, 25 January 1935, in CRD 1/12/2.

¹⁰³ Charles Robertson, Vice-Chairman, London Education Committee, letter to the editor, cutting from *The Times*, 23 January 1935, in CRD 1/12/2.

¹⁰⁴ 'Note by the President of the Board of Education', Baldwin MSS vol. 230.

¹⁰⁵ 'Glasgow Unionist Teachers' Association Educational Policy', in Eric Galbraith to Lord Eustace Percy, 3 March 1930, CRD 1/12/1.

led to a 'significant change in attitude' in some parts of the country.¹⁰⁶ More generally, Conservatives believed that expanding education was popular among voters to the extent that they had no choice but to do something, even if they did not want to. Thus, one Tory-sympathising businessmen subsequently lamented that the party was:

greatly handicapped in that it has to adopt a rather negative policy in the face of the more popular and sentimental appeal of the Labour Party—which gives 'Equal opportunities for all, i.e. let everyone have a first class Education free of cost (up to the University if need be) and with maintenance grants throughout...' ¹⁰⁷

This is not to say that everyone, even all those involved in education, was in favour of raising the school leaving age. The Master of Trinity College, Cambridge felt the need for flexibility, because some boys would benefit from learning while in the workforce.¹⁰⁸ Overall, however, the pressure to address the school leaving age question was enough to force the Conservatives, albeit reluctantly, towards limited reform.

A few months after its 1935 election victory, the National Government unveiled its Education Bill in February 1936. Reflecting the manifesto pledge, it raised the school leaving age to 15, though created exemptions for 14 to 15-year-olds engaged in 'beneficial' employment. Maintenance grants were not extended along with the school leaving age because Conservatives objected to the justification behind such allowances. As the Permanent Secretary of the Board of Education explained, maintenance allowances in this context were designed to compensate parents for any loss of earnings caused by their children remaining in school for another year. Since the National Government proposed to allow children to leave school 'if they can obtain suitable employment...there can be no justification for maintenance allowances in lieu of non-existing

¹⁰⁶ 'Note by the President of the Board of Education', Baldwin MSS vol. 230.

¹⁰⁷ 'The views of Mr. I. J. Pitman', attached to letter, Lord Luke to Ball, 22 July 1936. The attached CRD note on Pitman's proposals commented that while his policy methods 'are at present impracticable', his views 'are not really contrary to the Government's policy'. Memorandum, W.F. Wentworth-Shields to Ball, 25 November 1936, CRD 1/12/1. Pitman was the son-in-law of the peer Lord Luke and was Chairman of Pitman's Publishing House.

¹⁰⁸ J.J. Thomson, letter to the editor, cutting from *The Times*, 18 January 1935, in CRD 1/12/2.

wages, or of wages for employment which is not good for the child'.¹⁰⁹ Even these limited gains never eventuated. As has already been pointed out, while the Bill passed, the outbreak of war prevented the legislation from ever coming into force.

The passage of the legislation attracted controversy. The proposed exemptions for 'beneficial employment' proved contentious. As a contemporary BBC broadcast noted, '[m]any people regard this proposal as the dark shadow on the picture'. This was because no one actually knew what the Government meant by 'beneficial employment', and there was no way to ensure that such employment would 'always be "beneficial" to the children'. The exemptions were 'strongly opposed by local education authorities, by teachers, and by many others interested in education'.¹¹⁰

The exemptions issue caused division within the National Government itself. Even among its own supporters, there was a lack of excitement about the legislation. Leo Amery described Oliver Stanley's speech introducing the Bill as 'rather apologetic'.¹¹¹ In the Commons, National Government MPs clashed over the exemptions. Some MPs argued in their favour. Few Conservatives, however, went as far as the Duchess of Atholl,¹¹² who argued that there should be exceptions 'in regard to certain processes which require small fingers.... provided it is certain that the children will work under beneficial conditions'. This was because a falling birth rate, combined with the fact that 'not one of our great commercial competitors in Europe has raised the school-leaving age to 15' meant that failing to do so would place 'a very serious handicap on one of our most important export industries'. She was especially concerned about textiles.¹¹³ The Duchess's

¹⁰⁹ Sir Henry Pelham to Ball, 26 October 1935, CRD 1/7/27. Sir (Edward) Henry Pelham, 1876-1949. Permanent Secretary, Board of Education, 1931-7.

¹¹⁰ Frank Roscoe, 'A New School Leaving Age', *Listener*, 26 February 1936, pp. 408-9, p. 409.

¹¹¹ Amery Diaries, 13 February 1936, AMEL 7/30.

¹¹² Katherine Marjory Stuart Murray, Duchess of Atholl, 1874-1960. MP for Kinross and West Perthshire, 1923-38; Parliamentary Secretary to the Board of Education, 1924-9. The first female Scottish MP, she resigned her seat in 1938 to fight a by-election as an independent in opposition to appeasement, but she lost to the official Unionist candidate. See Duncan Sutherland, 'Murray, Katharine Marjory Stewart- [née Katharine Marjory Ramsay], Duchess of Atholl', in *Oxford Dictionary of National Biography* (Oxford, 2011).

¹¹³ HC Debates, 5th ser., vol. 312, cols 1885-6, 26 May 1936 (Duchess of Atholl).

remarks earned criticism even from her own side. Others were even more critical. Declaring himself ‘a whole-hearted objector to any exemptions at all’, the backbench MP Sir John Withers declared he found himself bound ‘with great regret’ by the election manifesto to support them.¹¹⁴

Outside the National Government, the Education Bill attracted criticism from across the political spectrum. The opposition parties wanted more radical reform. The Labour Leader, George Lansbury¹¹⁵, wrote that ‘[o]ne of the first acts’ of a new Labour government would be to raise the school leaving age ‘to sixteen or even higher’, and to provide maintenance grants ‘from national funds’. He also called for many of the country’s schools to be rebuilt. ‘[O]ne of the most important things will be to pull down about two-thirds of the existing schools’, some of which were ‘so unfit for purpose as to be material for the Inspector of Nuisances’. Finally, he called for smaller classes, ‘one good, well-cooked meal’ to be provided daily to each student, the curriculum to be amended, more teachers to be trained and their training revolutionised.¹¹⁶ Clement Attlee, Labour Leader from 1935, argued that the ‘school age must be raised with adequate maintenance’.¹¹⁷ In 1937, Labour promised to raise the school leaving age to 16 ‘as soon as the necessary arrangements can be made’.¹¹⁸ Predictably, the radical left condemned the National Government even more savagely, and to an almost conspiratorial extent. Writing under a pseudonym for the Left Book Club, Arthur Wynn went as far as to assert a link between the scepticism of some Tory MPs towards universal free education and a desire to ‘reverse the democratic process’.¹¹⁹ Political and Economic Planning complained that the new legislation ‘contains an unsatisfactory system of exemptions which will probably destroy its effectiveness’.¹²⁰ In a 1935 report, it had recommended that children should remain in school till 15, after which ‘full-time continued education should be encouraged where

¹¹⁴ Ibid., col. 1897, 26 May 1936 (Sir John Withers).

¹¹⁵ George Lansbury, 1859-1940. MP for Bow and Bromley, 1910-12, 1922-40; First Commissioner of Works, 1929-31; Leader of the Labour Party, 1931-5.

¹¹⁶ Lansbury, *My England*, pp. 25-6.

¹¹⁷ Clement Attlee, ‘Spectre that Haunts Thousands’, cutting from *Daily Herald*, 29 October 1935, in CRD 1/7/32.

¹¹⁸ Labour Party, *Labour’s Immediate Programme* (London, 1937), p. 7.

¹¹⁹ Simon Haxey [Arthur Wynn], *Tory M.P.* (London, 1939), p. 25.

¹²⁰ PEP, *British Social Services*, p. 94.

boys and girls are likely to profit from it'.¹²¹ Even normally sympathetic outlets expressed displeasure with the government's proposals. The *Spectator* labelled the Government's legislation 'a disappointing Bill'.¹²² *The Times* also expressed concerns. The raising of the leaving age to 15 was, it warned, 'still likely to prove a dead letter' unless the exemptions provisions were changed. It further warned that 'one of the most valuable reforms' of the Fisher Act would be 'wantonly annulled' if the exemptions provisions stood.¹²³

Evidence of the longer-term direction of travel can be found in the Spens Report of 1938, named after the new Chairman of the Consultative Committee, Will Spens.¹²⁴ It recommended the creation of separate grammar, technical, and 'modern' schools. Though the idea had 'recently been advocated', and 'received considerable support', it 'reluctantly decided' that it could not support the idea of multilateral schools¹²⁵ replacing the existing system of different types of school. It cited practical objections—it thought multilateral schools would need more than the optimal number of students to function, the Sixth Form tradition would be undermined if only a small proportion of students left before 16, and that combining the grammar and modern schools risked undermining the 'steady evolution' of the modern school curriculum.¹²⁶ While rejecting multilateralism, which now enjoyed some support on the left,¹²⁷ it stressed that 'everything possible should be done to secure parity of status' between the three types of secondary school.¹²⁸ As soon as financially possible, it recommended abolishing grammar school fees, ending the anomaly that

¹²¹ Political and Economic Planning, *The Entrance to Industry* (London, 1935), p. 7.

¹²² 'A Disappointing Bill', *Spectator*, 29 May 1936, p. 966.

¹²³ 'Closing Stages', *The Times*, 25 May 1936, p. 15.

¹²⁴ Sir William (Will) Spens, 1882-1962. He succeeded Hadow as Consultative Committee Chairman in 1934 after the latter's retirement. In addition, he served as Master of Corpus Christi College, Cambridge from 1927 to 1952, Vice-Chancellor of Cambridge University from 1931 to 1933, and on a number of university bodies. See Peter Gosden, 'Spens, Sir William [Will]', in *Oxford Dictionary of National Biography* (Oxford, 2011).

¹²⁵ The term multilateral schooling refers to the idea of educating all students within the one school, as opposed to different types of schools for different students.

¹²⁶ Spens Report, pp. xx-i.

¹²⁷ The National Association of Labour Teachers, for example, called for 'a single type' of school 'for all children'. See National Association of Labour Teachers, *Social Justice in Public Education: The Spens Report Considered by the National Association of Labour Teachers* (London, 1939), pp. 7-9.

¹²⁸ Spens Report, p. xxxv.

modern schools were free but grammar schools were not.¹²⁹ In several respects, these proposals were similar to those of the, 1944 Butler Act, steered through by Conservative President of the Board of Education, Richard Austen ('Rab') Butler. Though not expressly mentioned in the 1944 legislation, the 'tripartite' school model likewise became a central feature of the post-war education system.¹³⁰ The justification for having separate schools lay in the understanding that children's innate abilities differed. Prevailing psychological opinion held that it was 'possible at a very early age to predict with some degree of accuracy the ultimate level of a child's intelligence'. As such, 'if justice is to be done to their varying capacities' children from 11 onwards needed different types of education.¹³¹

Nevertheless, it is unlikely that the more far-reaching proposals stood much chance of becoming law for some time. As *The Times* noted, 'since the Report looks far ahead', 'these ultimate developments will take time and require legislation'.¹³² Official statements confirmed this. As the Parliamentary Secretary to the Board of Education, Kenneth Lindsay,¹³³ told the Commons in February 1939, consultations around the report would take place, but there would be no immediate legislative action. He told MPs, 'I think, however, sufficient difference of opinion has been shown here this afternoon to make it clear that the Board of Education is not going to make up its mind next week or the week after, on technical high schools and multilateralism'.¹³⁴ He also doubted whether implementing the Spens Report even should be a priority. He went on:

I say bluntly that I think it would be more prudent to spend that money on objects that would give immediate benefit to the children—improved conditions in the schools, and a more complete system of nutrition and greater opportunities for the poorer children to get

¹²⁹ Ibid., p. xxxvi.

¹³⁰ McKibbin, *Classes and Cultures*, pp. 217-27.

¹³¹ Spens Report, pp. 357-8. For a discussion of the contemporary understanding of intelligence testing, and the influence this had on the interwar education system, see Wooldridge, *Measuring the Mind*.

¹³² 'The Right Schooling', cutting from *The Times*, 30 December 1938, in CRD, 1/12/2.

¹³³ Kenneth Martin Lindsay, 1897-1991. First General Secretary, Political and Economic Planning, 1931-5. MP for Kilmaronock Burghs, 1933-45. Served as National Labour MP, 1933-43, Independent National, 1943-5. Later Independent MP for Combined English Universities, 1945-50.

¹³⁴ HC Debates, 5th ser., vol. 343, col. 1798, 15 February 1939 (Kenneth Lindsay).

higher education. Those three things, in my opinion, come before putting into practice vast new administrative schemes.¹³⁵

Lindsay was not the only senior National Government minister to focus on the health and nutritional wellbeing of schoolchildren rather than the length of time spent in formal education. The only mention of schools in Scottish MP Walter Elliot's manifesto occurred in the context of the provision of milk in schools:

HEALTH OF THE NATION

A vigorous drive is being made to bring together and intensify every means by which we can raise the general standard of health of the whole nation. A start has been made by the provision of cheaper milk in schools. Nearly three million children throughout the land have, since last year, had milk, and the nation as a whole is drinking 25 million gallons more of fresh milk this year than the year before.¹³⁶

Though the Scottish education system was separate to that of England and Wales, both systems had the same school leaving age.

There was no sign of any change of heart before the National Government's downfall. The CRD's 1939 draft manifesto, written only a month before the outbreak of war, made no mention of the school leaving age. The only reference to school reorganisation was in the context of its effect on the provision of school meals.¹³⁷

This is not to say that all Conservatives shared the Government's cautious approach. Some wanted speedier action on the school leaving age. As part of the School Leaving Age Council, Harold Macmillan co-signed a letter to *The Times* that said the 'exemptions on the scale now contemplated—50 per cent. on the Government's own estimate, and, in the view of many experienced administrators 90 per cent. or more—are mischievous and unworkable'.¹³⁸ Moreover,

¹³⁵ Ibid., col. 1801.

¹³⁶ Walter Elliot, '1935 Election Address', Elliot Papers, ACC.6271 7. F3.

¹³⁷ Clarke, 'Draft Election Manifesto', p. 6.

¹³⁸ Letter to the Editor, 'The Education Bill: Granting of Exemptions', *The Times*, 25 May 1936, p. 10.

not all this support came from the usual suspects on the party's left fringe. The novelist and backbench MP for the Scottish Universities, John Buchan, who had broken ranks to support Labour's failed Education Bill in 1930, actively lobbied for an increase in the school leaving age. In February 1935, Buchan personally took part in a deputation from the School Leaving Age Council to Prime Minister Ramsay MacDonald, Lord Halifax, and the Secretary of State for Scotland, the aim of which was 'to urge the Government to take steps to raise the school-leaving age at an early date'.¹³⁹ Buchan noted that psychological experts 'generally agreed' that 'the year 14 to 15' was a 'key year in a child's life', and that 'on the way that year is used depends the whole success of the scheme of education before 14'.¹⁴⁰ Multilateralism too had some supporters. The backbench MP and former Eton master Annesley Somerville¹⁴¹ thought separating children at 11 a 'weak suggestion', and, dismissing the Spens Report's objections to the idea, recommended 'the gradual introduction of the multilateral system'.¹⁴²

Other debates, which were to play a key role in later debates, attracted little attention from 1930s Conservatives. Gender issues are one example. There were, as one would expect from the time, some differences between the treatment of boys and girls within the education system, though these applied to a lesser extent in grammar schools¹⁴³ than elsewhere. For example, Conservatives envisaged that 'exemption for home duties' under the 1936 legislation would apply 'usually to a girl'.¹⁴⁴ Major political controversies surrounding gender were fewer and further between. Equal pay for female teachers, the subject of an embarrassing parliamentary defeat for Butler in 1944,¹⁴⁵

¹³⁹ 'School Leaving Age', *The Times*, 22 February 1935, p. 8.

¹⁴⁰ HC Debates, 5th ser., vol. 239, col. 1574, 29 May 1930 (John Buchan).

¹⁴¹ Sir Annesley Ashworth Somerville, 1858-1942. Assistant Master, Wellington College, 1882-84; Assistant Master and Head of the Army Class, Eton, 1885-1922. MP for Berkshire, 1922-42.

¹⁴² HC Debates, 5th ser., vol. 353, cols 1762-3, 15 February 1939 (Annesley Somerville).

¹⁴³ McKibbin, *Classes and Cultures*, p. 215.

¹⁴⁴ 'Suggested Answers to Possible Questions Regarding the National Government's Programme of Educational Reform', undated, CRD 1/67/2.

