

CO-PARTNERSHIP, LABOUR UNREST AND  
THE LAST LIBERAL GOVERNMENT

INDUSTRIAL CO-PARTNERSHIP, LABOUR UNREST  
AND THE LAST LIBERAL GOVERNMENT

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## ABSTRACT

Industrial co-partnership schemes have, in the British context, been previously presented in two ways. On the one hand, co-partnership has been regarded as a labour policy practised by a significant minority of Victorian employers. This body of opinion also maintains that the policy did not attract the attention of government, indeed, it remained a purely extra-parliamentary issue. In contrast, co-partnership has also been interpreted as the product of enlightened government planning -- a novel element of the reconstruction plans laid-down during the Great War. The primary concern of the present study is to demonstrate that co-partnership aroused considerable interest in parliamentary and government circles in the immediate pre-war period.

The identification of a significant degree of official pre-war interest in co-partnership will, it is hoped, be of value in relation to at least two areas of research. Firstly the present study sheds some much-needed light on a crucial turning point in the relationship between government and industry. In 1911, owing to a serious breakdown in industrial relations, the Liberal government, contrary to established practice, acknowledged that they had a duty to initiate appropriate counter-measures. The few studies of the period which make note of this important departure concentrate -- normally to the exclusion of any other official responses to the labour problem -- on the setting-up of the Industrial Council as an experimental high court of industrial

relations. Other measures were, however, seriously investigated by the Government, and their implementation given careful consideration; one such measure was industrial co-partnership.

Secondly, the present study puts forward a number of important amendments to the conclusions of previous research into co-partnership. Any comprehensive investigation of co-partnership as a parliamentary issue or as government policy must, it is clear, take the period 1905-1914 for its starting point and not, as was previously maintained, 1916 and the start of reconstruction planning. Furthermore, official interest in co-partnership and the introduction of schemes in private industry were not, as previous research implied, independent developments; the experience of co-partnership employers lay at the root of interest in Whitehall and at Westminster.

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## INTRODUCTION

Industrial co-partnership schemes -- formal arrangements introduced by an employer which give the employee some share in the running, control and sometimes the profits of a firm -- were, as R. A. Church and Edward Bristow have shown, first established in Britain during the 1950s.<sup>1</sup> Bristow's essay extends into the 1920s, but both studies conclude that co-partnership was primarily a feature of the Victorian industrial relations scene. It is also the opinion of Church and Bristow that co-partnership did not attract the attention of government. Bristow does note a certain amount of passing interest at Westminster during the 1900s, but both he and Church present co-partnership as an essentially extra-parliamentary issue, a labour policy practised by a significant minority of employers and canvassed by various enthusiasts in the country.

In contrast Paul Johnson's Land Fit for Heroes -- a comprehensive account of the plans that were laid during the Great War for a reconstructed post-war Britain -- presents industrial co-partnership as the brain-child of enlightened government planning.<sup>2</sup> The Whitley

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<sup>1</sup>R. A. Church, "Profit-sharing and Labour Relations in the Nineteenth Century," International Review of Social History 16 (1971), 2-17; and Kenneth D. Brown, ed., Essays in Anti-Labour History (London, 1974), "Profit-sharing, Socialism and Labour Unrest" by Edward Bristow, 262-290. These essays, though primarily concerned with profit-sharing, are the only authoritative studies to consider the broader issue of industrial co-partnership.

<sup>2</sup>Land Fit for Heroes (Chicago, 1968), passim.

Committee, one of several reconstruction committees established in 1916, was instructed to produce recommendations to help ensure harmonious labour relations after the war. The committee's main recommendation -- the Whitley Council scheme -- was a plan to promote industrial co-partnership throughout British industry. James Wilson Stitt, in his enquiry into the origins of the Whitley scheme, argues that the members of the Whitley Committee were not personally responsible for this blueprint for industrial reform; nevertheless, with Johnson, Stitt regards co-partnership as essentially a product of reconstruction planning.<sup>3</sup> Consequently, both these wartime studies assume that co-partnership in theory, in practice, or as a concern of government, does not significantly pre-date the Great War.

The crux of the present study is that by 1914 government and parliamentary interest in co-partnership was already well-established. In Whitehall, for example, one of the most influential government departments of the early twentieth century -- the Labour Department at the Board of Trade -- had maintained consistent interest in co-partnership from as early as 1893. After 1906 the question of some form of government involvement with co-partnership was raised at Westminster, and not only by a number of Unionist back-benchers as Bristow notes. Members drawn from all the parties raised the issue of an official co-partnership policy, and by 1911 a vigorous co-partnership lobby had emerged in the Commons. Most significant of all, between 1911 and 1914

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<sup>3</sup> James Wilson Stitt, "Whitley Councils: Their Conception and Adoption During W.W.I.," (Ph.D. dissertation, University of South Carolina, 1976).



the pre-war Liberal Government seriously considered adopting co-partnership as government policy.