¹⁴⁵ During the committee stage of the 1944 Act, a Conservative MP, Thelma Cazalet-Keir, unexpectedly, and by a single vote, moved an amendment to request equal pay for male and female teachers. Two days later, the Coalition Government engineered the amendment's reversal. See Anthony Howard, *RAB: The Life of R.A. Butler* (London, 1987), pp. 136-8.

does not seem to have attracted much Conservative attention, either in favour or against. There was some agitation for change, with some demanding equal pay,¹⁴⁶ and employment opportunities for female teachers. At the time, women were paid less than men for doing the same work, and could be forced out of a job upon marriage. Any change that did occur took place at the local level. In 1936, for example, the Swinton and Pendlebury Education Committee reversed an earlier resolution which terminated the employment of all female teachers upon marriage.¹⁴⁷

When confronted by policy questionnaires asking about equal pay or the marriage bar, the Conservative response was not to expressly rule out change, but to claim that such issues were not matters of appropriate ministerial discretion. The approved answer on the question of the continued employment of married teachers for the National Union of Women Teachers was that it should be 'left, as it is now to the discretion of the Authorities of the schools'. Similarly, on the issue of equal pay for women, the suggested reply was that the Conservative Party did 'not wish to interfere with the discretion of the Burnham Committee'. No further reason was given.¹⁴⁸ The suggested answer to a similar questionnaire on the possibility of equal pay for female civil servants cited the 'great expenditure which would be involved' as justification for Conservative opposition.¹⁴⁹ Perhaps surprisingly, the party did, however, support allowing women to hold all leadership and administrative posts in schools.¹⁵⁰

There is also little direct evidence of specific policy input from the small band of female Tory MPs, though Lady Astor penned a memorandum on nursery schools. This does not appear to have proposed anything especially innovative. Ball commented that there was 'really nothing in her note

¹⁴⁶ 'Women Teachers: A National "Equal Pay" Scale Demanded, Headships Grievance', *Manchester Guardian*, 4 January 1934, p. 16

¹⁴⁷ 'Married Teachers: Bar Found to be Working Unfairly', *Manchester Guardian*, 8 December 1936, p. 6.

¹⁴⁸ 'No. 33. General Election, 1935. Questions of Policy. Questionnaire from The National Union of Woman Teachers', CRD 1/7/21.

¹⁴⁹ 'No. 49. General Election, 1935. Questions of Policy. Questionnaire from Association of Women Clerks and Secretaries', CRD 1/7/21.

¹⁵⁰ 'Questionnaire from the National Union of Woman Teachers', CRD 1/7/21.

which is not covered in our own'. She was asked to provide 'some further particulars upon one or two points in her note', but these were apparently never received.¹⁵¹ That same month, Astor also accompanied Herwald Ramsbotham and Ball on a visit to the Margaret McMillan Nursery School.¹⁵²

In sum, the National Government, while moving in a reformist direction, moved slower even than much establishment opinion desired, and there was little sign of an impending policy shift by the administration's downfall.

Factors Driving Conservative Education Policy

Four factors explain the lack of serious educational reform measures in the 1930s. First, as with welfare, budgetary constraints took precedence over social reform to most Conservatives. Secondly, not all Conservatives were convinced that expanding the state's educational remit was in the national interest. Thirdly, vested interests with ties to the Conservative Party, notably the voluntary schools, made reform extremely difficult. Fourthly, Conservative views of individual difference likely explain the support for different type of schooling. As a result, while political considerations forced some government action, they were not enough to outweigh the factors working against reform.

Financial considerations were at play throughout the period. To most Conservatives, sound finance was the necessary precondition to maintaining, or restoring, the prosperity without which social reform of any stripe would prove impossible. Even some Conservatives with a long-standing interest in education policy shared this view. Thus, the former President of the Board of Education

¹⁵¹ Ball to Chamberlain, 3 July 1934, CRD 1/64/1. While the author found a CRD report on nursery schools (CRD, 'S.C.A.6. (Revised). Nursery Schools', 13 May 1935, CRD 1/12/3), he could not locate the memorandum written by Lady Astor.

¹⁵² Ball to Chamberlain, 13 July 1934, CRD1/64/1.

during the second Baldwin Government, Lord Eustace Percy, said of the 1931 cuts that ‘this economy may very well mean the beginning of an absolutely necessary period of coherent development in education’.¹⁵³ Further, as Conservatives had long argued in a number of contexts, state assistance should not be a universal right, but limited to those who required it. Thus, when justifying the abolition of free places in 1931, Ramsbotham told the Commons:

When the resources of the taxpayer and the ratepayer are so much reduced, subsidies, scholarships, public assistance—call it what you like—should be bestowed, as far as possible and consistently with financial considerations, where they are needed, and should not be diverted to those who can do without them.¹⁵⁴

This was the same principle behind the household means test for unemployment assistance. More generous educational provision, like other more generous social reform, was not in itself objectionable provided it could be financed. This had an impact, especially under a Chancellor who, in the words of one of his colleagues ‘was a very stern guardian of the national purse’.¹⁵⁵ Thus wrote Halifax, ‘wherever any Authority desires to adopt the full system of 100 per cent. special places to-day and can satisfy the Board of Education that its adoption would be attended by satisfactory financial results, the Board would take no objection to it’.¹⁵⁶ Growing military spending left little room for further significant educational reforms as the international situation worsened in the late 1930s. This in no small part explains the less than enthusiastic reaction to the Spens Report of 1938.

Further, as already mentioned, many Conservatives also expressed great reluctance at further state involvement in education, seeing it as none of the state’s business. As Lord Eustace Percy noted, Conservatives had long ‘distrusted the State as the agent of education’.¹⁵⁷ Percy was not alone in

¹⁵³ HC Debates, 5th ser., vol. 256, col. 470, 11 September 1930 (Lord Eustace Percy).

¹⁵⁴ Ibid., vol. 270, col. 1174, 16 November 1932 (Herwald Ramsbotham).

¹⁵⁵ CCC minutes, 16 March 1934, CRD 1/64/2.

¹⁵⁶ ‘Secondary Education: Thirty Years Development’, Halifax MSS, A4/410/1/165.

¹⁵⁷ Lord Eustace Percy, ‘Conservative Attitude and Social Policy’, in E. Thomas Cook (ed.), *Conservatism and the Future* (London, 1935), pp. 1-41, p. 25.

noticing these concerns among his fellow Conservatives. For example, at the Cabinet Conservative Committee, Lord Halifax ‘saw no difficulties other than financial’ to establishing nursery schools ‘except the possibility of the Conservative Right Wing objecting to still further central control of the child’.¹⁵⁸ At a later meeting of the same committee, Lord Hailsham suggested keeping nursery schools ‘outside the Education Department, although that Department alone had the necessary powers’. This, he held, ‘might more readily escape hostile criticism’ from the right.¹⁵⁹ At the heart of this unease lay a perceived threat to personal freedom. Thus, in countries where the state had intervened significantly, ‘the universal complaint is that State education has in fact deadened those nerve centres [of the creative spirit]’. Percy even went so far as to remark ‘[i]n that complaint lies the key to many of the impulses of Fascism’.¹⁶⁰ On a more immediate practical level, raising the school leaving age would not just impose a cost burden, but would impinge upon personal freedom.¹⁶¹ Party pamphlets acknowledged the right of parents to decide that employment leading to a meaningful career might prove more beneficial than an additional year’s schooling in some cases, as well as concern about potential lost income to families.¹⁶² This was consistent with existing Conservative attitudes towards individual difference and a reluctance to apply solutions that they perceived failed to take those into account.

Given Conservative beliefs about human nature, it is also not surprising that few Conservatives saw the need to move towards a multilateral secondary school system. As earlier chapters have explained, most believed strongly in the innate differences between individuals and consequently were sceptical of treating the entire population in the same way. In this, they were supported by contemporary scientific thinking, particularly in the emerging field of psychology and intelligence

¹⁵⁸ CCC minutes, 2 March 1934, CRD 1/64/2.

¹⁵⁹ CCC minutes, 16 March 1934, CRD 1/64/2.

¹⁶⁰ Percy, ‘Conservative Attitude’, p. 25.

¹⁶¹ *Ibid.*, p. 27.

¹⁶² *Educational Reform: The National Government Programme*, NU No. 3537 (London, 1935), in CRD 1/7/27.

testing.¹⁶³ The influential educational psychologist, Sir Cyril Burt, who gave evidence to the Consultative Committee several times during the interwar years, argued that intelligence could ‘be measured with accuracy and ease’.¹⁶⁴ As such, it made sense to have different modes of education catered towards different students.

The final factor explaining Conservative reluctance to reform education was a scepticism about the economic value of expanding secondary education, especially given the high financial cost. Conservatives certainly were aware of the efficiency argument that a more educated population was a more productive one, but they were unconvinced by what they saw as a tendency to support expanded education for the sake of doing so. Conservatives questioned the extent of benefits that increased educational expenditure would bring. In this they had some outside backing. In recommending cuts, the May Committee worried ‘that a tendency has developed to regard expenditure on education as good in itself without much consideration of the results that are being obtained for it and of the limits to which it can be carried without danger to other, no less vital, national interests’.¹⁶⁵ At least some National Government MPs shared those sentiments. None other than Halifax wrote to Cabinet to say that for educationalists the exemption-free raising of the school leaving age had ‘in fact become an article of faith, which is accepted without undue scrutiny’.¹⁶⁶

Real or perceived threats to vested interests acted as a further hindrance to a more ambitious education policy. The Conservative Party’s attachment to, and unwillingness to confront, the voluntary sector was one of these. The ‘dual’ system, in place since the 1902 Act, made it extremely difficult to separate elementary and secondary schooling, and to raise the school leaving age. As

¹⁶³ See e.g. Consultative Committee to the Board of Education, *Psychological Tests of Educable Capacity* (London, 1924).

¹⁶⁴ Simon, *Politics of Educational Reform*, pp. 240-50.

¹⁶⁵ Cmd. 3920, May Committee Report, p. 192.

¹⁶⁶ ‘Educational Policy Committee. Compulsory Education Beyond 14. Memorandum by the President of the Board of Education’, CP 143(35), 27 June 1935, p. 11.

already noted, the churches—primarily the Church of England, but also the Catholic Church—controlled many of the elementary schools, but lacked the financial resources to extend schooling, and were loath to surrender what they had to the state. The grammar schools were another area of concern. As remains the case at the time of writing,¹⁶⁷ some Conservatives were passionate defenders of the traditional grammar schools, and of the public schools. This mattered when some of those MPs feared that implementing the Spens Report too hastily risked compromising the grammar schools. It is no doubt significant that a very significant proportion of interwar Tory MPs attended public schools. Of the 1935 cohort, for example, no fewer than 55.3 per cent were ex-public schoolboys, with 25.3 per cent having attended Eton alone.¹⁶⁸

Political pressure forced some movement, but only to a limited extent. In a memorandum to the Cabinet, Halifax felt it would be ‘politically disadvantageous... to abstain, when the election comes, from any practical declaration of policy’.¹⁶⁹ The Cabinet Educational Policy Committee agreed.¹⁷⁰ Support for raising the school leaving age was widespread, and parts of the establishment noticed. *The Times* observed ‘clear evidence that the national importance of insisting that education should continue beyond the age of fourteen is recognised by all who think ahead’, though it felt there were differing methods to achieving that end.¹⁷¹ While reading of the popular mood pushed the National Government into some action, as noted, it could not overcome the considerable problems highlighted earlier. The resulting approach to education was perhaps best summed up by CRD research officer W.F. Wentworth-Shield, who described it as ‘making haste slowly’.¹⁷²

¹⁶⁷ In 2017, for example, Conservative Prime Minister Theresa May, unveiled plans (later abandoned) to build new grammar schools, nearly 20 years after the construction of new ones was prohibited. See ‘Theresa May unveils plans for new generation of grammar schools’, *Telegraph* (online), 7 March 2017 <<https://www.telegraph.co.uk/news/2017/03/07/theresa-may-unveils-plans-new-generation-grammar-schools/>> (accessed 23 July 2020). See also Timothy, *Remaking One Nation*, p. 213.

¹⁶⁸ Ball, *Portrait*, p. 313.

¹⁶⁹ ‘Cabinet. Educational Policy Committee. Compulsory Education Beyond 14. Memorandum by the President of the Board of Education’, 23 January 1935, in CP 32(35), p. 2.

¹⁷⁰ ‘Cabinet Educational Policy Committee. First Report’, 1 February 1935, CP 32(35).

¹⁷¹ Cutting from *The Times*, 12 January 1935 in CRD, 1/12/2.

¹⁷² Memorandum, W.F. Wentworth-Shields to Ball, 25 November 1936.

While some Conservatives fretted over how to ‘educate’ the new mass electorate, the elementary and secondary schools do not seem to have been at the core of any state-led strategy to achieve this. Baldwin spoke of the need to ‘educate ourselves for the purpose of citizenship’, though in the context of an address on adult education.¹⁷³ Baldwin himself aimed to educate the electorate via his speeches and broadcasts.¹⁷⁴ The Conservative Party itself took an interest in adult education,¹⁷⁵ most notably through the establishment of the Bonar Law Memorial College at Ashridge. The idea behind the College was to instruct Conservative ‘intellectuals’.¹⁷⁶ By contrast, schools were not frequently discussed in the context of political education at higher levels.¹⁷⁷ This was no doubt partly because, as mentioned earlier, the central government had no control over the school curriculum.

In short, the Conservatives did not embrace more substantial reform because they believed that the probable results were not enough to justify further state intervention or expenditure.

Conclusion

The National Government’s record in education was hardly impressive. Although the initial cuts were, for the most part, reversed, little further reform took place before the outbreak of war. Most policy initiative came not from within the Government’s ranks, but from the Board of Education’s own Consultative Committee. The problems caused by the dual system, namely the poor state of many voluntary schools, remained unresolved. When limited reform finally came in the shape of

¹⁷³ Baldwin, *On England*, p. 150.

¹⁷⁴ Williamson, *Baldwin*, pp. 151-6.

¹⁷⁵ See e.g. ‘Adult Education, With Special Reference to the Workers’ Educational Association’ 16 September 1930, CRD 1/12/1.

¹⁷⁶ Berthezène, *Training Minds*, p. 4.

¹⁷⁷ The author cannot rule out that the leadership viewed schools through this lens but has not uncovered evidence that it did. According to a draft educational policy, however, the Glasgow Unionist Teachers’ Association believed that ‘any system of education must be based on Religion and Patriotism’. See ‘Glasgow Unionist Teachers’ Association. Educational Policy’, 1930, CRD 1/12/1.

the 1936 Education Act, it was undermined by exemption clauses and appears only to have been introduced in response to political pressure. While it is true that the National Government was constrained by first the demands of the economic crisis, and later by the need to rearm, that even some normally favourable commentators called for it to go further suggests the National Government could have been more ambitious. This is in stark contrast to its readiness to intervene in the economy, as discussed in chapter three.

Nevertheless, the party's attitude makes sense if viewed through the context of its attitudes to the state, and to education. As in welfare policy and industrial reorganisation, Conservatives were prepared to countenance greater state intervention if they thought it necessary. The difference between education and industrial reorganisation is that for most Conservatives the former was less of a pressing concern. While Lord Sanderson and others may have viewed any cuts to education as false economy, Conservatives did not consider maintaining current levels of spending, let alone significant expansion of the education system, as critical to national efficiency. While this may appear strange in the light of the twenty-first century belief in education as central to national productivity, it still held true for many Conservatives. This was by no means true of all Conservatives, with some, such as Buchan and Macmillan, pushing harder on the school leaving age issue, but it was true for enough to prevent any serious structural reform. When compounded with Conservative beliefs about individual differences, and a reluctance to interfere with the voluntary schools, it is hardly surprising that little changed. Ultimately, not until the Second World War did another Conservative President of the Board of Education, driven partially by personal ambition, and convinced of the need for substantial change, finally steer through major reform.

Chapter Six: ‘Anyhow, We Have Rehoused a Million Slum-Dwellers’: The Conservatives and Housing, 1931-40

Introduction

The National Government presided over a housing boom, with more than two and a half million homes constructed between 1931 and 1939.¹ As in welfare and education, the period began with cuts, in this case to subsidies to local authority housebuilding. In contrast to the other two areas, though, Conservatives had long desired the limitation of a form of state intervention they never had seen as more than a temporary expedient. Conservatives justified this primarily on the grounds that it would lower housing costs, given that the private sector was more effective at providing most forms of housing, and that excessive local authority housebuilding risked squeezing the capacity of private housebuilders. They used the same justification to ease the rent restrictions that had been in place since the First World War. As economic conditions improved, however, the National Government embarked on a new, albeit very targeted, housing programme. Though it never reinstated subsidies for most working-class houses, it embarked on Britain’s first large-scale attempts at slum clearance and reductions in overcrowding. Arguably, though, the most significant housing developments in the 1930s took place in the private sector. While the National Government oversaw the construction of many new homes, this was to a large extent the result of lower interest rates, which were possible as a result of Britain no longer attempting to defend the gold standard. Additionally, most of the new privately-built houses were for sale rather than for rent, and most of those were purchased by members of the middle class rather than of the working class.

¹ Marian Bowley, *Housing and the State: 1919-1944* (London, 1945), p. 271.

Various studies consider different aspects of interwar housing policy. Martin Daunton has criticised the construction of government housing ‘built on large suburban estates, usually without local employment’ or ‘social facilities’.² Beyond urban planning, Mark Swenarton and Sandra Taylor have explored trends in owner-occupation between the world wars. They have argued that while it was difficult to determine the extent of home ownership before 1914, it was ‘somewhat below 35 per cent’ by 1938.³ Between those years, owner-occupation became more concentrated in ‘the south and the midlands’, and the increase in home ownership was ‘overwhelmingly a middle-class process’.⁴ Finally, Peter Craig has explored the role of the building societies, which at the time, were responsible for most private home loans, in facilitating that growth.⁵

In his account of the Becontree Estate outside London, Andrzej Olechnowicz has argued that the problems it faced stemmed in part from ‘the inadequacy of the State’s financial contribution’.⁶ Following on from Ross McKibbin, he argued that part of the reason many middle-class Britons viewed such estates negatively stemmed from the ‘cardinal feature of political life in Britain’ from 1914 to 1938. This was ‘the entrenchment among the middle classes and a substantial section of the working class of ideological stereotypes which were intensely hostile to the working class’.⁷ The Conservatives exploited the work of well-meaning non-political groups like the New Estates Community Committee, which feared the new, one-class estates risked developing into a uniform ‘mass’ society. The Committee worried that ‘ever-increasing leisure and absence of “community” and “civic spirit”’ on the estates ‘threatened democratic societies with a totalitarian future’.⁸ The Conservatives used this to stir anti-working-class fears for electoral gain.⁹ While Olechnowicz’s

² Martin Daunton, *Wealth and Welfare: An Economic and Social History of Britain 1851-1951* (Oxford, 2007), p. 429.

³ Mark Swenarton and Sandra Taylor, ‘The Scale and Growth of Owner-Occupation in Britain Between the Wars’, *Economic History Review*, 38/3 (1985), pp. 373-92, p. 376.

⁴ *Ibid.*, p. 391.

⁵ Peter Craig, ‘The House that Jerry Built? Building Societies, the State and the Politics of Owner-Occupation’, *Housing Studies*, 1/2 (1986), pp. 87-108.

⁶ Andrzej Olechnowicz, *Working-Class Housing in England between the Wars* (Oxford, 1997), p. 219.

⁷ *Ibid.*, p. 5.

⁸ *Ibid.*, pp. 145, 154-62, 226-7.

⁹ *Ibid.*, pp. 154-62, 226-7.

study is valuable, even if its argument is possibly overstated,¹⁰ its focus is not on government housebuilding, which is the subject of this chapter.

The prevailing scholarly consensus is that the interwar Conservative Party's housing record was mixed. Bernard Harris argued that while the scale of housebuilding during the interwar period was impressive, the gains were spread unevenly across different groups in society.¹¹ John Burnett has argued that interwar housing 'shows both success and failure'. While more houses were built more rapidly than ever before, the success of housing policy suffered partly from ignorance about 'the rate of family formation' but also because of political differences between Labour and the Tories. Housing became 'a political football kicked backwards and forwards'. While the Conservative Party 'put its faith in private enterprise and accepted state aid only as emergency measure', Labour tried to make housing 'part of the normal social responsibility of government'.¹² Chris Renwick is more critical, arguing that '[f]or the most part' the new houses 'were not homes built for the poorest members of society or those facing the most acute need'.¹³ Merrett agrees.¹⁴ Martin Daunton noted the Conservatives came to 'a pragmatic acceptance of a mixed housing market'.¹⁵ Several unpublished theses examine housing within specific periods. In his recent doctoral thesis on the 1919 Addison Act, Calum White argued that legislation 'permanently changed the relationship between the state and its peoples' and 'profoundly changed the course of housing in Britain'.¹⁶

Few historians expressly consider housing through the prism of 1930s Tory policymaking. In his 2002 chapter on the subject, Kevin Morgan argued that such was the political success that 'for the

¹⁰ Martin Daunton, 'Working-Class Housing in England between the Wars by Andrzej Olechnowicz', *English Historical Review*, 113/454 (1998), pp. 1368-9.

¹¹ Harris, *British Welfare State*, pp. 259-60.

¹² Burnett, *Social History of Housing*, p. 249.

¹³ Renwick, *Bread for All*, p. 162.

¹⁴ Stephen Merrett, *State Housing in Britain* (London, 1979), p. 55.

¹⁵ M.J. Daunton, *A Property-Ownning Democracy?* (London, 1987), p. 63.

¹⁶ Calum White, "'The Foundations of the National Glory are in the Homes of the People': The Addison Act, the First World War, and British Housing Policy" (DPhil thesis, University of Oxford, 2018), p. 1. The author is very grateful to Dr White for emailing a copy of his thesis before it was deposited in the Bodleian Library.

first time in almost 20 years housing was very largely taken out of national politics'.¹⁷ For Conservatives, 'the home...had a powerful symbolic value resting on a gendered familial ideology and the threatened integrity of the private sphere', a sphere vulnerable to socialist attack.¹⁸ To Morgan, 'the party's housing programmes reflected the shifting concerns of its successive health ministers, who did not always carry with them the party in the country'.¹⁹ This chapter disagrees, and argues the Conservatives had a largely consistent approach to interwar housing, at least at the higher levels. William Frame contended that the presence of coalition partners in the National Government allowed for a more progressive housing policy than otherwise would have been the case.²⁰ While the Liberal Nationals or National Labour certainly did not hinder the cause of housing development, this arguably plays down the very personal interest that Neville Chamberlain had for some years taken in the subject. Further, unlike this chapter, his account ends at the 1935 election. While this chapter does not challenge the core of these arguments, its academic contribution lies in its use of housing policy to try to explain the ideology of the Conservative Party across the entire life of the National Government.

It is important to acknowledge that, as with education, much responsibility for the construction of public housing lay with local authorities rather than the central government. This meant that there was significant local variation in housing across the United Kingdom.²¹ Nevertheless, housing is still of great importance for several reasons. First, it was a major social and political issue that affected millions of Britons. Secondly, although local authorities built many houses, their powers and financial ability to build those houses depended on legislation passed by Westminster. Thirdly, it is of further interest as one of the very few areas that saw a partial reduction of the state's

¹⁷ Kevin Morgan, 'The Conservative Party and Mass Housing, 1918-39', in Stuart Ball and Ian Holliday (eds), *Mass Conservatism: The Conservatives and the Public since the 1880s* (London, 2002), pp. 58-77, pp. 68, 76.

¹⁸ *Ibid.*, p. 59.

¹⁹ *Ibid.*, p. 60.

²⁰ Frame, 'Conservative Party and Domestic Reconstruction', pp. 309-19.

²¹ Morgan, 'Mass Housing', p. 60.

influence. Finally, and unusually for an area of social policy, the party's interwar housing record was,²² and continues to be,²³ a source of pride among its supporters. As with education, because of space constraints, this chapter is primarily focused on developments in England and Wales. In summary, though, while housing legislation for Scotland generally resembled that of England and Wales, the extent of overcrowding was much worse, and a far greater proportion of houses were constructed by local authorities as opposed to private enterprise.²⁴

This chapter also does not devote much space to matters relating to gender, design, and town planning. Pugh has written that housing was 'one of the few issues on which governments actually sought the opinion of women'.²⁵ However, contemporary attitudes towards gender did not have a substantial bearing on the central question of the extent to which the state chose to fund housing. The incorporation of female views in the 1930s legislation appears to have been less than it was under the Addison Act.²⁶ Similarly, while it will be mentioned, there will not be extensive commentary on the design of new houses. There was much contemporary debate about what new housing should look like, particularly the 'time-honoured argument of houses *versus* flats'.²⁷ As will be seen, the details were largely determined by local authorities, and state housebuilding after 1932 was largely confined to slum clearance. Finally, while there was some town planning legislation, such as the Ribbon Development Act of 1935, and planning as a concept was gaining traction in the 1930s, 'the town and country planning movement had only limited impact before 1939'.²⁸

²² Extract from Winston Churchill speech, 'Homes for the People' 14 October 1950, in Conservative Political Centre, *The New Conservatism*, C.P.C. no. 150 (London, 1955), pp. 123-4.

²³ In a recent example of this, Theresa May's former Joint Chief of Staff, Nick Timothy, praised Neville Chamberlain as 'the party's forgotten social reformer, [who] improved pensions and social services and built millions of homes'. See Nick Timothy, 'Tories must renew as the National Party or be Eclipsed by Farage', *Telegraph*, 25 April 2019, p. 16.

²⁴ For a brief summary of the housing situation in Scotland, see Bowley, *Housing and the State*, pp. 261-8.

²⁵ Martin Pugh, *We Danced All Night: A Social History of Britain Between the Wars* (London, 2009), p. 61.

²⁶ Calum White has explored the Women's Housing Advisory Subcommittee in 'The Addison Act', ch. 4, 'Women and the Addison Act', pp. 171-208.

²⁷ Mass Observation, *An Enquiry into People's Homes; A Report Prepared by Mass-Observation for the Advertising Service Guild, the Fourth of the 'Change' Wartime Surveys* (London, 1943), p. 46. Emphasis in original.

²⁸ John Stevenson, *British Society 1914-45* (Harmondsworth, 1984), pp. 233-6.

The chapter argues that while the National Government's housing record certainly was more impressive than in other areas of welfare policy, it was not as effective as it could have been. Political pressure and, in at least some cases, genuine humanitarian concern, drove the Government to embark on anti-slum and overcrowding measures. A degree of pragmatism also prevented the complete decontrol of rents for many working-class properties. However, a philosophical reluctance to continue with what Conservatives believed to be unnecessary state interference meant that while many houses were built, they were often financially beyond the means of those who needed them the most. As with the other chapters in this thesis, this chapter begins by outlining the development of housing policy up to 1931. It then examines the key elements of National Government housing policy: the removal of most housebuilding subsidies and rent restrictions, slum clearance, and the 'cheap money'-fuelled private housing boom. The chapter then explores what drove Conservative housing policy.

Housing Policy in 1931

To make sense of, and provide context to, the debates and policies of the 1930s it is necessary to sketch the development of state involvement in housing up to that time. Like education and welfare policy, housing policy had evolved over a series of acts from the nineteenth century onwards. As with the other two areas, the longer-term trajectory, particularly after the First World War, trended towards greater state intervention.

The first government housing measures came in the mid-nineteenth century. In 1851, two acts were passed 'for the establishment and control of lodging-houses for the working classes'.²⁹ Subsequent legislation in 1868 and 1875 had given local authorities the power to clear slums. As a 1933 PEP report noted, these initial pieces of legislation were 'limited in scope' and 'largely

²⁹ Ivor Thomas, 'Housing the Working Classes', *Listener*, 12 February 1936, pp. 307-9, p. 307.

inoperative'.³⁰ Further legislation in 1890 permitted local authorities to build and own working-class houses.³¹ In 1909 the Liberal Government passed the Housing and Town Planning Act. Prior to the First World War, however, these powers were seldom exercised, which meant that only a very small proportion of the population lived in public housing. In the areas under the jurisdiction of the London County Council, for example, less than two per cent of the population lived in LCC housing.³² Though this figure excludes housing provided by the Metropolitan Boroughs, it was a much smaller proportion than what the LCC would provide in subsequent years. In short, before 1914, despite some legislative intervention, the state's involvement in housing remained minimal.

To an unusual extent in British social policy, the relationship between the state and housing dramatically altered with the First World War, which prompted the first major state interventions in the housing market. The first was in the area of rents. Protests in Glasgow led to the passage of the Rent and Mortgage Restriction Act of 1915, which froze rents. However, by squeezing profit margins, it also contributed to a supply shortage. Though envisioned as a temporary measure, the legislation subsequently became 'politically impossible to repeal', as doing so would have triggered substantial rent increases.³³ At its peak after the passage of further legislation in 1919 and 1920, 98 per cent of the housing stock was covered by rent restriction acts.³⁴

The War also prompted the first large-scale state-financed construction of housing. The reason for this was the impossibility of private enterprise to address both the existing shortage and new concerns for better quality working-class housing. As just mentioned, the wartime suspension of housebuilding and rent controls exacerbated an existing housing shortage. Marion Bowley

³⁰ Political and Economic Planning, *Housing England: A Guide to Housing Problems and the Building Industry* (London, 1934), p. 33.

³¹ Ibid.

³² Thane, *Foundations*, p. 89.

³³ Burnett, *Social History of Housing*, pp. 221-2.

³⁴ Cmd. 3911, *Report of the Inter-Departmental Committee on the Rent Restrictions Acts* ('Marley Committee Report') (London, 1931), p. 15.

estimated that there was a shortage of 600,000 homes by the cessation of hostilities.³⁵ Having distorted the market via rent controls, the state then needed to intervene further to address the supply problem. Additionally, the increased scope of state intervention during the war more generally made a greater degree of state involvement in housing more feasible than previously.

To deal with these problems, the Lloyd George Liberal/Conservative Coalition introduced the first post-war housing legislation, the so-called Addison Act, and was said to have promised that there would be 'homes fit for heroes'.³⁶ Named after the Liberal President of the Local Government Board,³⁷ and later Minister of Health, Dr Christopher Addison,³⁸ the legislation is often regarded as 'the real starting-point for the development of local authority housing in Great Britain'.³⁹ As Addison later wrote, the failure of private enterprise 'to mitigate the evils of slum life or to prevent their increase' was the 'primary cause of State assistance being required'.⁴⁰ In this respect, the First World War had a much more significant long-term effect on housing policy than it had on either education or welfare, both of which had witnessed more substantial legislative intervention before 1914. The standards for the new homes were shaped by the Tudor Walters report, named after the Liberal MP Sir John Tudor Walters.⁴¹ The government also sought women's input through the establishment of the Women's Housing Advisory Subcommittee.

³⁵ Bowley, *Housing and the State*, p. 12.

³⁶ Calum White has pointed out there is little contemporary evidence that the phrase was used at the time. Instead, the phrase commonly used was 'land fit for heroes'. As he also noted, this is especially interesting in light of the number of publications using 'homes fit for heroes' as a title. See White, 'Addison Act', p. 261.

³⁷ Renamed the Ministry of Health on 24 June 1919.

³⁸ Dr Christopher Addison, later 1st Viscount Addison, 1869-1951. A medical doctor by profession. Liberal MP for Hoxton, 1910-22; Labour MP for Swindon, 1929-31 and 1934-5. Served as Parliamentary Secretary to the Board of Education, 1914-15; Parliamentary Secretary to the Minister of Munitions, 1915-16; Minister of Munitions, 1916-17, Minister in Charge of Reconstruction, 1917; President of the Local Government Board, 1919; Minister of Health, 1919-21; Minister without Portfolio, 1921. He held further ministerial positions in the second Labour government, 1929-30, and the 1945-51 Attlee government.

³⁹ Harris, *British Welfare State*, p. 247.

⁴⁰ Christopher Addison, *The Betrayal of the Slums* (London, 1922), p. 15.

⁴¹ Burnett, *Social History of Housing*, pp. 222-7.

The Act was innovative and significant in three ways. First, it compelled local authorities to build houses, which previously had only been optional. It further provided Exchequer subsidies to cover the building costs. The houses were to relieve the general housing shortage and were not expressly targeted at the poorest. Crucially, in common with rent controls, this was viewed only as a temporary expedient until the private housing market returned to equilibrium. Unfortunately, the Act had several key problems. First, there was no upper limit on the Treasury subsidy—the Treasury reimbursed councils for all losses over 1d. This made the Act very expensive. It also failed to relieve the housing shortage, which actually worsened as demand increased faster than new houses were constructed. As Calum White has written, the failure to set an upper quality limit meant the legislation ‘became overwhelmed by the shortcomings of its own idealism’.⁴² For these reasons, and due to growing pressure for reductions in government spending, the Addison Act was abandoned in 1922 after 170,100 homes had been built.⁴³ At that time, the Coalition Government hoped ‘that future State intervention in any form will not be required, and that the building industry will return to its pre-war economic basis’.⁴⁴

A year later, though, the building industry had not returned to its pre-war economic basis. The next Westminster foray into house construction was Neville Chamberlain’s Housing Act of 1923. This legislation offered state subsidies of £6 per annum for 20 years, subsequently reduced to £4 in 1927. In contrast to the Addison Act, this represented a move away from local authority provision of housing,⁴⁵ a trend seen repeatedly in successive pieces of Conservative and National Government housing legislation. Instead, the legislation was intended to assist private enterprise. Councils could only provide houses ‘if they succeeded in convincing the Minister of Health that it would be better if they did so, than if they left it to private enterprise’.⁴⁶ The subsidy was only

⁴² White, ‘Addison Act’, p. 262.