The identification of considerable interest in co-partnership in parliamentary and government circles will, it is hoped, be of value in at least two ways. Firstly, it is the belief of the present writer that the most appropriate starting point for a comprehensive study of co-partnership, both as a parliamentary issue and as government policy, is the period 1905 to 1914, rather than establishment of the Whitley Committee in 1916. Secondly, it is hoped that the present paper will shed a little light on an important turning point in the relationship between government and industry in Britain. In 1911, largely owing to a serious deterioration in labour relations, the Liberal Government, contrary to established practice, acknowledged that they had a duty to initiate appropriate counter-measures. The few studies of the period which refer to this important departure in government thinking concentrate -- normally to the exclusion of all other government responses to the labour problem -- on the setting-up of the Industrial Council as a high court of industrial relations. This concentration on the Industrial Council is understandable; although the Council was no more than a brief experiment, it was the only measure to see the light of day.<sup>4</sup> Nevertheless, several other industrial relations policies -- one of which was industrial co-partnership -- were also seriously investigated as the Government crossed this momentous watershed. The careful

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<sup>4</sup> See, for example, Chris Wrigley, David Lloyd George and the British Labour Movement (Brighton, England, 1976), 62-4; and E. H. Phelps Brown, The Growth of British Industrial Relations: A Study from the Standpoint of 1906-1914 (London, 1960), 43.

consideration which the pre-war Liberal Government afforded co-partnership and, indeed, their final rejection of the policy, help answer a number of important questions. How deep did the Liberals' commitment to develop an industrial relations policy run? Was there any support in the Liberal Party -- the party of economic orthodoxy -- for such an unorthodox departure? Did the Liberals believe they could implement an industrial relations policy, such as co-partnership, to which the unions were hostile? Did the thinking of the relevant permanent officials -- the ministry responsible was the Board of Trade -- run ahead of the Government and cause them to steer ministers towards an industrial relations policy? Or did they, from a position of orthodoxy, urge restraint and hold the Government back from involvement in labour relations? Finally, the question of most general importance to the study of the period: why did the labour question, of all the serious problems that confronted Herbert Asquith's Liberal Government after 1910 -- others included the struggle to reform the House of Lords, the Government's commitment to Irish Home Rule, and the suffragette campaign -- invoke such a weak and hesitant response?

The present paper will, it is hoped, also amend the conclusions of past research regarding two further issues related to the growth of interest in co-partnership from the 1850s until the Great War. It is the opinion of Church and Bristow that the vast majority of employers were motivated exclusively by the problem of industrial unrest, by the growth of trade unionism and by growing working class interest in socialism. The primary role of these motives will not be denied. In Chapter One of the present study, however, it will be argued that

the spread of co-partnership schemes after 1850 also owes much to the fact that the co-partnership idea caught the rising tide of nineteenth century industrial paternalism; although some Victorian paternalists were active opponents of socialism and trade unionism, their motives, and therefore the motives behind the spread of co-partnership, were more complex and less overtly self-interested than the present state of research suggests.

The second subsidiary contention of the present paper concerns the relationship between co-partnership as a policy of the industrialist and co-partnership as a political issue and a concern of government. The case will be argued that parliamentary and government interest in co-partnership on the one hand, and the establishment of co-partnership schemes in industry on the other, did not, as existing research implies, develop independently. The experiences of those employers who established schemes in their own firms -- and in particular their belief that the policy promoted good labour relations -- lay at the root of most pre-war interest in co-partnership in parliamentary and government circles. For example, the favourable report into co-partnership which the permanent officials of the Labour Department presented to the Liberal Government in 1912 was largely based on the results of interviews with employers who had established their own co-partnership schemes.<sup>5</sup> Meanwhile, in Parliament many of the keenest advocates of government support for co-partnership were industrialists who had successfully introduced schemes in their own firms.<sup>6</sup>

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<sup>5</sup> See chap. 7, 83-4.

<sup>6</sup> See chap. 6, 70; and chap. 7, 91.



## CHAPTER I

### INDUSTRIAL CO-PARTNERSHIP IN THE NINETEENTH CENTURY

#### The Emergence of a Co-partnership Movement

In 1885, on the death of Thomas Livesey, control of the South Metropolitan Gas Company on London's Old Kent Road passed into the hands of his son, George Livesey. The new managing director, whose father had been an active temperance reformer, soon established a reputation as a dictatorial, even ruthless employer. George Livesey's authoritative handling of his employees -- he insisted on carrying out all dismissals himself -- and in particular his unyielding opposition to trade unionism, won him considerable notoriety in labour circles.<sup>1</sup> Many of the five thousand or so stokers and labourers whom Livesey employed must surely have been puzzled and surprised when, on 6 November 1889, their employer invited them to become co-partners with him in the South Metropolitan Gas Company.

Livesey planned to elevate his workers to the status of co-partner in two ways. A co-partnership committee, composed of eighteen employers' representatives and eighteen representatives of the workers, would be created. It would be chaired by Livesey himself. This committee would control a range of unspecified managerial responsibilities.