⁴³ Bowley, *Housing and the State*, p. 271.

⁴⁴ Sir Alfred Mond, Minister of Health, 9 March 1922, quoted in Addison, *Betrayal of the Slums*, p. 15.

⁴⁵ Burnett, *Social History of Housing*, p. 231.

⁴⁶ Quoted in Bowley, *Housing and the State*, p. 37

meant to last until October 1925, the Government believing, once again wrongly, that private enterprise would pick up the slack.⁴⁷ In 1924, after it became clear that private enterprise still could not provide the necessary houses, the Chamberlain subsidies were extended until 1929.⁴⁸ The problem with the Chamberlain Act, as with much of the private housebuilding in the 1930s, was that many of these houses proved beyond the means of most working-class tenants. The houses did, however, did prove ‘attractive to [the] lower middle and artisan class’.⁴⁹

A year and change of government later brought another Housing Act, and another policy reversal. In contrast to his predecessor and successor, the Minister of Health in the first Labour Government, John Wheatley, once again encouraged local authority housing. Under his legislation, commonly referred to as the Wheatley Act, the Exchequer offered a £9 annual subsidy for local authority-constructed houses built for rent in accordance with standards mandated by the 1923 Chamberlain Act. In this respect, it is misleading to assert, as Maurice Cowling does, that the Wheatley Act was ‘a continuation of Neville Chamberlain’s’ 1923 Act.⁵⁰ Although two years later the Baldwin Government reduced the subsidy to £7 10/-, it kept both the Chamberlain and Wheatley acts operating alongside each other. The Wheatley Act itself remained on the statute books until 1933,⁵¹ and some 520,300 houses were constructed under it. Of those, just 15,800 were private-sector built, the rest were constructed by local authorities. This exceeded the 438,000 constructed under the Chamberlain Act, of which all but 75,300 were built by private enterprise.⁵²

The last piece of reform took place under the second Labour Government. The 1930 Housing Act, known as the Greenwood Act after the Labour Minister of Health Arthur Greenwood,⁵³

⁴⁷ Burnett, *Social History of Housing*, p. 232.

⁴⁸ PEP, *Housing England*, p. 35.

⁴⁹ Ibid.

⁵⁰ Cowling, *Impact of Labour*, p. 376.

⁵¹ Burnett, *Social History of Housing*, p. 233.

⁵² Bowley, *Housing and the State*, p. 271.

⁵³ Arthur Greenwood, 1880-1954. MP for Nelson and Colne, 1922-31; Wakefield, 1932-54. Parliamentary Secretary to the Ministry of Health, 1924; Minister of Health, 1929-31. Later served as Deputy Leader of the Labour Party in

required local authorities with more than 20,000 residents to draw up five-year plans for clearing slums. 'The plans were to remain until the slums were gone.'⁵⁴ The Exchequer granted local authorities a 40-year annual subsidy of £2 5/- for each person rehoused. The Conservatives did not oppose the legislation, which passed its second reading without a division.⁵⁵ Despite the Act's promise, little slum clearance actually took place in its first years. Just 17,450 replacement houses were built between 31 March 1931 and 31 March 1934.⁵⁶ Just before losing the 1929 election, the Conservatives too had indicated an interest in slum clearance. In a speech just days before the poll, Baldwin promised that having 'broken all records in dealing with the housing problem', 'we are now going to devote our attentions to tackling the slum problem and the reconditioning of insanitary houses'.⁵⁷

Throughout this time most rent restrictions remained in place. Further legislation in 1919 and 1920 extended rent controls to 1923.⁵⁸ Once again, however, it proved too difficult to remove the controls entirely and an Act of 1923 provided for 'gradual decontrol' of rents. Rents were to remain controlled as long as the existing tenant remained in that property. Once the tenant left, however, the controls did not apply to a subsequent lease. The 1923 Act was itself only intended to run until 1925, but subsequently was extended until 1927, then annually until 1933.⁵⁹ That rent restrictions remained a problem is evidenced by the fact that there were no fewer than four departmental committees examining the subject between 1918 and 1933.⁶⁰ The last of these, under the Labour peer Lord Marley, proposed dividing houses into categories: Class A, Class B, and Class C. Class

1935, member of the War Cabinet, 1940-2, then in the Attlee Government as Lord Privy Seal, 1945-7 and Paymaster-General, 1946-7.

⁵⁴ Cmd. 3937, *Twelfth Annual Report of the Ministry of Health, 1930-1931* (London, 1931), pp. 98-102.

⁵⁵ The Liberal MP, E. D. Simon, who in 1931 briefly served as Parliamentary Secretary to the Minister of Health, later wrote that he was 'impressed by the violence of the Conservative opposition' to the measure. E.D. Simon, *Rebuilding Britain—A Twenty Year Plan* (London, 1945), p. 83.

⁵⁶ National Housing Committee, *A National Housing Policy*, p. 52.

⁵⁷ 'Notes for Phonofilm Speech', delivered 25 April 1929, Baldwin MSS vol. 199, p. 3.

⁵⁸ Merrett, *State Housing in Britain*, p. 32.

⁵⁹ Bowley, *Housing and the State*, p. 40.

⁶⁰ E.D. Simon, *The Anti-Slum Campaign* (London, 1933), p. 42.

A houses, with a higher rateable value, would be totally decontrolled. Class B houses would remain 'subject to the decontrolling provisions' of the 1923 Act. Class C houses, those with the lowest rateable values, would 'cease to be subject to the decontrolling provisions' of the 1923 Act.⁶¹ As this report was only issued in July 1931, no action was taken before the August crisis and the fall of the second Labour government.

In sum, by 1931 the state had begun to play a significant role in the provision of housing whereas barely a generation before it had played very little. Between the Great War and the formation of the National Government, the Conservatives had come to accept a much greater role for the state than they had before 1914. There was a certain see-sawing between those who favoured greater municipal housebuilding and those, notably the Conservatives, who favoured private enterprise wherever possible.

The Development of Conservative Housing Policy

There were two main elements to Conservative housing policy during this period, each of which will be addressed in turn. First was an attempt to facilitate private housing wherever possible through the abolition of housing subsidies and further winding back of rent controls. Secondly, state intervention continued through new emphasis on slum clearance and overcrowding relief. Throughout its tenure, there were four responsible Ministers—at this time housing still fell under the Ministry of Health.⁶² Unlike Education, all were Conservatives, though one, Sir Hilton Young, was an ex-Liberal,⁶³ and two Parliamentary Secretaries, E.D. Simon⁶⁴ and Geoffrey Shakespeare, were Liberals or Liberal Nationals.

⁶¹ Cmd. 3911, Marley Committee Report, p. 56.

⁶² Housing moved to a separate department only in 1951.

⁶³ Neville Chamberlain, 25 August 1931-5 November 1931; Sir Hilton Young, 5 November 1931-7 June 1935; Sir Kingsley Wood, 7 June 1935-16 May 1938; Sir Walter Elliot, 16 May 1938-13 May 1940.

⁶⁴ Ernest Darwin Simon, 1879-1960. Member of Manchester Council, 1911-25, and Chairman of its Housing Committee, 1919-23; Lord Mayor of Manchester, 1921; Liberal MP for Withington, 1923-4, 1929-31 and

National Government housing policy aimed to reduce the influence of the state where it felt the private sector would do a better job. Reflecting this, the easing of rent restrictions via the Rent and Mortgage Interest Restrictions (Amendment) Bill was its first significant housing measure. The Bill had its second reading on 12 December 1932. The National Government used various justifications for doing this. The initial subsidies had been introduced in the ‘abnormal conditions’ caused by the ‘stubborn cessation’ of housebuilding due to the First World War. This ‘artificial system’ was ‘only justified by temporary and abnormal conditions’. It was a ‘common goal’ to achieve ‘complete decontrol as soon as it is safe’.⁶⁵ Such abnormal conditions, it argued, no longer existed. Moreover, the existing arrangements, by tying decontrol to a change of tenancy, made it difficult to justify moving to potentially more suitable accommodation. As Young elaborated: ‘The tenant of a controlled house, with his restricted rent, when he knows that it is only his own tenancy which is controlled, is afraid of moving, because if he goes anywhere else he will have to go to a decontrolled house with a higher rent. Therefore, he is immobilised.’⁶⁶

The legislation generally followed the recommendations of the majority report of the Marley Committee. At the upper level, those houses referred to as ‘Class A’ were decontrolled entirely. Lower middle-class properties, ‘Class B’ were to continue to be decontrolled upon change of tenancy. However, following the recommendations of the Departmental Committee, some working-class properties, ‘Class C’ properties, remained protected from decontrol. This was because the government recognised that some working-class households would struggle to afford rents at market rates. The effects were predictable. Between 1931 and 1937, the proportion of ‘Class B’ houses subject to rent control fell from 60 per cent to 32 per cent, and the proportion of

Parliamentary Secretary to the Minister of Health, but unsuccessfully contested Penryn and Falmouth in the 1931 election. Later served as Chairman of the BBC, 1947-52. Created 1st Baron Simon of Wythenshawe, 1947.

⁶⁵ HC Debates, 5th ser., vol. 273, cols 47-9, 12 December 1932 (Sir Hilton Young).

⁶⁶ Ibid., col. 53.

‘Class C’ houses from 78 to 57 per cent.⁶⁷ The 1933 legislation intended for remaining restrictions to lapse pending further review in 1938. Once again, however, they were extended.

In 1937, the Government appointed another committee, this time under the Conservative peer Viscount Ridley, to examine the subject.⁶⁸ The Government’s response, set out in February 1938, reaffirmed the principle that rents should be decontrolled ‘as soon as there is an adequate supply of housing accommodation’.⁶⁹ It supported the Committee’s recommendation that most ‘Class B’ houses with a rateable value greater than £20 (or £35 in Scotland and the Metropolitan Police District) be decontrolled but the remaining ‘Class B’ houses should ‘be subject to the same conditions of control as now apply to houses in class C’.⁷⁰ It rejected, however, the Committee’s proposed timetable for the decontrol of remaining class C properties.⁷¹ These recommendations were duly enacted under the Increase of Rent and Mortgage Interest (Restrictions) Bill, which had its second reading on 2 March 1938⁷² and received royal assent on 26 May that year. As a result, rent restrictions continued in place until the outbreak of war. Such a policy was entirely consistent with Conservative housing policy for the past decade, which had aimed to wind back rent restrictions, but had not found an opportune moment to do so.

The other change introduced in 1933 was the end of subsidies for local authority housebuilding, save for slum clearance. The reduction, if not outright abolition, of the subsidies had been flagged even before the fall of the Second Labour Government. In July 1931, the May Committee recommended that there was ‘ample ground for a reduction of the housing subsidies by £2 10s. per annum’ in England and Wales, though stopped short of calling for their outright abolition.⁷³

⁶⁷ Ibid., vol. 332, col. 1138, 02 March 1938 (Sir Kingsley Wood).

⁶⁸ Cmd. 5621, *Reports of the Inter-Departmental Committee on the Rent Restrictions Acts* (London, 1937).

⁶⁹ Cmd. 5667, *Government Policy on Rent Restriction* (London, 1938), p. 4.

⁷⁰ Ibid., p. 3.

⁷¹ ‘Report of the Committee on Rent Restriction Acts and Rating Revaluation’, 27 January 1938 CP 14(38); Cabinet conclusions, 2 February 1938, CAB 3(38).

⁷² HC Debates, 5th ser., vol. 332, cols 1133–45, 2 March 1938 (Sir Kingsley Wood).

⁷³ Cmd. 3920, May Committee Report, p. 184.

Though the issue was not mentioned in the 1931 Conservative manifesto,⁷⁴ the direction of travel was reasonably clear, if not the final destination.

The National Government, however, went beyond this. The relevant bill, whose second reading took place just three days after that of the legislation further easing rent restrictions, scrapped all subsidies except those under the Greenwood Act. Many of the justifications were similar to those used in the rent restrictions, namely that the subsidies were a temporary measure that could be removed now that the existing housing shortage had eased. Unlike in the previous decade, changed conditions suddenly appeared to justify a reversion to what Conservatives saw as the norm of most housing being privately provided. The object of the legislation says it all: 'The object of this Bill is to further a great social service by promoting the supply of houses by those means which alone, in the opinion of His Majesty's Government, are efficient means, that is, means which are normal and natural to the economic life of the country'.⁷⁵ Since falling interest rates, made possible by the abandonment of the gold standard and conversion of Britain's war debt, had reduced borrowing costs, private enterprise could resume its former role as the supplier of most British housing. As Young's Cabinet memorandum summarised:

To get an adequate and regular supply of small houses of the type required, we need conditions under which private enterprise and capital can find profitable employment in their supply. With the fall in money and costs, those conditions are now realised. There is no obvious reason why private enterprise and capital should not now provide the supply. There is evidence that the chief thing that prevents them is the competition of subsidised houses built by the local authorities.⁷⁶

Additionally, removing the Wheatley subsidy would free up councils to 'concentrate their energies and resources' to slum clearance.⁷⁷ The policy shift attracted some criticism. One critic, former

⁷⁴ *The Nation's Duty*.

⁷⁵ HC Debates, 5th ser., vol. 273, col. 543, 15 December 1932 (Sir Hilton Young).

⁷⁶ 'Housing Policy: Memorandum by the Minister of Health', 12 November 1932, CP 386(32).

⁷⁷ Ministry of Health, 'Notes on the Government's Policy for Housing and Slum Clearance', undated, in Baldwin MSS vol. 25, p. 6.

Parliamentary Secretary to the Minister of Health E.D. Simon, called Young's second reading speech '[t]ruly, one of the most remarkable conjuring performances of modern times' on account of his claim to clear slums while reducing expenditure.⁷⁸ To Simon, a former Lord Mayor of Manchester (1921-2), Chairman of the Manchester Housing Committee (1919-24), and author of several books on housing and local government,⁷⁹ the government's legislation was totally inadequate to deal with the slum problem.

The National Government was indeed correct in its expectation that the private sector would build large numbers of houses—the following years witnessed a private sector-driven housing boom.⁸⁰ The 1933 legislation expected that the building societies would offer the bulk of housing loans. In terms of the number of houses built, the policy of relying upon private enterprise proved tremendously successful. Almost two million houses were built between 1931 and 1940, with annual output increasing from 128,000 in 1931 and peaking at 287,500 in 1935. While the pace of construction eased by 1938, it remained at levels substantially higher than those seen before the slump. The total number of privately-constructed houses in England and Wales each year between 1931 and 1939 was as follows:⁸¹

⁷⁸ Simon, *Anti-Slum Campaign*, p. 55.

⁷⁹ In addition to *Anti-Slum Campaign*, see E.D. Simon, *How to Abolish the Slums* (London, 1929).

⁸⁰ Craig, 'The House that Jerry Built', pp. 87-108.

⁸¹ Figures taken from Bowley, *Housing and the State*, p. 271.

Year	Houses built by private enterprise
1931	128,000
1932	130,700
1933	144,500
1934	210,700
1935	287,500
1936	271,900
1937	275,200
1938	259,700
1939	230,600
Total	1,938,800

Exact comparisons with the pre-war years are difficult to calculate, but it does seem evident that there was a substantial increase in the number of owner-occupiers until the late 1930s, even if that increase was spread unevenly both geographically and on class lines.⁸² While there had been a longer-term trend away from renting, partly as a result of declining property yields and the availability of home loans via building societies, the fall in interest rates to two per cent accelerated this process in the 1930s. Unfortunately, although this level of building activity and growth of owner-occupation was impressive, it did not resolve the shortage of affordable working-class homes. This was because most of the new houses were built for the middle classes to buy rather than for the working classes to rent.

⁸² Swenarton and Taylor, 'Growth of Owner-Occupation', pp. 391-2.

As with industrial reorganisation, Conservatives made a point of portraying themselves as the defenders of private property against a socialist opposition bent on seizing hard-earned savings. In this they saw electoral mileage in distinguishing themselves, as in other areas, from Labour's more redistributive policies. Addressing the 1922 Committee in 1935, the Minister of Pensions G.G. Tryon advised that '[t]he effect of possible Land Taxes and Socialist confiscation of thousands of small landowners and householders should be pointed out'.⁸³ This was duly pointed out during the election campaign later that year. One National Government pamphlet alleged that 'under socialism you will lose the house which you have worked so hard for'. The basis for this attack was a passage in a book written by a Labour candidate, G.R. Mitchison, warning that private home owner-occupation would end 'as soon as the area in which he [the owner] lived was socialised'.⁸⁴ The pamphlet caused a minor storm—Labour accused the Conservatives of mounting a scare campaign and was forced to deny it had any intention to nationalise either houses or building societies. Ball afterwards wrote to the Party's Chief Publicity Officer, Sir Patrick Gower, about how he was 'satisfied that we gave them [Labour] the shock of their lives'.⁸⁵

Though it preferred to use private enterprise, the National Government continued to support some local authority housebuilding, albeit in a targeted way. Slum clearance and the relief of overcrowding became the primary focus of state intervention. This became evident early. In January 1932, Young issued Housing Circular 1238, asking that local authorities focus their housebuilding efforts on properties within the reach of low-paid workers.⁸⁶ As already mentioned, while subsidies were no longer available for general housing, they remained in place for the clearance of slum dwellings.⁸⁷ Even in this case it was not entirely clear the Conservatives intended to maintain this support indefinitely. Neville Chamberlain wrote to his sister that the slum

⁸³ 1922 Committee minutes, 4 March 1935, 1922/3.

⁸⁴ *Your House to Go! Your Building Society Too! If Socialism Comes*, NU no. 3555 (London, 1935).

⁸⁵ Ball to Gower, 28 November 1935, CRD 1/7/26.

⁸⁶ Simon, *Anti-Slum Campaign*, p. 51.

⁸⁷ 'Housing Policy: Memorandum by the Minister of Health', 17 November 1932, CP 286(32).

clearance subsidy would be maintained ‘for a time’.⁸⁸ The reason why the Conservatives maintained government involvement in slum clearance was the same as why they had not moved in the previous decade to maintain the Wheatley subsidies and rent restrictions—the private sector could build that type of housing. In this instance, the rents would be uneconomical owing to the limited capacity of current slum tenants to afford them.

Having pushed local authorities to direct their energies towards slum clearance, the National Government saw the next step as tackling overcrowding. In March 1933 another Departmental Committee under the Conservative peer Lord Moyne was established to ‘consider the reconditioning of the slums’.⁸⁹ The Moyne Committee⁹⁰ reported in July of that year.⁹¹ The government announced its intention to introduce housing legislation in the King’s Speech in November 1933. Working with the local authorities, the government aimed to ‘press forward with the improvement of housing conditions or reconditioning of houses unfit for human habitation’. Any replacement housing would ‘accord with modern standards’ and could be ‘let at reasonable rents’.⁹² On 7 February the following year, the Cabinet established a sub-committee on housing,⁹³ of which Neville Chamberlain was appointed chairman,⁹⁴ and which produced its final report on 22 November 1934.⁹⁵

The process culminated in the 1935 Housing Bill, which set out to address overcrowding and modified the earlier slum clearance legislation.⁹⁶ The legislation for England and Wales was

⁸⁸ Neville Chamberlain to Hilda Chamberlain, 26 November 1932, NC 18/1/807.

⁸⁹ ‘Plan to End Slums’, *The Times*, 7 March 1933, p. 14.

⁹⁰ The Committee comprised of six Conservatives (including one Scottish Unionist and one ‘National Conservative’), three Liberals and one National Labour MP.

⁹¹ Cmd. 4397, *Report of the Departmental Committee on Housing*, (London, 1933).

⁹² HC Debates, 5th ser., vol. 283, col. 9, 21 November 1933 (Mr. Speaker).

⁹³ Cabinet conclusions, 7 February 1934, CAB 4(34).

⁹⁴ ‘Report of Housing Policy Committee’, 14 February 1934, CP 46(34); Cabinet conclusions, 7 February 1934, CAB 4(34).

⁹⁵ ‘Housing Policy Committee Final Report’, 22 November 1934, CP 264(34).

⁹⁶ Davies, ‘*National Capitalism*’, p. 88.

unveiled on 17 January 1935, and the second reading debate took place on 30-31 January. Young spoke of the importance of addressing the ‘two outstanding evils’ from the industrial revolution: slum clearance and overcrowding. Now that the slum clearance programme had been ‘successfully launched’, it was time to attack the second evil.⁹⁷ For the first time, the Bill gave an explicit definition of overcrowding, a definition based upon two principles: ‘decency, the separation of the sexes over 10 years of age, and space, that there is enough accommodation for each person’.⁹⁸ Local authorities would be compelled to carry out surveys to determine the extent of overcrowding, and to devise plans to rectify the situation.

There were several notably Conservative features to the legislation. Slum owners benefited considerably from changes in the way of calculating the amount of compensation paid. Under the 1930 legislation, owners received payment for the value of the site minus the cost of clearing the site. By contrast, the new legislation compensated the owner based on the value of the cleared site.⁹⁹ The legislation also offered more favourable terms to properties ‘not in themselves unfit for human habitation’, that nevertheless were subjected to a clearance order because of their poor surroundings.¹⁰⁰ Owners of condemned properties which, despite their sanitary defects, had ‘been well maintained’ also benefited.¹⁰¹ The government had been compelled to improve compensation provisions ‘as a result of the pressure exerted at the Conservative Conference in October’¹⁰²—Young himself privately acknowledged that the issue had caused ‘so much trouble’ at the party conference.¹⁰³ The government agreed to further amendments in Parliament, like the payments to shopkeepers who lost business as a result of ending overcrowding.¹⁰⁴ Compensation to owner-

⁹⁷ HC Debates, 5th ser., vol. 297, col. 360, 30 January 1935 (Sir Hilton Young).

⁹⁸ *Ibid.*, col. 363.

⁹⁹ ‘The Housing Bill’, *Economist*, 25 May 1935, p. 1186.

¹⁰⁰ ‘The Objects and Methods of the New Housing Bill’, undated, either 1934 or 1935, Baldwin MSS vol. 25, p. 12.

¹⁰¹ *Ibid.*

¹⁰² ‘The Housing Bill’, *Economist*, 25 May 1935, p. 1186.

¹⁰³ Young to Baldwin, 6 October 1934, Baldwin MSS Vol. 25.

¹⁰⁴ *Ibid.*

occupiers was raised to an amount ‘double that of other landlords’.¹⁰⁵ Some Conservatives wanted to change the legislation even further. The Conservative backbencher Eric Bailey tried to introduce an amendment to prevent any buildings ‘of a non-provided school’¹⁰⁶ from inclusion in any clearance scheme.¹⁰⁷ Part of the reason for this was concern that were such schools to lose their buildings, this posed a threat to the availability of religious education.¹⁰⁸

As with the other interwar housing measures, local authorities bore responsibility for implementing the housing schemes in their respective areas, and for choosing what form they would take. On the design front, the government maintained that it had ‘no preference...in favour of flats’. Instead, local authorities would design their own schemes, as only they were in a position to understand the conditions in their respective areas. In practice, the legislation facilitated the growing use of flats—Young himself thought that flats were necessary in some contexts. It was ‘impossible to make use of central areas where overcrowding exists to their full economic extent without building upwards in the form of flats’. He personally favoured ‘three, four, or at most exceptional cases’ five story blocks.¹⁰⁹

The reason for supporting flats over more suburban development was largely pragmatic. This was to ensure that newly-rehoused council tenants had access to basic amenities, transport, and employment. Most of the slums were located in the cities,¹¹⁰ which consequently were the main focus of the government’s overcrowding and slum clearance efforts. Young wrote that the previous strategy of building estates on the outskirts of cities had failed to substantially reduce

¹⁰⁵ Davies, *“National” Capitalism*, p. 91.

¹⁰⁶ That is, schools not provided for by local authorities. In most instances non-provided schools were run by churches, with the largest share belonging to the Church of England. See chapter five for more thorough discussion of the education system.

¹⁰⁷ HC Debates, 5th ser., vol. 203, col. 29, 20 May 1935 (Eric Bailey).

¹⁰⁸ *Ibid.*, col. 30 (Colonel Broadbent).

¹⁰⁹ ‘The Housing Bill’, *The Times*, 31 January 1935, p. 7.

¹¹⁰ Bowley, *Housing and the State*, p. 149. The government’s campaign was not exclusively targeted at urban centres, and it considered the special circumstances of rural slums. See ‘Notes on the Government’s Housing Policy for Rural Housing and Slum Clearance’, undated, Baldwin MSS vol. 25.

overcrowding because workers had not moved to the new housing. Moreover, 'commercial necessity' occasionally required workers to live in built-up areas. This 'necessitates building in high blocks'.¹¹¹ However, not everyone within the Conservative Party shared Young's enthusiasm for 'centralisation'. Lord Balfour of Burleigh¹¹² wrote to Baldwin complaining that 'centralisation' would have 'disastrous consequences on the future of our large towns'. Rather than having failed, decentralised building had 'served its purpose by preventing overcrowding in the centre from getting worse'. He worried that higher-density building land would cause values to increase. Instead of maintaining or adding to urban congestion, the government should embrace 'planned decentralisation'.¹¹³

The legislation was well received in most quarters. As Chamberlain wrote to his sister, the Housing Bill 'has had a very good reception'.¹¹⁴ Even Arthur Greenwood acknowledged the Bill had 'a very good Press'.¹¹⁵ Not everyone was so thrilled. The Labour-controlled London County Council passed a resolution condemning the government for having 'surrendered to property owners'.¹¹⁶ The overcrowding standards laid out were not 'tolerable in the twentieth century', for example, the expectation 'that living rooms should be used as bedrooms'.¹¹⁷ Liberals made similar complaints. The *Economist* criticised the Commons amendments, remarking that 'the principal changes cannot be described as improvements'. It labelled 'quite indefensible' an amendment to compensate shopkeepers who lost business under the schemes.¹¹⁸ Opposition also came from the opposite direction. Some slum owners were deeply opposed to the scheme, including, as Young

¹¹¹ Hilton Young, notes on memorandum by Lord Balfour of Burleigh, 5 December 1934, Baldwin MSS vol. 25.

¹¹² Balfour of Burleigh (7th Lord), George John Gordon Bruce, 1883-1967. Conservative peer.

¹¹³ Balfour to Baldwin, 8 January 1935, Baldwin MSS vol. 25.

¹¹⁴ Neville Chamberlain to Ida Chamberlain, 2 March 1935, NC 18/1/904.

¹¹⁵ HC Debates, 5th ser., vol. 297, col. 308, 30 January 1935 (Arthur Greenwood).

¹¹⁶ 'L.C.C. and Slum Clearance', *The Times*, 30 January 1935, p. 9.

¹¹⁷ 'Parliament', *ibid.*, 31 January 1935, p. 8.

¹¹⁸ 'The Housing Bill', *Economist*, 25 May 1935, p. 1186.

recalled years later in his unpublished memoirs, ‘the old lady who chased me with a broom down a back street in Leeds when I was being shown the wretched hovels there’.¹¹⁹

The final slum clearance-related legislation was the 1938 Housing (Financial Provisions) Bill, which received its second reading on 15 February 1938. The legislation reduced the subsidy to £5 10/- for most houses, with a higher subsidy for apartments built on more expensive land.¹²⁰ The legislation also contained provisions directed at rural housing. The subsidy offered was £10 per house, which could rise to £12 in certain circumstances. Again, this measure was driven by necessity. As the *Spectator* noted, the low pay of some agricultural labourers meant that they could not afford to pay rent at a level at which ‘decent cottages cannot be built to let ... economically’. There was ‘no alternative to a subsidy’.¹²¹ The reduction of the subsidy, however, attracted criticism. The Liberal-leaning *Economist* remarked that, even in the face of lower building costs, ‘it does not seem probable on the face of it that a reduction in subsidy will do anything to speed up the process of re-housing’.¹²² Once again, as with the earlier cuts, the Conservative-led government hoped simultaneously to reduce costs without reducing the output of new houses.

The cumulative effect of the slum clearance legislation was considerably greater than anything that had come before it, including the early attempts under the Greenwood Act. By 31 March 1939, 241,889 houses had been demolished. Of the 308,536 houses approved to replace them, 272,390 had already been built, with another 50,915 under construction.¹²³ Between 1933 and 1939 ‘over a million persons had been removed from slum houses to new houses’.¹²⁴ Despite this, the number of houses constructed under local authority schemes remained considerably fewer than those built

¹¹⁹ Lord Kennet, ‘In and Out’, unpublished memoir, 1960, Kennet MSS 82/1, p. 60.

¹²⁰ ‘New Housing Subsidies’, *Economist*, 12 February 1938, p. 338.

¹²¹ ‘More Housing Plans’, *Spectator*, 11 February 1938, p. 211.

¹²² ‘The Housing Bill’, *Economist*, 19 February 1938, p. 386.

¹²³ Cmd. 6089, *Twentieth Annual Report of the Ministry of Health 1938-39* (London, 1939) p. 82.

¹²⁴ *Ibid.*, p. 81.

under private enterprise. The total number of local authority-constructed homes in England and Wales each year between 1931 and 1939 was as follows:¹²⁵

Year	Houses built by local authorities
1931	55,900
1932	70,100
1933	55,900
1934	56,000
1935	40,200
1936	53,500
1937	71,800
1938	78,000
1939	100,900
Total	582,300

Predictably, the National Government loudly proclaimed its housing achievements and took credit for the policy changes that fuelled the boom. The 1935 National Government manifesto, for example, boasted that, '[i]n particular, cheap money, resulting from the increased confidence in Great Britain, has been the most powerful factor in bringing about the phenomenal growth of the building industry'.¹²⁶ Baldwin himself described the National Government's slum clearance as 'one of the most important contributions' it made 'towards the improvement of social conditions'. He further described it as 'a housing campaign without parallel in our history'.¹²⁷ Election propaganda

¹²⁵ Figures taken from Bowley, *Housing and the State*, p. 271.

¹²⁶ Baldwin, MacDonald and Simon, *A Call to the Nation*, p. 8.

¹²⁷ Transcript of 'Britain under National Government', 29 March 1935, Baldwin MSS vol. 202.

also illustrates the party's attempt to portray itself as possessing an empirical attitude to the role of the state. One 1935 election pamphlet, for example, argued that the 'splendid achievement' of the construction of 1,000 houses a day was due to 'combining PUBLIC AND PRIVATE ENTERPRISE'.¹²⁸ This was in contrast with the allegedly more ideological Labour Party.

There were other limits to how far Conservatives were prepared to go with housing policy. Consistent with the party's scepticism towards the value of using public works to stimulate economic activity, they were reluctant to use housing construction to stimulate demand or reduce unemployment. In March 1933, for example, Cuthbert Headlam, then Parliamentary Secretary to the Minister of Transport, 'received a deputation earlier in the day from the Corporation of Burton asking us to assist them from the road fund in making a new road to develop a housing scheme—the object being to find work for the men unemployed in the housing industry. I declined the suggestion'.¹²⁹ This did not stop the Conservatives from taking the credit for jobs created by the increased pace of housing construction. One National Government local pamphlet proclaimed that 750,000 men 'will have continuous employment' once the 1935 housing legislation came into effect.¹³⁰

Once again, opinion within the party was not unanimous, and some Conservatives either pushed for greater action, or thought the government was doing too much. Some, it appears, did not seem as invested in housing questions as others. Leo Amery, for example, wrote in his diary that 'as the Rent Restriction Bill was not exciting I spent some time in the Smoking Room talking first with John Buchan and then Billy Gore ...'.¹³¹ Of those who were more involved on the party's right, there was some disquiet at the slum clearance legislation due to fears about the impact this would

¹²⁸ Proof of *Housing and Statesmanship* (London, 1935), in CRD 1/7/30. Emphasis in original.

¹²⁹ Headlam Diaries, 2 March 1933, D/He/29.

¹³⁰ 'Work for 750,000 under Housing Bill', in *Ormskirk National*, February 1935, p. 2, in HAIL 2/2/2.

¹³¹ Amery Diaries, 13 December 1932, AMEL 7/26.

have on property rights. In a memorandum he sent to Baldwin, Colonel Gretton complained that that the housing bills ‘will mean much interference with the family, and widespread loss to owners of house property’. To him, the proposals were examples of what he saw as the excessive influence of liberal and socialist ideas over government policy.¹³² Dissent also came from the other end of the Conservative spectrum. The Next Five Years Group, of which Macmillan was a member, criticised the 1935 housing legislation as ‘in some respects based upon the wrong principles’ and as ‘inadequate to deal with the vast problem involved’.¹³³ While it acknowledged the National Government’s success in the construction of houses for sale, and those with rents of 15-25/- per week, ‘the principal [urban] housing need of our day’, was for houses let at up to 10/- per week.¹³⁴ To deal with the problem, it called for the creation of a National Housing Commission. ‘[I]t is clear that a satisfactory housing policy can only be formulated on a nation-wide basis’.¹³⁵ Overall, however, while there was some disquiet about the details of housing legislation, Conservatives for the most part were either supportive or refrained from taking a more active stance against it. As the Liberal National Parliamentary Secretary to the Ministry of Health, Geoffrey Shakespeare, noted ‘[t]he pulpit thundered, the Press intensified its exposure of slum conditions, and, let me add, Conservative Members of Parliament, representing a party alleged to be the bulwark of property, stood by us throughout’.¹³⁶

Unsurprisingly, opposition parties criticised the National Government for not doing enough to help those most in need. Lloyd George complained that ‘[t]he houses built in this country have been mostly for the well-to-do, who can afford substantial rents’. Meanwhile, there was a ‘great shortage of healthy houses for our working population’. He asked, ‘[w]hy not build those houses

¹³² Memorandum, Sir John Gretton to Stanley Baldwin, 1935, Baldwin MSS vol. 48.