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<sup>1</sup>Will Thorne, My Life's Battles (London, n.d.), 51-2; and H. A. Clegg, A. Fox and A. F. Thompson, A History of British Trade Unions, vol. 1: 1889-1910 (Oxford 1964), 57-8.

Secondly, in keeping with their status as co-partners, the gas workers would also become shareholders. The purchase of their shares would be financed by a profit-sharing scheme. Each worker would receive an annual bonus proportionate to the efficiency of the gas works. The bonus would be paid in company shares rather than in cash.<sup>2</sup>

The South Metropolitan's scheme went into operation the following year and became a long-lasting personal triumph for its instigator. Livesey's scheme became the prototype for many similar schemes in a wide variety of industries and the subject of several government reports. It became the model to which the evangelists of co-partnership in the years before the Great War directed the sceptics. In their opinion George Livesey was "the great man who founded the co-partnership system", a bold, imaginative employer who deserved to be remembered for instigating an important new approach to industrial relations.<sup>3</sup>

George Livesey's scheme displayed the chief characteristics of most co-partnership schemes established before the Great War. The involvement of the workforce in management occasionally took the form of worker-directors, but the joint committee was the normal method

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<sup>2</sup> Great Britain, Parliament, Parliamentary Papers (Commons), 1912-13, vol. 43, Cd. 6496, 1912, "Report on Profit Sharing and Co-partnership in the U.K.," 54-61.

<sup>3</sup> This opinion was often expressed during the House of Commons debates on industrial unrest and co-partnership in 1911 and 1912. The words quoted here belong to the Unionist M.P., Sir Fortescue Flannery. Great Britain, Parliament, Parliamentary Debates (Commons), 58, 39 (1912): 870-72. See also, for example, Aneurin Williams, Co-partnership and Profit-sharing (London, 1913), 74-82.

adopted. The joint committees at the South Metropolitan were mainly occupied with "smoothing away friction between individual workmen and employers and with removing suspicions of unfair treatment". Periodically the committee acted as a referee between the Company and a workman. Involvement by the committee in the general policy of the Company included such matters as revising the terms of the Accident Fund.<sup>4</sup> The South Metropolitan scheme was typical. Participation in more weighty aspects of management was "almost negligible in all but a few cases".<sup>5</sup> The introduction of a profit-sharing scheme linked to the co-partnership scheme was also common practice. In some cases cash payments took place, but the distribution of shares as a means of remuneration was more common.

The Livesey scheme, although it became the model for many employers who introduced co-partnership before 1914, was far from being a pioneering project. The first recorded scheme was established more than twenty years earlier, in 1865, by Henry and Archibald Briggs at their Whitwood Colliery in Yorkshire. The scheme attracted a good deal of publicity and a spate of similar ventures -- sixteen between 1865 and 1867 -- followed. Enthusiasm appears to have depended on the success of the Whitwood scheme and its collapse in the early 1870s deterred all but a handful of further ventures until the late 1880s.<sup>6</sup>

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<sup>4</sup>"Report on Co-partnership," 1912, 61.

<sup>5</sup>Bristow, "Profit-sharing," 265, 278.

<sup>6</sup>Church, "Profit-sharing and Labour Relations," 4-9.

The period 1889-1893 has been described as the "halcyon years of schemes for workers participation".<sup>7</sup> Employers in many different parts of the country and involved in a wide variety of industries and trades introduced co-partnership schemes. Within five years no less than eighty-eight new schemes were established. Many, like Livesey's notable scheme, were in the gas industry. The engineering and ship-building industry ran a close second and included schemes at the Thames Ironworks, London's leading shipyard, and at the Armstrong Whitworth shipyards, engineering workshops and munitions factories in Newcastle and Manchester. These years also saw co-partnership brought to biscuit manufacturing by McVitie Price in Edinburgh, slate quarrying by the Welsh Slate Company at Blaenau Ffestiniog, North Wales, tobacco manufacturing by W. D. and H. O. Wills in Bristol, street transport by the London Tramways Company as well as to soap-making, printing, brewing, iron-smelting, electrical engineering, and the confectionary trade. Schemes were also introduced on the docks, in shops and restaurants, in flour mills and even on farms.<sup>8</sup>

This second wave of interest in co-partnership amounted to more than a renewed proliferation of schemes on a larger scale. Employers' organisations were founded to promote co-partnership by means of conferences and by lobbying fellow businessmen. The most important of these bodies -- and co-partnership's leading promotional body until

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<sup>7</sup>A. L. Levine, Industrial Retardation in Britain, 1880-1914 (London, 1967), 9.

<sup>8</sup>"Report on Co-partnership," 1912, 96-7, 106-10.



1914 -- was the Labour Co-partnership Association (L.C.A.) founded in 1891. Four years later it was joined by the Industrial Union of Employers and Employed which remained less influential, although it did attract the help of the great Quaker cocoa manufacturing families, the Cadburys and the Rowntrees. The National Industrial Association, which was founded and chaired by the Newcastle shipowner and Conservative M.P., John Lockie, in the following year, also appears to have played a secondary role. The organisations were assisted by two journals, The Industrial Partnership Record and Labour Co-partnership.<sup>9</sup>

Active interest in co-partnership in the early 1890s represented a considerable advance on the first flurry of enthusiasm aroused by the Briggs' scheme of 1865. The supporters of co-partnership had organised themselves into an extra-parliamentary pressure group. This period witnessed, therefore, the emergence of what can be best described as a co-partnership movement.

The Origins of Co-partnership: Christian Socialism  
and Victorian Industrial Paternalism

The origins of the industrial co-partnership movement are to be found in the philosophy and activities of the Christian Socialists during the 1850s. This clique of middle class radicals led by John

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<sup>9</sup>Bristow, "Profit-sharing," 267-85; Levine, Industrial Retardation, 9; Elie Halévy, The Era of Tyrannies (New York, 1965), 107-108, 139; and Humbert Wolf, "The Co-Partnership Movement," Economic Review (July 1908), 366-7.



Malcolm Ludlow struggled to encourage co-operative production and industrial self-rule against the tide of factory production and employer autocracy. They financed a number of workshops with the intention of handing over managerial control to the employees once the capital had been repaid. The experiment proved a failure and as a second best Ludlow and two of his followers, E. V. Neale and Thomas Hughes, began to persuade established employers to allow their workers to participate in management.

Members of this clique consequently played an important role in the establishment of several early schemes. They went down the pits at the Whitwood Colliery to publicise the Briggs' pioneering scheme and gave the firm financial help. Thomas Hughes even had a pit named after him. This group of Christian Socialists later founded the L.C.A. and the Industrial Co-partnership Record.<sup>10</sup>

Co-partnership appears to owe its spread during the second half of the nineteenth century to the fact that the idea launched by the Christian Socialists caught the mid-century tide of industrial paternalism. During the 1840s and 1850s the austere economic rationalism characteristic of the early years of industrialisation, which tended to regard labour as merely a factor of production, began to mellow. Many large employers, having attained a relatively assured level of prosperity, had the time and money to reconsider their labour policies.

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<sup>10</sup>Bristow, "Profit-sharing," 265-70.

The 1850s saw the flowering of a new paternalism which soon established itself as a central feature of industrial life.

The paternalistic employer superimposed upon his existing role a varying degree of concern for his workers' welfare. This concern blossomed into a host of benevolent policies with which the employer, seeking to establish a personal relationship with his employees, was often directly involved. These paternalistic policies ranged from trips to the country and works dinners to canteens, libraries, model housing, and burial societies. Paternalistic policies often invoked gratitude; they also tended to increase the workers' dependence on an employer who had, moreover, been seen to grant welfare, rather than concede to the demands of organised labour. The employers' authority was, as a result, considerably enhanced. Finally, the firm which concerned itself with the welfare of its workforce became in the eyes of many employers and employees more than just a place of work. The enterprise was often looked upon as a community or, in the words of one Lancashire employer during the 1850s, "a model government on a small scale -- a miniature Kingdom".<sup>11</sup> The essential elements of Victorian industrial paternalism were, therefore, the benevolent, authoritarian employer; a closer relationship between employer and employee; and the projection of the firm as a community.

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<sup>11</sup> Jonathan Baynes, employer, Blackburn 1857 quoted in Patrick Joyce, Work, Society and Politics: the Culture of the Factory in Late Victorian England (Brighton, 1980), 134. The preceding summary of the emergence and character of industrial paternalism is derived from Joyce, *ibid.*, 134-57.

Industrial co-partnership appears to have been at one with these essential features of industrial paternalism. Firstly, the employer who introduced co-partnership very often displayed a benevolent concern for his workers' welfare. George Livesey, for example, introduced an impressive range of welfare measures including company garden plots, a savings bank, and sick, superannuation and widows' funds. Many co-partnership employers also showed the authoritarian complement. Henry Briggs led the anti-union Manufacturers Association and was notorious for evicting any workers who challenged his authority from company houses.<sup>12</sup> Secondly, co-partnership helped cultivate the more direct relationship between an employer and his employees which typified industrial paternalism. For example, through the joint committees which were part and parcel of most schemes, employers and their employees came together for regular discussion; moreover, the worker employed by a co-partnership firm was no longer a mere hand -- he was a partner. Finally, what better way could there be of promoting the idea of the firm as a community than by involving the employee in the running of the firm?