¹³³ *Next Five Years*, p. 57.

¹³⁴ *Ibid.*, pp. 51-2

¹³⁵ *Ibid.*, pp. 55-6.

¹³⁶ Geoffrey Shakespeare, *Let Candles Be Brought In* (London, 1949), p. 154.

now when there are so many out of work?’¹³⁷ Labour also attacked the Government’s record.¹³⁸ Greenwood, architect of the 1930 legislation, dismissed it as ‘a piece of electioneering’.¹³⁹ The preference for private enterprise was certainly noticed by the National Government’s political foes, some of whom dismissed it as ‘legislation for landowners’.¹⁴⁰ Writing for the Left Book Club, Ernest Davies summarised that ‘the housing policy of the National Government is that where a profit is to be made private enterprise must have it, and where not, the local authorities can do the job’.¹⁴¹

Others criticised the planning or design of the homes, both for the middle and working classes, as well as those built privately and by local authorities. Much of the new housing took place in suburbs or the new estates. The estates, built by councils and inhabited primarily by members of the working class, came in for sustained criticism. There was concern that working-class inhabitants of those communities would face increased transport and other costs as the result of living further away from their places of work. Further, the designs were criticised as ‘rigid and unimaginative’.¹⁴² In the same vein, a wartime Mass Observation report condemned the interwar period’s ‘abject poverty of imagination’ that ‘led among other things to the growth of these great ill-planned one-class suburbs all over the country’.¹⁴³ The Labour leader, Clement Attlee, blamed capitalism for the ‘masses of houses of uniform type’.¹⁴⁴ Council estates were not the only sources of criticism—the *Listener* denounced what it called the ‘evil’ of ribbon development,¹⁴⁵ which was allegedly destroying the British countryside. At the same time, the increasing trend towards the construction

¹³⁷ Cutting from *News Chronicle*, 2 November 1935 in CRD 1/7/32..

¹³⁸ ‘Mr. Greenwood’s Broadcast. Houses to Rent if Government Goes’, cutting from *Daily Herald*, 5 November 1935, in CRD 1/7/32.

¹³⁹ HC Debates, 5th ser., vol. 297, col. 309, 30 January 1935 (Arthur Greenwood).

¹⁴⁰ Davies, “National” *Capitalism*, ch. IV, pp. 79-95.

¹⁴¹ *Ibid.*, p. 92.

¹⁴² Simon, *Rebuilding Britain*, p. 86.

¹⁴³ Mass Observation, *Enquiry into People’s Homes*, p. 35.

¹⁴⁴ C.R. Attlee, *The Labour Party in Perspective* (London, 1937), p. 154.

¹⁴⁵ ‘Ribbon Development’, *Listener*, 28 November 1934, p. 892.

of flats for social housing in the cities provoked some debate.¹⁴⁶ This trend was despite evidence that flats were ‘unpopular with the great majority of English people’.¹⁴⁷ Conservatives acknowledged some of the criticisms but argued that the benefits of additional housing outweighed the costs. It was true, one pamphlet admitted, that ‘not all the houses are well built’ and that ‘[m]any, too, have certainly disfigured the English countryside’. Against this, however, 2.3 million families had moved into new homes since 1920, and construction by 1934 ran to ‘at least 300,000 a year’.¹⁴⁸

As occurred with industrial reorganisation, various groups, some of whose members were Conservatives, called for more extensive, national-level, planning. However, these were soundly rejected. There were proposals, from the Next Five Years’ Group and others, to establish a ‘National Housing Commission’. The proposed Commission would be led ‘by a whole-time chairman’, with ‘a status different from that of the head of a branch of a Government Department’. The Group remarked that while there were positive features of the Housing Bill, it was ‘inadequate’ because it was ‘unrelated to planning on any wider basis than that of existing local authorities’.¹⁴⁹ Similarly, the National Housing Committee, whose membership included Lord Balfour of Burleigh, argued that it was impossible to separate housing from town planning.¹⁵⁰ It also called for a Housing Commission, and explicitly argued that such a body should be organised along the lines of the Central Electricity Board.¹⁵¹ By focusing entirely on housing, the legislation neglected problems that cut across local government boundaries such as ‘the laying down of highways... the extension of the Tube System, and the general replanning of transport facilities’.¹⁵² The National

¹⁴⁶ See e.g. ‘Can Flats Solve the Housing Problem? Part of an Unrehearsed Debate between Geoffrey M. Boughrey and Sir Ernest Darwin Simon, with Professor L.P. Abercombie in the Chair’, *Listener*, 30 October 1935, pp. 741-4.

¹⁴⁷ Mass Observation, *Enquiry into People’s Homes*, p. 46.

¹⁴⁸ B.S. Townroe, *Rehousing the People, Britain’s Ordered Plan Under Way*, NU no. 3421 (London, 1934), in HAIL 2/2/2, p. 4.

¹⁴⁹ *Next Five Years*, pp. 54-7.

¹⁵⁰ Lord Balfour of Burleigh to Baldwin, 12 February 1935, Baldwin MSS vol. 25.

¹⁵¹ National Housing Committee, *Interim report* (London, 15 May 1934), in Baldwin MSS vol. 25, pp. 4-5.

¹⁵² Joint letter, Balfour of Burleigh, E. Beddington Behrens, Edgar Bonham Carter, Theodore G. Chambers, B. Seebohm Rowntree, Arthur Salter, and Raymond Unwin to Baldwin, 12 February 1935, Baldwin MSS vol. 25.

Government was unmoved. Unlike the central government, local authorities already had ‘extensive administrative experience in actual house construction’. Had responsibility been shifted away from councils, there would have been ‘infinite delay, wasted time, energy and money’.¹⁵³ As seen in welfare policy, while some in the party, usually peripheral figures, thought the government should adopt a more interventionist position, the leadership preferred a more gradualist, ad hoc approach, to housing.

Thus, the Conservatives presided over a substantial increase in the housing stock. Even the formerly critical E.D. Simon wrote in 1945 that the scale of construction in the interwar period represented ‘a fine national achievement’.¹⁵⁴ Unfortunately, many of the new houses failed to assist those who needed them most.

Factors Driving Conservative Housing Policy

Three factors drove National Government housing policy between 1931 and 1940. First, political pressure both inside and outside the administration played a role, pressuring the National Government to do something about slums. Secondly, changed economic circumstances, namely the abandonment of the gold standard, provided a justification for the limiting of government involvement in non-slum housing. Finally, the long-standing Conservative ideological preference for private over local authority housing explains why the party used these changed circumstances to shift policy in that direction.

Part of the motivation was, of course, political. Housing was a contentious issue necessitating government attention. In his unpublished memoirs, Hilton Young described housing as ‘the most troublesome’ area in his portfolio ‘because it was the most urgent, and the most in the public

¹⁵³ *Housing and the Slum Problem: Questions and Answers*, NU no. 3398 (London, 1933), pp. 6-7, in HAIL 2/2/2.

¹⁵⁴ Simon, *Rebuilding Britain*, p. 87.

eye'.¹⁵⁵ This was no retrospective judgment. When discussing Hilton Young's early proposals in 1934, the Cabinet agreed that 'the matter should be treated as one of urgency'.¹⁵⁶ Growing awareness of the extent of Britain's slum problem helped to fuel pressure for more to be done. As Chamberlain himself acknowledged, 'to-day public opinion, the public conscience, is awake to the evil of the slums more acutely than it ever has been before...'¹⁵⁷ Pressure for action came both from within as well as outside the National Government. Housing shows some evidence of a push from more progressive elements of the government for greater action. MacDonald complained that 'ardent town planners' were going to 'find me here with very critical letters'. In his view, '[t]he moral of it all is that we must be very careful to keep in touch with the more liberal elements in the Government, or we shall find ourselves very quickly regarded as a mere party Government with all those elements in opposition'.¹⁵⁸ Housing was thus an issue the Conservative leadership felt unable to ignore.

Consequently, Tories felt there was political mileage in housing reform. As the 1934 Cabinet memorandum noted, the legislation was 'likely to create a good impression in the country solely in proportion to its success in accelerating the actual building on a large scale' of working-class flats'.¹⁵⁹ That the Conservative Party issued pamphlets on the subject,¹⁶⁰ and included it as a talking point in its 'Notes to Speakers' series as evidence of the 'Great Recovery', further attests to that.¹⁶¹ However, the Conservatives had to balance the perceived electoral benefits of its slum clearance policy against the risk of alienating forces within and allied to the party who feared that government policy might threaten their interests. This goes some way to explaining why the National Government caved into pressure to improve compensation paid to certain 'good' landlords and

¹⁵⁵ Kennet, 'In and Out', p. 59.

¹⁵⁶ Cabinet conclusions, 7 February 1934, CAB 4(34).

¹⁵⁷ HC Debates, 5th ser., vol. 237, col. 1826, 7 April 1930 (Neville Chamberlain).

¹⁵⁸ MacDonald to Hilton Young, 24 June 1932, Kennet MSS, 47/1/a.

¹⁵⁹ 'Housing Policy Committee Final Report', p. 3.

¹⁶⁰ *War on the Slums: The National Government's Great Campaign*, NU no. 3389, (London, 1933), in HAIL 2/2/2.

¹⁶¹ CUCO, *Hints for Speakers*, No. 14, 26 July 1934, in HAIL 2/2/2, pp. 1, 11-18.

shopkeepers. The compensation issue caused significant trouble, and a number of resolutions were passed by local Conservative associations raising concern about the level of compensation provided under the 1930 Housing Act.¹⁶² This is not to say that every aspect of National Government housing policy was a vote winner. The backbench MP Sir Francis Fremantle¹⁶³ warned that the overcrowding bill was ‘not likely to be an asset from the sordid point of view of winning votes’. Labour supporters would not be won over, ‘because it means the severance of sentimental ties, whatever the circumstances in which they live’. The National Government would get little credit for reform because ‘the Socialist Party will naturally be intent on belittling the extent and benefits’ of it.¹⁶⁴ The compulsory acquisition provisions would be seen ‘by a large number of Conservatives as Socialistic in character’,¹⁶⁵ and he also expressed concerns about the overcrowding provisions.¹⁶⁶ Thus, the Bill would ‘require the most minute examination’ to prevent it from becoming ‘a liability instead of an asset’.¹⁶⁷

Economic factors also played a role by facilitating policy developments that many Conservatives had desired for some years. The demands of sound finance and the necessity of maintaining confidence were also central not merely in justifying the initial cuts to housing subsidies but also to the success of the subsequent housebuilding boom. The direct link between changed economic conditions and the success of private housebuilding was widely acknowledged at the time. As Sir John Simon argued in a 1935 election broadcast, the housebuilding boom was ‘because of the policy of the National Government, which has restored confidence so that money can be

¹⁶² Hilton Young to Baldwin, ‘Memorandum A: Slum Clearance and Compensation’, 21 November 1934, Baldwin MSS vol. 25.

¹⁶³ Sir Francis Edward Fremantle, 1872-1943. MP for St Albans, 1919-43. Served as Chairman of the Parliamentary Medical Committee, and of the Unionist Health and Housing Committee. Member of the London County Council and Chairman of its Housing Committee, 1919-22.

¹⁶⁴ Young to Baldwin, ‘Memorandum B: Overcrowding and the New Housing Bill’, 21 November 1934, Baldwin MSS vol. 25, pp. 1-2. The memorandum ‘deals with Sir Francis Fremantle’s pamphlet designed to explain the provisions of the Govts new Housing Bill’.

¹⁶⁵ *Ibid.*, p. 2.

¹⁶⁶ *Ibid.*, p. 3-6.

¹⁶⁷ *Ibid.*, p. 7.

borrowed cheaply, and which has encouraged enterprise so that more people are employed'.¹⁶⁸ Although the causes of that boom are beyond the scope of this thesis, the lowering of interest rates after the abandonment of the gold standard appears to have substantially contributed to the growth of private housing. This does not, however, sufficiently explain why the Conservatives acted as they did. In contrast to industrial reorganisation, where the apparent failings of the private sector justified further intervention, in housing improved economic conditions allowed the state, at least partially, to wind back its role.

As with education, welfare and industrial reorganisation, however, ideology was just as important as political expediency or a different economic climate in explaining its housing policy. This is because a different party with a different ideological approach to the state would have introduced very different housing policies under the same conditions. Part of this was practical; most Conservatives genuinely believed that the private sector was better at housebuilding. As such, they believed private enterprise should take up the lion's share of the role for doing so. This was as true for Neville Chamberlain as for those on the right of the party. Not only was private enterprise superior, but excessive government involvement in fact held back private enterprise. Housing subsidies were one such example. As Hilton Young told the Commons in 1933:

The most important consideration is this: how can you ever expect unaided private enterprise freely to compete with subsidised competition? Of course, it is impossible. The subsidised efforts of the local authorities can always undersell the private builder and the private investor, and so long as you had that force of subsidised competition you could never expect private enterprise really to take up the business of house building. The conclusion that we have come to is that if you wish to provide the supply of houses that we need, the most obvious course is the total withdrawal of the subsidy.¹⁶⁹

This picture is again consistent with earlier Conservative policies and with their record in other spheres.

¹⁶⁸ 'Election Broadcasts IV—By the Rt. Hon. Sir John Simon', *Listener*, 6 November 1935, pp. 823-4, p. 824.

¹⁶⁹ HC Debates, 5th ser., vol. 273, col. 550, 15 December 1932 (Sir Hilton Young).

While not favourably disposed to state intervention, most Conservatives still acknowledged a role for it where the private sector left gaps. Thus, the National Government backed the private sector to do what it could, but it still ‘directed the PUBLIC AUTHORITIES to carry out the work which the private builder cannot undertake—slum clearance to be followed by the rebuilding of congested areas’.¹⁷⁰ In Young’s words, ‘I suggest that the [local] authority should act in the second line of defence; we should look upon this, as it were, as an insurance, if normal methods of supply fail’.¹⁷¹ Shakespeare maintained that ‘[n]o one grudges’ the council houses that ‘cost the taxpayer and ratepayer large sums of money’, but he added, ‘all we want to see is that Council houses are offered to the man whose needs are the greatest’.¹⁷² In this regard, there are clear parallels between Conservative housing policy and its approach to industrial reorganisation, where the state attempted, wherever possible, to facilitate private enterprise. In housing, Conservatives felt that non-essential ‘subsidized competition of the local authorities’ risked crowding out the private sector. Their evidence was the ‘substantial’ increase in housebuilding after the Wheatley subsidies were scrapped.¹⁷³

In addition to the immediate questions of who could build more houses more cheaply was a deeper concern about the social impact of state versus private ownership of property. As has already been mentioned in this thesis, Conservatives of all stripes attached great importance to more widespread property ownership. This became especially pronounced during the private housing boom during the 1930s. They supported this because they saw it as a bulwark against socialism. Thus, the right-leaning backbench MP Sir Arnold Wilson wrote in 1938, ‘I wished more men to own property, not merely houses and motor cars, but land and the means of enjoyment of life and of production

¹⁷⁰ Proof of *Housing and Statesmanship* [emphasis in original].

¹⁷¹ HC Debates, 5th ser., vol. 273, cols. 553–4, 15 December 1932 (Sir Hilton Young).

¹⁷² Geoffrey Shakespeare, ‘Attack on Overcrowding’, *Listener*, 11 December 1935, p. 1048.