Co-partnership was, to a significant degree, also in harmony with the fundamental aims of industrial paternalism. Paternalistic employers appear to have been influenced by a considerable variety of motives ranging from narrow self-interest to lofty idealism. For

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<sup>12</sup>Bristow, "Profit-sharing," 266-78, and Church, "Profit-sharing and Labour Relations," 4, 8.

example, paternalism, with its feudal overtones, was an obvious way for the newly-risen entrepreneur to achieve social status. In contrast, many a non-conformist northern employer genuinely believed that there was "no better source of salvation and sphere of Duty than the works in which Good Works could be performed".<sup>13</sup> However two motives recur time and again. The first arose from an issue, which according to recent research, preoccupied many middle class Victorians: the fear that as a class "they were sitting on a powder keg".<sup>14</sup> Consequently, concerned Victorians, whether as urban missionaries or as volunteers to the great charities, responded to the dangerous polarisation of classes which followed the industrial revolution by exploiting every opportunity to bridge the social gulf, encourage working class acceptance of middle class values, and so preserve social unity. Paternalism, by seeking to re-establish a personal master-man relationship, in promoting the unifying concept of the firm as a community, and by consistently making middle class values such as thrift and sobriety a condition of welfare, constituted the employers' contribution to this great crusade. The commitment of many employers to what contemporaries

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<sup>13</sup> Joyce, Work, Society and Politics, 141.

<sup>14</sup> Gareth Stedman Jones, "Working-class Culture and Working-class Politics in London, 1870-1900," Journal of Social History, 7, 4 (1973-74) 1, 464-68.



termed "the civilising mission of industry" was a vital cause of industrial paternalism.<sup>15</sup>

Secondly, few employers would have introduced paternalistic policies unless they contributed to the smooth-running of efficiency of the firm. The employer whose benevolence was sometimes the life-blood of a community often emerged as a father-figure commanding the respect, loyalty and even the affection of his employees. In this way, and by promoting values such as obedience, paternalism could render a workforce stony ground for unionisation. Instead, an atmosphere of honesty, hard work and harmony was generated.<sup>16</sup>

Co-partnership, when examined in the light of these two fundamental motives, again appears to be at one with paternalism. A co-partnership scheme, by involving the workers more fully in the running and fortunes of a firm tended to promote a spirit of commitment, efficiency and hard-work. The Briggs' and George Livesey introduced co-partnership with a view to establishing more efficient and more demanding work practices. Many other co-partnership employers made the

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<sup>15</sup>This interpretation of industrial paternalism in the context of the Victorian concern for social stability is derived from Joyce, Work, Society and Politics, 139-153 and G. Stedman Jones, "Working-class Culture," 466-70, 471-6.

<sup>16</sup>These features of Victorian paternalism are well-illustrated in Anne Vernon, A Quaker Business Man, the Life of Joseph Rowntree, 1836-1925 (London, 1958), *passim*.

introduction of a scheme conditional upon greater efficiency. Edward Owen Greening's employees, for example, were required to achieve the "utmost efficiency in the workshop and maximum production" before they enjoyed the advantages of co-partnership.<sup>17</sup> Secondly, co-partnership was a particularly appropriate means of bridging the gap between the employing and the employed classes which concerned so many Victorians. Employers and employees were quite literally brought together through joint committees. Both sides of industry were, at least in theory, co-partners united by their shared commitment to a firm. Their interests appeared to be indivisible rather than conflicting. Many schemes, consistent with industrial paternalism were designed to encourage social unity by promoting middle class values. At the Thames Ironworks participating employees were required to abstain from alcohol and tobacco, George Livesey's scheme was fashioned to promote thrift, and the scheme at Barratt and Co., confectioners, doubtless with half an eye on efficiency, specifically discouraged "courting and lovemaking".<sup>18</sup>

Industrial co-partnership bears the distinct hallmark of nineteenth century industrial paternalism. It was introduced by employers whose outlook and policies towards their workforce typified the

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<sup>17</sup>"Report on Co-partnership," 1912, 54; Church, "Profit-sharing and Labour Relations," 4; and Eric Hobsbawm, Labouring Men (London, 1964), 169.

<sup>18</sup>"Report on Co-partnership," 1912, 25, 55; and London Municipal Society, Facts Against Socialism (London, 1912), 27.

paternalist; some, such as Thomas Crossley, the Halifax millowner, are cited as classic exponents of industrial paternalism.<sup>19</sup> This close association continued into the twentieth century when some of the industry's best-known paternalists -- the great soap-manufacturer William Hesketh Lever, Alfred Mond, a leading figure in Britain's chemical industry, and the Rowntree and Cadbury families all showed considerable enthusiasm.<sup>20</sup> The interest with which the Christian Socialists co-partnership idea was received, and its growth by the 1890s into a co-partnership movement, appears to owe much to the fact that after 1850 industrial paternalism became "part of the everyday practice of the average Victorian employer".<sup>21</sup>

#### Co-partnership, Labour Unrest and Anti-Socialism

While industrial paternalism provided an environment conducive to the spread of the co-partnership idea, its introduction was very often prompted by the problem of labour unrest. Many co-partnership employers appear to have appreciated that co-partnership, with its emphasis on co-operation between workers and employer, and because it involved the worker more fully in the success of a firm, constituted, among other things, an antidote to assertive trade unionism and labour troubles.

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<sup>19</sup> Joyce, Work, Society and Politics, 138.

<sup>20</sup> Asa Briggs, A Study fo the Work of Seebohm Rowntree, 1871= 1954 (London, 1961), 144-7, and Bristow, "Profit-sharing," 262.

<sup>21</sup> Joyce, Work, Society and Politics, 152.

This was certainly the case with the important schemes established at the Whitwood Colliery and at the South Metropolitan gas works. Henry and Archibald Briggs, after more than a decade of strikes organised by the South Yorkshire Miners Association had, by the late 1850s "resolved to destroy their [the union's] power". An industrial war of "unrestrained intensity" followed with lock-outs, wage-cuts and the use of black leg labour only provoking further strikes. The Briggs brothers then adopted a new tactic -- co-partnership. "Instead of attempting to eliminate the union by attrition, which had in any case failed by 1865, their co-partnership plan aimed at weaning the men away from union membership."<sup>22</sup> Twenty-five years later George Livesey, faced with the powerful Gas Workers Union, found himself in a similar situation. He introduced his co-partnership scheme because, as he later explained to a Board of Trade enquiry, he feared that "a strike was likely to take place at any moment".<sup>23</sup> Comparable circumstances surrounded the birth of many other schemes. Indeed, a distinct pattern emerges. One authority has expressed this as "a direction relationship between the introduction of co-partnership and a high level of labour unrest"<sup>24</sup> -- a conclusion supported by the concentration of new schemes

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<sup>22</sup> Joyce, Work, Society and Politics, 152.

<sup>23</sup> Church, "Profit-sharing and Labour Relations," 6-11.

<sup>24</sup> Church, "Profit-sharing and Labour Relations," 10. A second authority has also noted this clear relationship between industrial unrest and co-partnership: "The establishment of schemes ran in phase with the cycle of labour unrest". Bristow, "Profit-sharing," 282.



during two relatively short periods of severe labour unrest, 1865-1867 and 1889-1893.<sup>25</sup>

Co-partnership was also associated with at least two strands of late-nineteenth century anti-socialism. Firstly, it won the support of a number of old-school Radical Liberal opponents of socialism. The spread of co-partnership could, they reasoned, help undermine such illiberal attitudes as class interest and class conflict, and promote such orthodox Liberal principles as the essential harmony of interests between employer and employed. Co-partnership opened up, moreover, a new avenue for the achievement of working class improvement through class co-operation and helped deny the need for the unpalatable state-collectivist road to reform. Consequently, co-partnership was supported from its earliest days by such notable old-school Radicals and vehement anti-socialists as the veteran Chartist and Rochdale pioneer, George Jacob Holyoake.<sup>26</sup>

The role played by such anti-socialists in the co-partnership movement that emerged in the 1890s appears to have been one of considerable importance. The leaders of the dominant co-partnership pressure group -- the Labour Co-partnership Association -- were Liberal anti-socialists to a man. Prominent among them was the extreme individualist, Harold Cox. Herbert Vivian, an outspoken defender of

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<sup>25</sup>"Report on Co-partnership," 1912.

<sup>26</sup>Bristow, "Profit-sharing," 267.

free trade and a staunch opponent of independent labour representation. became the Association's secretary in 1890. From 1892 the Middlesborough ironmaster, Aneurin Williams, occupied, in turn, the posts of president, treasurer and joint honorary secretary; he too has been dubbed an "anti-socialist liberal".<sup>27</sup> They were joined, in 1897, by Fred Maddison, another strong opponent of a parliamentary labour party and "a vigorous anti-socialist".<sup>28</sup>

During this final decade of the century co-partnership also drew on the support of certain employers whose anti-socialism was based on the belief that the socialist "new unions" that emerged in the late-1880s posed a fundamental threat to their authority and their managerial freedom. All trade unions constitute an alternative focus for the worker's loyalty and restrain the employer's absolute freedom of action. Nevertheless, the traditional "craft unions", which predominated before the late 1880s, rarely sought to challenge, let alone undermine, the employer's position of authority. The leaders of these unions were moderate men who saw themselves as the representatives of

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<sup>27</sup> Ibid., 273.

<sup>28</sup> Joyce Bellamy and John Saville, Dictionary of Labour Biography, 4 vols. (London, 1977, 1: 121. The above account of the involvement of orthodox Liberal anti-socialists in the co-partnership movement is based, in addition to the works quoted, on Aneurin Williams, Co-partnership and Profit-sharing (London 1913), chaps. 3, 4 and 9 passim.

an "aristocracy of labour" and who, in the main, sought to keep politics out of trade unionism. One consequence of the "new unionism" was that some employers had to deal with an entirely new brand of union leader, men such as Tom Mann, Ben Tillet, John Burns, and Will Thorne who were committed socialists, and whose union activities were but an extension of that commitment. This new generation of union leader believed that by organising less-skilled workers into unions they could raise their class-consciousness, introduce them to revolutionary socialism, and so further the class struggle. Consequently, as E. H. Phelps-Brown has said of the impact of the new unionism: "A growing number of wage-earners had it against the boss now not just because he did not pay them more but that he was a boss at all. They believed in the possibility of a different order in which they would no longer work for another man's profit. They looked, for a revolutionary change in their status . . .".<sup>29</sup>

In some cases the employer who introduced co-partnership between 1889 and 1893 did so because he believed that the union not only threatened to bring strikes or demands for improved pay and conditions, but also because he believed the union constituted a serious challenge to his position as employer. George Livesey is a case in point. Livesey faced Will Thorne's Gas Workers Union who had "a declaration of the Marxist faith, drawn up by Karl Marx's son-in-law, Edward Aveling".<sup>30</sup> The

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<sup>29</sup> This description of the impact of the new unionism is derived from Phelps-Brown, British Industrial Relations, 145-54.