¹⁷³ *Hints for Speakers*, No. 14, pp. 13–14.

and distribution, and I regarded the right to own property as necessary to freedom'.¹⁷⁴ The logic behind this was that if more people owned their own houses they would have a stake in the existing system that would encourage them, out of self-interest, to defend that system. This was nothing new in the 1930s. As the author Harold Begbie had summarised Chamberlain's views in 1924, '[n]o barriers could so powerfully oppose the flood of communal anarchy as those built by a healthy and a sane democracy of well-housed freeholders out of their own domestic well-being'.¹⁷⁵ Though it would not become popularised until after the Second World War, it is hardly coincidental that the phrase 'property-owning democracy' dated from the interwar years.¹⁷⁶

Conservative belief in the importance of property rights affected not just the preference for owner-occupation but also, to an extent, the slum clearance legislation. As mentioned earlier, the position of existing property owners was strengthened in response to internal party pressure. This was not to say that sympathy for the existing property owners was totally absent, even amongst Cabinet members. They had at least some sympathy for the slum landlords. In his unpublished memoirs, Young recalled how the slum owners included 'a surprising number' of people who 'seemed to be widows, orphans, disabled warriors, and other persons to be pitied'.¹⁷⁷ As Shakespeare pointed out, though, 'why these deserving categories had a special right to reap rich harvests from the misery and disease created by slums I have never understood'.¹⁷⁸ Even here, however, there appears to have been less sympathy than might have been expected. As was pointed out earlier, the first slum clearance legislation passed without serious Conservative opposition, and Shakespeare commented on its lack.

¹⁷⁴ Arnold Talbot Wilson, *More Thoughts and Talks: The Diary and Scrap-Book of a Member of Parliament from September 1937 to August 1939* (London; New York, 1939), p. 110.

¹⁷⁵ Begbie, *Conservative Mind*, p. 67.

¹⁷⁶ Williamson, 'Skelton, (Archibald) Noel'.

¹⁷⁷ Kennet, 'In and Out', p. 60.

¹⁷⁸ Shakespeare, *Let Candles Be Brought In*, p. 153.

Additionally, leading National Government politicians themselves took a serious personal interest in housing. As has already been pointed out, Chamberlain had been involved not only as Minister of Health between 1924 and 1929, but even further back during his time in Birmingham city politics. After his election to the newly-created Birmingham City Council, he had served on its Health Committee and as Chairman of the Town Planning Committee.¹⁷⁹ As Chancellor of the Exchequer, Neville Chamberlain continued to take an interest, and to play a role in housing policy, despite assuring Hilton Young that he did not ‘want to be barging into your [Hilton Young’s] territory’. In January 1933, for example, he sent a memorandum of policy suggestions ‘with special reference to reconditioning’ to Young.¹⁸⁰ Chamberlain also wrote to his sister Hilda about how the Rural Workers Housing Act ‘always gives me particular pleasure because the idea owed nothing to the Dept. but was worked out by me with the help of you too’.¹⁸¹ Further, he chaired the Cabinet Housing Policy Committee.

Ministers felt satisfied with the progress they had made on housing. Acknowledging that he could face criticism for either having done too much or too little, Young recalled that ‘when I left office, we at the Ministry could say to each other – “Anyhow, we have rehoused under good conditions a million slum dwellers”’.¹⁸² His use of language suggests at least some personal interest at the time—his 1934 Cabinet memorandum spoke of the ‘evils’ of slums and overcrowding.¹⁸³ In at least one case, genuine revulsion at poor housing conditions appears to have influenced a junior minister’s approach to the subject. Perhaps not unusually for a National Government MP, Geoffrey Shakespeare admitted that before taking office he ‘had not the faintest conception of the magnitude of the problem of the appalling conditions of discomfort and degradation in which

¹⁷⁹ David Dilkes, *Neville Chamberlain Volume 1: 1869-1929* (Cambridge, 1984), p. 130. See also Self, *Neville Chamberlain*, pp. 40-1.

¹⁸⁰ Memorandum, Chamberlain to Young, 30 January 1933 in Kennet MSS 81/2/a.

¹⁸¹ Neville Chamberlain to Hilda Chamberlain, 26 November 1932, NC 18/1/807.

¹⁸² Kennet, ‘In and Out’ p. 60

¹⁸³ ‘Housing Policy. Memorandum by the Minister of Health’, 1 February 1934, CP 12(34), p. 1.

decent citizens were doomed to live'. Having embarked on 'a three weeks' slum tour through the north of England', and been 'shocked to the core' by what he saw, Shakespeare 'went back to the Ministry like a man possessed'.¹⁸⁴

It is true that much National Government housing policy was driven by a combination of Liberals, ex-Liberals, and government committee recommendations. Like education, and in contrast to industrial reorganisation, housing policy seems primarily to have been developed within government and not by the party's own policy-making machinery. For example, housing was not included in the list of subjects for consideration by the Cabinet Conservative Committee. Chamberlain's reasoning was 'that the housing policy was now practically settled'.¹⁸⁵ Nevertheless, while the Conservative Party adopted specific proposals from outside its own ranks, it only did so where those ideas were in accordance with existing Conservative principles.

Conclusion

The results of the Conservatives' housing policies certainly compared favourably to their record in education, though they still left a mixed legacy. There was a great boom in housing construction, though much of that new housing was beyond the means of those who needed it most. While it decontrolled rents for middle-class properties, and presumably would have abolished them entirely had circumstances permitted, the National Government left them in place for the lower-end dwellings. It did so because it recognised the consequences this would have on working-class renters. The National Government also presided over the first serious attempts to tackle the twin problems of slum clearance and overcrowding, earlier efforts having failed to make any substantial progress. It might have been an exaggeration to claim that but for the Second World War, England

¹⁸⁴ Shakespeare, *Let Candles Be Brought In*, pp. 146-7.

¹⁸⁵ CCC minutes, 2 March 1934, CRD 1/64/2.

would have been ‘free from slumdom’,¹⁸⁶ but the achievements were real. Its cessation of subsidies for non-slum clearance or overcrowding-related local authority housebuilding, however, removed a key mechanism for providing affordable housing.

Once again, ideology is the key to understanding the party’s approach to housing. As with industrial reorganisation measures, the National Government tried to limit state intervention to instances where they felt that the private enterprise had failed, in this case to provide affordable housing to the least well off. Housing thus demonstrates once again the Conservatives’ preference for private enterprise. The internal squabbles over the level of compensation for slum landowners is another instance where Conservative support for private property directly influenced government policy. Further, there was little support for what was perceived as unnecessary state oversight. Sensing that its slum clearance and overcrowding measures were tackling the remaining problems in housing, the National Government saw little need for the more comprehensive urban planning measures outlined by the National Housing Committee or the Next Five Years Group. It is noteworthy that several of the key individuals determining Tory housing policy were either Liberals or ex-Liberals. However, while these individual ministers may have influenced the shape of policy, they all still acted in a way consistent with the attitudes of most Conservatives towards the state. Evidence for this lies in the general policy continuity between the National Government period and the immediate aftermath of the Great War.

¹⁸⁶ Churchill, ‘Homes for the People’, p. 123.

Conclusion: 'A Good Tory Has Never Been in History Afraid of the Use of the State'¹

As late as mid-1939 the future of the National Government looked secure. On the domestic front, the Labour opposition did not appear in a state to win the expected 1939 or 1940 general election.² Yet within 18 months the National Government was gone. After the Second World War broke out, the National Government initially remained in office, though an inter-party truce took effect under which the parties agreed not to contest by-elections against each other.³ When the War started to go badly, however, the administration's position disintegrated. As has been discussed exhaustively elsewhere,⁴ Neville Chamberlain's position became untenable following a substantial Commons rebellion and the refusal of the opposition Labour Party to serve under him. Following Chamberlain's resignation, Winston Churchill became head of a truly national government, including members of the Labour Party, and remained in office until 1945. The reputations of the National Government's once-popular leaders, Stanley Baldwin and Neville Chamberlain, were severely damaged by the failure of appeasement and early setbacks after the outbreak of war.⁵ Indeed, few reputations have collapsed as quickly as theirs.⁶ Perhaps the most damning verdict came in 1945. In the first post-VE day election, the Conservatives and their remaining 'National' allies suffered their worst result since 1906, winning just 210 seats to Labour's 393.⁷ While many factors were to blame, popular memories of the inter-war era did nothing to aid the Conservative cause. In popular memory, the 1945-51 Attlee Labour government would go on to lead a reshaping

¹ HC Debates, 5th ser., vol. 434, col. 1247, 11 March 1947 (R.A. Butler).

² McKibbin, *Parties and People*, pp. 102-4.

³ 'By-Elections in Time of War. Party Truce Arranged', *The Times*, 27 September 1939, p. 5.

⁴ For the downfall of the National Government, see Nick Smart, 'Four Days in May: The Norway Debate and the Downfall of Neville Chamberlain', *Parliamentary History*, 17/2 (1998), pp. 215-43.

⁵ For a particularly famous example, see 'Cato', *Guilty Men* (London, 1940).

⁶ Williamson, *Baldwin*, pp. 4-7; Self, *Neville Chamberlain*, pp. 1-2.

⁷ This included 197 Conservatives and 13 'National Liberal and National allies'. The Conservatives were soon joined by a further three independent MPs. John Ramsden, *The Age of Churchill and Eden 1940-1957* (London, 1995), p. 87.

of the British state.⁸ In practice, however, there was greater continuity between pre-and post-war attitudes to the role of government than has often been supposed.

During the period examined in this thesis, Conservative attitudes towards the state changed little. Though the party's responses to industrial reorganisation, welfare, education, and housing varied, examining those responses together shows that it had a reasonably consistent attitude towards the appropriate role of the state between 1929 and 1940. Within certain ideological limitations, most Conservatives took an empirical approach to state intervention. While preferring to limit the growth of the state, they would countenance it if the circumstances appeared to require it.

In some respects, the Conservatives could be, as Martin Francis put it, 'remarkably interventionist', especially 'in the economic sphere'.⁹ The extent to which the National Government involved itself in industrial reorganisation was certainly far greater than what had occurred under the 1924-9 Baldwin Government. Nationalising coal mining royalties, for example, was a measure explicitly ruled out by Baldwin's administration, but was implemented in the 1930s. Attempts to encourage struggling industrial concerns to amalgamate and to concentrate production in the most efficient firms, then considered the most effective way to combat structural decline, gathered pace throughout the decade. Additionally, Conservatives drove the most significant shift in trade policy since the repeal of the Corn Laws by introducing protective tariffs. This meant Conservatives expressly wanted the government to regulate imports to give it leverage to negotiate trade deals that in turn would bind the colonies, dominions, and mother country closer together. This, it was hoped, would strengthen the Empire, and by doing so, preserve Britain's role as first-rank world power. Additionally, tariffs would also boost Britain's already struggling domestic industries and

⁸ Addison, *Road to 1945*. For the Attlee government, see Morgan, *Labour in Power*; Martin Francis, *Ideas and Policies under Labour, 1945-1951: Building a New Britain* (Manchester, 1997); Nick Tiratsoo (ed.), *The Attlee Years* (London; New York, 1991).

⁹ Francis, 'Set the People Free', p. 60.

provide much-needed tax revenue. In this respect, the Conservatives were more interventionist than their progressive opponents, many of whom clung to free trade into the 1930s.

In other areas the Conservative-dominated National Government tried to limit or even scale back state intervention. It did not waste the opportunity offered by the economic crisis to shift key policies onto a more Conservative footing. Thus, the Unemployment Insurance Fund was stabilised when transitional benefit was replaced by means-tested assistance payments. This ended an anomaly that had existed since the 1920s of those who had exhausted their entitlements continuing to receive the same benefits as those who had not. Instead of transitional benefit, those people were placed on means-tested assistance payments. The Conservatives further axed free secondary school places, also replacing them with means-tested 'special places'. The idea of limiting government assistance to those in need rather than distributing it on a universal basis had long been a central tenet of Conservative welfare policy. The same principle was applied to limit government involvement in the provision of housing. While Conservatives, since 1919 had tolerated a role for state housebuilding through the local authorities, this had only been intended as a short-term measure to come to an end once wartime-induced shortages had eased. Throughout the 1920s, the market showed little sign that it would resolve the shortage unaided, necessitating continued state action. However, when Britain was forced to abandon the gold standard and interest rates fell, building costs suddenly dropped. This gave the National Government the pretext to limit any future state-backed housebuilding to those whose needs never could be met by private enterprise—slum dwellers and victims of overcrowding. For the private sector, such housing would not have been financially viable.

In other areas the Conservatives approach was to halt further state advancement followed by modest expansion as the economic situation improved. Education is one example. As part of the economy measures introduced at the height of the economic crisis in 1931, teachers' salaries,

already meagre, were cut and the Exchequer grant to assist local authorities with the cost of education, reduced. When the National Government moved away from retrenchment, its reforms were modest. Despite calls from many leading figures in the field, and even from some within the Conservative Party itself, the National Government did little to improve access to secondary schooling. When it finally acted to raise the school leaving age to 15, the exemptions included within the legislation seriously undermined its effectiveness and attracted widespread criticism. Then, owing to its unfortunate chosen start date of 1 September 1939, the Act never even came into force. Further, the core problem in the British school system—the dual system of local authority and church-run voluntary schools—was left unresolved.

Welfare spending is the other instance of retrenchment followed by cautious change. As with education, in 1931 benefits were reduced and the Conservatives declared a halt to further extensions of the social services until the budgetary position improved. When sufficient budget repair was achieved, the Conservatives not only restored unemployment benefits to their pre-crisis levels but extended the existing National Insurance system to include agricultural labourers and domestic servants. They also offered voluntary pensions to black-coated workers. Further modest extensions were in the pipeline shortly before the National Government fell. The CRD was considering an insurance-based family allowance regime, and there was talk of extending health insurance to dependants. None of these, as this thesis pointed out, represented significant departures from existing arrangements. Rather, they were further incremental extensions of a welfare system that itself had emerged through a series of incremental changes.

As this thesis has argued, several key principles, outlined in chapter one, explain the party's apparently contradictory attitude to state intervention. It has stressed that not all Conservatives applied those principles in a like manner, and some, such as Amery and Macmillan, would take an interventionist line on some matters but not others. However, by concentrating on four case

studies where the policy responses varied, it is possible to explore the underlying ideology behind them. In addition to its exploration of topics, like industrial reorganisation, that previously have been neglected in the historiography, this is the real contribution of this work.

First, if a key institution or enterprise were, or were perceived to be, at serious risk, even the most 'diehard' leaning Conservative could embrace state interventionism. This mattered because the Conservatives attached great importance to maintaining existing institutions, whose failure they feared risked serious political, economic, and social repercussions. A key example of this, as seen in chapters two and three, was the long battle within the Conservative Party to use import taxes to consolidate the British Empire. The Empire was an institution of the utmost importance to many Conservative MPs and prominent supporters. This importance was heightened in a climate marked by rising barriers to global trade and fears about Britain's political and economic decline. Also in the economic sphere, many feared that leaving large industries like cotton, steel, shipbuilding, and coal to the mercy of the free market risked economic disaster. Where there was internal disagreement about or a shift in attitudes regarding the extent of state intervention, this was due to differing perceptions about whether that industry needed reform, and the perceived effectiveness of the proposed intervention. While taking over coal mining royalties and pressing for amalgamations appeared unnecessary to Conservatives in the 1920s, the industry's failure to address its core problems forced a firmer hand by the mid-1930s. Moreover, even those measures were sold as devices to help the industry to help itself. For example, the standardisation of royalty rates would, its supporters hoped, encourage production in the more efficient coalfields. This would in turn help to forestall outright nationalisation of the entire industry by a future socialist government. Even in that instance, as with the creation of the Central Electricity Board a decade earlier, the legislation was not without intra-party controversy.

Secondly, where intervention did occur, it was only to the minimum extent felt necessary to fill the gaps that private enterprise or individual effort could not fulfil alone. Thus, nationalisation was strictly a last-resort option for difficult and unusual cases, and even there disguised where possible by terms such as ‘unification’. Throughout this time, and up to the post-war era, much education, health, and housing provision was provided by churches, friendly societies, building societies, voluntary hospitals, and other non-government organisations. Conservatives saw little reason to alter that status quo. They saw individual effort as preferable for several reasons. Private industry, they argued, was more efficient than anything run by the state, and its continued existence prevented excessive concentration of power by the state. Private property was worth defending not just for economic reasons, but because it gave large sections of the population a stake in the political system, a precursor to what after the war would be called the ‘property-owning democracy’.¹⁰ Thus, Conservative interference in economic policy, even if considerable, was framed as helping private enterprise to help itself. Rather than directly taking over struggling concerns, Conservatives preferred to use quotas, tariffs, and amalgamations to ensure the survival of private firms. On the welfare front, Conservatives saw a virtue in tying insurance payments to contributions and limiting further assistance only to those who needed it. As well as reducing the burden on the state, contributory schemes helped to maintain workers’ ‘self-respect’. In education, this attitude led to concerns that a one-size-fits-all approach failed to take into account the different educational needs of different children with differing needs and abilities. It further undermined the freedom of parents to determine what was best for their child. Where change was necessary, it was usually gradual. Even the nationalisation measures followed in the footsteps of earlier Conservative governments, notably Baldwin’s creation of the Central Electricity Board, which had brought electricity distribution, if not production, into central government hands.