<sup>30</sup> Ibid., 151.

owner of the South Metropolitan Gas Co. later recalled that "the immediate necessity for our adopting the co-partnership scheme was to retain the allegiance of the men fast passing away under the influence of the Gas Workers Union".<sup>31</sup> Co-partnership, because it involved the worker more fully in the running and success of a firm, and because it could close the gap separating management from men, was seen as a means of winning that allegiance back from the socialism of the "new unions".

#### Conclusion

Co-partnership by the 1890s appears to have become far removed from the idealism of its Christian Socialist origins. The most important co-partnership group, the L.C.A., was primarily a businessman's organisation. It seems likely that a considerable proportion of enthusiasts were united as much by their opposition to socialism as by their common interest in co-partnership. The policy's frequent use as an antidote to labour unrest contrasts sharply with the Christian Socialist goal of liberating the worker from the authority of the employer and the discipline of the factory.

These developments do not mean that co-partnership had become, as has been suggested, nothing other than a weapon in the armoury of the authoritarian anti-socialist employer.<sup>32</sup> Firstly, the practice of co-partnership was closely associated with Victorian industrial

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<sup>31</sup>"Report on Co-partnership," 1912, 54.

<sup>32</sup>Church, "Profit-sharing and Labour Relations," 10.



paternalism. Although some paternalists were active opponents of socialism and many were concerned with minimising labour unrest, it is too simplistic to assume that the more altruistic motives that nourished paternalism -- such as a genuine concern for working-class improvement -- were entirely irrelevant in the case of co-partnership. The Quaker employer, Edward Owen Greening, who established co-partnership schemes at his mills in Lancashire and at his North Wales ironworks was certainly concerned about labour unrest and judged his schemes in this light.<sup>33</sup> However, when viewed in the context of his life-long support for the co-operative movement Greening's co-partnership schemes also appear as one small part of his much broader sympathy for working-class improvement through co-operation in all its forms, in and out of the factory. Moreover, another of Greening's commercial enterprises, the Agricultural and Horticultural Association -- the "One and All" -- was founded on a co-partnership basis from the start, not because Greening was anticipating labour unrest but because he had the specific intention of ensuring a high level of worker-participation.<sup>34</sup>

Secondly, although the leaders of the L.C.A. were outspoken opponents of socialism, the Liberalism which underpinned their anti-socialism came from the Radical mould. Maddison, who along with Vivian was an active trade unionist, favoured the reform of the House of Lords,

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<sup>33</sup>"Report on Co-partnership," 1912, 67-74.

<sup>34</sup>Bellamy and Saville, Labour Biography, I: 136-9.

the payment of M.P.s and a graduated income tax. Cox and Williams supported nationalisation of land, and the Association's entire leadership were vigorous opponents of militarism, actively involved in efforts to foster peace through international co-operation during the Boer War; Williams later became a founder member of the League of Nations Society and the Union of Democratic Control. Seen in the light of their Liberal Radicalism the enthusiasm which Williams and his colleagues lent the co-partnership movement appears as one aspect of their wide-ranging commitment to the resolution of conflict through co-operation and to working-class improvement within the confines of an orthodox Liberal economy.<sup>35</sup>

The co-partnership movement of the 1890s appears to have been dominated by the authoritarian opponent of trade unionism and socialism, George Livesey. This arose partly from the outstanding success of his scheme at the South Metropolitan and was probably also linked to the leading role Livesey played in several of the collective efforts made by employers during the 1890s to stem the tide of "new unionism". Livesey helped form the National Free Labour Association dedicated to "the protection of . . . labour from the tyranny and dictation of socialistic trade union leaders".<sup>36</sup> Livesey's outlook was typical of many other

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<sup>35</sup> Ibid., 1: 334-6; 4: 119-22.

<sup>36</sup> Kenneth Brown, ed., Essays in Anti-Labour History (London, 1974), "Laissez-faire as Dogma: The Liberty and Property Defence League, 1882-1914" by N. Soldon, 223; and H. P. Emy, Liberals, Radicals and Social Politics, 1892-1914 (Cambridge, 1973), 125.

employers. Its prevalence should not overshadow the fact that during the 1890s the same cause was able to attract the support of one of the country's most enlightened employers, Joseph Rowntree.