¹⁰ As discussed earlier in the thesis, although Noel Skelton coined that phrase in 1924, it was popularised by Anthony Eden in the 1940s.

Conservatives rejected measures and proposals that they perceived both as unnecessarily interventionist and ineffective. Public works spending to reduce unemployment, for example, would be hugely expensive relative to the number of jobs it would create. Evolving Keynesian theories also struck little chord with a party whose MPs overwhelmingly supported then-conventional economic ideas. Most Conservatives, even a left-winger like Harold Macmillan, rejected state intervention for the sake of intervention, which they saw as ideologically driven and therefore counterproductive. Of course, there was considerable disagreement about the necessary extent of state intervention. Macmillan's call for the nationalisation of the coal industry, for example, enjoyed little support within the rest of the party. Even he, though, justified such a radical measure not because he believed state intervention was a good in and of itself, but because he felt the industry had reached a stage where it was incapable of resolving its difficulties to a greater extent than the Conservative leadership. It may also have been significant that he represented an economically depressed northern constituency. This also partly explains the party's divide on education policy. Those who shared the May Committee's scepticism of those who viewed 'expenditure on education as a good in itself without much consideration of the results'¹¹ objected to raising the school leaving age. By contrast, those such as John Buchan and Macmillan, who thought a longer spell in the classroom beneficial both socially and economically, tended to support it.

Underlying this were concerns about the state. Part of the reason for this was that many Conservatives, though not all, professed a philosophical distrust of the state. They wanted to limit its control over the lives of citizens, whether by too much control over the education of children or by the state takeover of private enterprise. They did so partly because many feared that the more the state expanded, the greater the threat it would pose to the freedoms they cherished. State

¹¹ Cmd. 3920, May Committee Report, p. 192.

controls and regulations would lead to further controls and regulations, and if it acquired too much power, the state risked sliding into totalitarianism. There was a further political reason for this apparently empirical approach. Conservatives long had boasted of their pragmatic approach to complex problems. By portraying themselves as pragmatists, they contrasted their policy approach to their Liberal or Labour opponents, whom they portrayed as being driven by socialist or free trade dogma rather than evidence. While Liberals believed in free trade or Labour state action as articles of faith, Conservatives proclaimed they would use whatever solution was necessary to solve any given problem.

Further, welfare measures were limited to what the state could afford. Excessive burdens on the state risked undermining market confidence, and without that confidence it would be impossible to maintain a generous benefits system. Moreover, the state should not overburden the individual taxpayer. As such, market demands usually trumped social considerations. This belief, as chapter four showed, was shared across the Tory ideological divide. The parliamentary party demanded economy measures during the 1931 crisis, and concerns over levels of government spending remained as the burden of rearmament increased. Even Harold Macmillan, strongly identified with the left of the party, himself publicly warned the state could not hope to raise sufficient tax revenue to provide a 'satisfactory minimum standard of comfort'.¹² Reducing unemployment through planning would resolve this issue, he believed. When he objected to the family means test, he couched that opposition in the very Conservative language that assessing one person's needs based on a family member's income discouraged thrift. Further reforms, like expanding health insurance to dependants of insured persons, may well have been objectively desirable, but could not be rushed into. When the immediate crisis of the Depression passed, growth in welfare expenditure still had to be balanced against growing defence spending in light of the deteriorating international

¹² Macmillan, *Middle Way*, pp. 33-4.

situation. The belief that industrial measures would improve Britain's economic position, in contrast to welfare measures that in themselves would weaken them, likely explains why the Conservatives were more interventionist in economic than welfare spheres.

This did not mean that all or even most Conservatives opposed measures that benefited the people. Baldwin himself invoked Disraeli's 'two nations' and spoke of his concern for 'the condition of the people'. Of course, there were some of a more classical liberal dispensation who felt even modest welfare measures caused more harm than good, but these figures had limited influence on the leadership. In many instances, interest in social reform was genuine, though different Conservatives championed different causes. For example, the novelist and MP for a university constituency John Buchan took an active interest in secondary education, while Leo Amery championed family allowances. Neville Chamberlain himself, the leading Conservative policymaker of his era, had a long-standing interest in housing and health dating back from his time in Birmingham city politics, which he carried with him as Minister of Health in the 1920s.

The Conservatives were sensitive to public opinion, but their policies cannot solely be attributed to 'statecraft' or fears about the newly-enfranchised mass electorate. Electoral considerations lay behind the belated effort to raise the school leaving age, and a sense of a changed national mood encouraged the CRD to propose further welfare reforms just before the outbreak of the Second World War. Electoral appeal only explains so much, however. That the leadership was prepared to risk establishment criticism for its proposals to exempt 14-year-olds from schooling under its 1936 Education Act, or overly generous compensation arrangements for slum owners, attests to that. Moreover, the party's long and bitter internal feud over tariffs, as explained in chapters one and two, can only be explained by the depth of political feeling surrounding the issue since its electoral consequences were far from uniformly positive. It is difficult to see how a free trader

could have led the Conservative Party during this time. Political expediency certainly mattered, but only so much.

Conservatives were open to outside influences, but these did not shift their core philosophy. Throughout the 1930s, as had been the case in the decades before, Conservatives were willing to take on ideas and policies from outside their own ranks. As chapter one showed, the defining Tory economic policy, protection, itself came from a Liberal import, Joseph Chamberlain. As this thesis demonstrated, however, the party only adopted these ideas if they were reconcilable with its existing beliefs. Thus, National Government ministers were ready to go along with Sir William Beveridge's proposals to extend National Insurance to agricultural workers because it suited both their own attachment to the insurance principle and preference for gradual change. The idea of a multi-tiered school system with students separated based on intelligence, championed by prominent psychologists like Sir Cyril Burt, neatly fitted with Conservative beliefs about the inherent differences between individuals.

The party was similarly content to leave much policy development, particularly concerning retrenchment and education, to the civil service or expert committees. This could be where the party lacked a firm interest, as in education, where policy was largely guided by the Hadow report. It could also be useful to rely on expert opinion to justify potentially unpopular measures that many Conservatives wanted anyway, as with the May Committee's proposals. Again, as with other forms of external influence, its extent was limited. The more extensive Spens Committee recommendations, which included the raising of the school leaving age to 16, proved a step too far for interwar Conservatives, and little enthusiasm was shown before the outbreak of war.

The same was true of the Conservatives' relationship with its junior coalition partners or ex-Liberals who had formally joined the Conservative Party. It is hard to detect a substantial non-

Conservative influence on government policy from converts. For example, Liberal-turned-Conservative Minister of Health Sir Hilton Young's policies hardly differed from what a more longstanding Conservative MP might have done in the same position. Conservatives would only permit so much influence from other parties when a core principle was at stake. Thus, when the Samuelite Liberals pushed against tariff reform, while the Conservatives were prepared to dispense with Cabinet conventions to accommodate differences of opinion, there was no prospect of abandoning that longstanding policy crusade to appease them.

The Conservative Party's attitude towards the state played a significant role in shaping its political and electoral fortunes throughout the interwar years. In the early 1920s, the desire of many of its members to use trade policy to maintain imperial links and protect domestic industry proved electoral poison. Further, as demonstrated in chapter two, the tariff issue consumed the party during its brief spell in opposition after 1929. However, the party's attitude worked much more favourably in the 1930s. Private firms buffeted first by declining export opportunities then by global Depression revisited their stance on protection. The party's desire to limit spending to what was affordable served it well in the 1931 crisis, when establishment opinion demanded retrenchment to avert economic disaster. Moreover, the leadership's relative flexibility in other areas helped to ensure both its continued electability and the maintenance of relations with coalition partners, without whom the National Government's majorities would not have been so lopsided.

This thesis has contributed to Conservative historiography in several ways. It has provided the first modern account of the National Government's attitude towards the state from accidental conception until its sudden demise. In doing so, it has arguably provided the first detailed study of National Government domestic policymaking across multiple areas. Moreover, this thesis has enhanced our understanding of how and the extent to which non-Conservatives could influence

Conservative thought and policy. It has demonstrated that the role of the party's junior coalition partners was in many respects similar to that of previous Liberal allies or converts from Liberalism. That is, they were an occasional source of ideas, but only where these were politically useful and ideologically compatible with Conservatism. At a deeper level, the thesis has further demonstrated that the Conservatives had a clear conception of the role of the state, and that the National Government's actions were largely consistent with that conception. Its policies were not, as Willetts suggested,¹³ an aberration. Building on Ewen Green's work,¹⁴ it explains why the Conservatives were simultaneously interventionist in some areas but not in others. The answer had less to do with Greenleaf's paternalist/libertarian divide than with how individual Conservatives viewed the effectiveness of particular non-state institutions.

This thesis also helps to explain what happened to Conservative policy after 1940. While the National Government was dead, and its memory became politically toxic, its legacy went on to shape Conservative policy during the war and well into the post-war era. While National Government-era figures faded from the political limelight, and their political legacy tarnished, their approach to the state remained.

Much of what became the post-war settlement was devised or introduced during the wartime coalition government. The National Insurance Act, which introduced universal unemployment insurance, and the National Assistance Act, which replaced interwar assistance measures, were modelled on recommendations from the 1942 Beveridge Report, and subsequent coalition proposals.¹⁵ When the Attlee government introduced the necessary pieces of legislation, the Conservative opposition supported their passage. Family allowances were introduced in 1945 by

¹³ Willetts, *Modern Conservatism*, pp. 29-31

¹⁴ Green, *Ideologies*, pp. 259-65.

¹⁵ Cmd. 6404, *Social Insurance and Allied Services* ('the Beveridge Report'), (London, 1942).

the Churchill caretaker government.¹⁶ One measure was even introduced by a Conservative. R.A. Butler's 1944 Education Act, which shaped British education policy for a generation, finally resolved the doctrinal controversy that had prevented the raising of the school leaving age. Unlike its ill-fated 1930s counterpart, there were no exemptions for 'beneficial employment'.

Conservatives accepted wartime social reform for many of the same reasons they did so during the interwar years—a combination of a fear of totalitarianism,¹⁷ some instances of genuine personal interest,¹⁸ and preparedness to tolerate measures that accorded with existing Conservative principles. Not everyone was enthusiastic about social reform. Churchill himself was more interested in winning the war than he was in domestic politics.¹⁹ Change, however, was considered politically unavoidable—a perception of war-induced leftward drift in the electorate and the unexpected popularity of the Beveridge Report saw to that. Thus Conservative backbencher Quintin Hogg warned in 1943 that 'if you do not give the people social reform, they are going to give you social revolution'.²⁰ The Conservative Party was thus driven into accepting the Beveridge proposals. Additionally, as with the interwar era, individual Conservatives could personally see through reforms that otherwise might not have attracted interest. Just as Neville Chamberlain had steered through the local government legislation in 1929, so Butler was personally responsible for the 1944 Education Act.²¹

As with the inter-war era, ideology is critical to understanding the Conservative policy response. Although the Second World War forced a greater pace of social reform than would otherwise have taken place, many features of the Beveridge-inspired welfare state followed Conservative-friendly

¹⁶ The short-lived administration that governed from the end of the wartime coalition on 23 May until the declaration of the election results on 26 July 1945.

¹⁷ Kowol, 'Conservative Movement', p. 493.

¹⁸ Henry Willink, 'As I Remember', 1968, Willink MSS, WILL Box 1, p. 74.

¹⁹ Stuart Ball, 'Churchill and the Conservative Party', in David Cannadine and Ronald Quinault (eds), *Winston Churchill in the Twenty-First Century* (Cambridge, 2005), pp. 69-92, p. 86.

²⁰ HC Debates, 5th ser., vol. 386, col. 1818, 17 February 1943 (Quintin Hogg).

²¹ Howard, *RAB*, ch. 10, pp. 107-39.

principles.²² The Beveridge Report's recommendations, though not universally welcome to Conservatives, were not as radical as one might think. National Insurance, though universalised, was still, as its name implied, based on the idea of linking benefits received to contributions made. Those ineligible for National Insurance continued to receive National Assistance payments, though the household means test was abolished. Even Conservative support for National Assistance was helped by the, in hindsight naively optimistic, belief that low unemployment would mean that only a small number of people would ever require it.²³ The Butler Education Act was essentially Conservative, in that it left the public and private schools in place while extending educational opportunities. It made 'wide use' of 'existing machinery' and was praised for its 'steadfast refusal to standardise'.²⁴

Where elements of the post-war settlement threatened to stretch beyond the limits of ideological acceptability, however, the Tories opposed them. Because Aneurin Bevan's NHS legislation went beyond what Conservatives felt acceptable—unlike earlier proposals it nationalised all voluntary hospitals—they opposed the legislation while claiming to support the underlying principle.²⁵ Conservatives never accepted nationalisation, at least in principle, and opposed the Attlee government's nationalisation legislation. Though failing to take a strong line against early nationalisation measures, as their promised benefits failed to materialise, the Conservatives became more emboldened, and they fiercely opposed the takeover of iron and steel.²⁶ Moreover, as with the housing subsidies or uncovenanted benefit before 1931, the Conservatives did not seek to

²² Lowe, *Welfare State*, p. 147

²³ Norman Barry, 'New Right', in Kevin Hickson (ed.), *The Political Thought of the Conservative Party since 1945* (Basingstoke, 2005), pp. 28-50, p. 35.

²⁴ Quintin Hogg, *The Case for Conservatism* (West Drayton, 1947), pp. 143-6.

²⁵ Jones, 'Conservative Party and Welfare State', pp. 146-50.

²⁶ William Prescott, 'British Conservatism, 1945-1951: Adapting to the Age of Collectivism' (MPhil thesis, University of Adelaide, 2015), pp. 46-54.

undo changes they did not like until it was politically safe to do so. Reversing nationalisation was explored, but never pursued seriously due to the practical difficulties involved.²⁷

While the Conservative Party was smashed at the ballot box at the 1945 election, its ideological flexibility ultimately served it well in the early post-war era. Having fallen just short at the 1950 election, the Conservatives returned to power in 1951, and won further elections with increased majorities in 1955 and 1959, before finally losing office to Harold Wilson's Labour Party in 1964. Only from the 1960s onwards, with the development and growth of a 'neoliberal strand', first abortively under Ted Heath, and more permanently after Margaret Thatcher replaced him as leader in 1975, did the Tories actively seek to wind back the role of the state.²⁸ However, even under Thatcher, Conservative pragmatism never completely faded away—Thatcher herself was prepared to throw large sums at the car industry to prevent its collapse.²⁹ Moreover, while professing to shrink the state, and attempting to do so in the economic sphere, she continued the trend towards centralisation that was evident by the 1920s.³⁰

Arguably by 2020, the statist noises by Prime Minister Theresa May,³¹ and, more importantly, by her successor, Boris Johnson,³² suggest the Conservative Party is again becoming more pragmatic towards the state. During the 2020 lockdown, the state, temporarily, began paying wages, increasing benefits, and guaranteeing business loans. As with earlier Conservative interventions, however, the COVID measures have been designed to prevent economic collapse, not to expand the state for its own sake. Moreover, while Johnson promised 'a prodigious amount of government

²⁷ Gilmour, *Whatever Happened*, pp. 34-6; Prescott, 'Collectivism', pp. 54-63. The early post-war Conservatives only privatised two industries: iron and steel and road haulage. For iron and steel, see Burk, *First Privatisation*. For road haulage, see Anthony Seldon, *Churchill's Indian Summer: The Conservative Government, 1951-55* (London, 1981), pp. 187-9.

²⁸ Williamson, *Conservative Economic Policymaking*, pp. 222-3.

²⁹ Tim Bale, *The Conservatives since 1945: The Drivers of Party Change* (Oxford, 2012), p. 296.

³⁰ Dennis Kavanagh, *Thatcherism and British Politics: The End of Consensus?* (Oxford, 1987), pp. 285-6.

³¹ Theresa May, 'I'm Determined to Build the Shared Society for All', *Telegraph*, 8 January 2017, p. 17.

³² Conservative Party, *Boris Johnson Unveils a New Deal for Britain*, <<https://www.conservatives.com/news/boris-johnson-unveils-a-new-deal-for-britain>> (accessed 07 July 2020).

intervention', for the post-lockdown era, this was to 'level up', and 'create the conditions for free market enterprise', not move towards socialism.³³ Though not universally popular among Conservatives,³⁴ this rhetoric would sound familiar to readers of this thesis. While the Conservative Party of 2020 is a very different beast to its 1930s counterpart, its approach towards the state suggests that not everything has changed.

³³ Ibid.

³⁴ Camilla Cavendish, 'The Boris Johnson Plan is far from Conservative', *Financial Times*, 3 July 2020 <<https://www.ft.com/content/5d7d7939-15ec-4840-bea2-b016ca0bcf9b>> (accessed 07 July 2020).

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