The second phase of Victorian enthusiasm for co-partnership came to a close in the mid-1890s. An average of twenty-one new schemes were established each year between 1889 and 1893. This average fell to six new schemes and by 1896 two of the three promotional bodies had also collapsed.<sup>37</sup> This decline appears to owe a good deal to the return of peaceful labour relations after 1893.<sup>38</sup> This loss of momentum persisted, moreover, until the return of large-scale labour unrest in 1908.

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<sup>37</sup> Briggs, Seebohm Rowntree, 144-7.

<sup>38</sup> "Report on Co-partnership," 1912, 13; and Bristow, "Profit-sharing," 274-5.

CHAPTER II  
THE ORIGINS OF PARLIAMENTARY SUPPORT  
FOR INDUSTRIAL CO-PARTNERSHIP

Introduction

At the close of the nineteenth century the Conservative and Unionist Coalition dominated British parliamentary politics. Unionist governments led by Lord Salisbury had been almost continually in office since 1886. In that year the Liberals has suffered a devastating split precipitated by W. E. Gladstone's commitment to Irish Home Rule. Led by the prominent Whig, Lord Hartington, and the charismatic radical reformer, Joseph Chamberlain, almost one hundred Liberals crossed the floor in defence of the Union with Ireland. The subsequent alliance between these Liberal Unionists and the Conservatives had, by 1895, developed into "a formal coalition to defend not only the Union but properties interests generally".<sup>1</sup> Most of the Whig Unionists had found their natural political home. Chamberlain, while maintaining his distinctive identity as an innovative and outspoken politician, attained a position of outstanding influence in the Unionist Cabinet.

In 1902 Salisbury made way for his nephew, Arthur Balfour. A year later Chamberlain declared that the future of the Coalition, the

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<sup>1</sup>Paul Adelman, Gladstone, Disraeli, and Later Victorian Politics (London, 1970), 65.



country, and the British Empire lay with the rejection of free trade and the introduction of a policy of economic protection designed to strengthen the Empire, revive the country's flagging economy and finance social reform. Chamberlain's pronouncement reversed the fortunes of the two parties. The Liberals, who had been seriously weakened by persistent internal divisions were able, as the traditional advocates of free trade, to close their ranks in its defence. The Unionists faced disintegration as the Coalition split between those who supported Chamberlain -- the protectionists or tariff reformers -- and the Unionist free traders. A Tariff Reform League, with branches throughout the country, emerged in opposition to the established constituency organisation. In cabinet Balfour struggled dexterously to maintain unity before finally resigning in December 1905.

At the subsequent election in January 1906 the Liberals were swept back into power. The electorate expressed their loss of faith in the disunited Unionists, in a procrastinating Prime Minister and in protection by granting the Liberals their first outright majority since Gladstone's victory of 1880. The new government enjoyed an additional luxury; it could look forward to the support of the Irish Nationalists and the independent Labour members without being dependent on their votes. The 1906 election paved the way for ten years of Liberal rule which lasted until the formation of the first wartime coalition in 1915.<sup>2</sup>

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<sup>2</sup>This summary of political developments between 1886 and 1906 was derived from *ibid.*, 44-65 *passim*; Richard Shannon, The Crisis of Imperialism (London, 1974), 349-71 *passim*; Robert Blake, The Conservative Party from Peel to Churchill (London, 1970), 159-91 *passim*; and Anthony Wood, Great Britain 1900-1965 (London, 1978), 29-46 *passim*.

On first inspection the 1906 election also appears to have had significant implications for the co-partnership movement. Three of its leading advocates -- Harold Cox, Herbert Vivian and Fred Maddison -- won seats. Cox was returned as a Liberal, while Vivian and Maddison belonged to the "Lib-Lab" group of trade union-sponsored M.P.s committed to pursuing labour interests from within the Liberal fold. All three continued to hold leading positions in the Labour Co-Partnership Association. There appears, however, to be no evidence of them using the House of Commons as a forum to promote co-partnership. Maddison, Vivian and Cox in particular, appear to have been primarily concerned with opposing the new Government's collectivist social reforms which began to appear after 1908. The Government's pension scheme won widespread approval -- but for Harold Cox it represented an unacceptable attack on self-reliance and thrift. In 1910 Cox left the Liberal Party to stand, unsuccessfully, as an Independent Individualist. Meanwhile Vivian and Maddison were preoccupied with the threat state welfare posed to the collective self-reliance of trade unionism.<sup>3</sup> There is, nonetheless, evidence to suggest that the election of 1906 did indeed have a significant effect on the co-partnership movement; this impact was, however, realised in a less direct manner than through the election to Parliament of established advocates of industrial co-partnership.

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<sup>3</sup> Available evidence, such as it is, regarding the parliamentary activities of Cox, Maddison and Vivian is from Emy, Social Politics, 144, 159; Bellamy and Saville, Labour Biography, 1: 234-6, 4: 119-22.

The Growth of Collectivist Sentiment in the  
House of Commons, 1906-1911

In 1906 election brought to the House of Commons a significant increase in sentiment which favoured positive state action in the form of collectivist social and industrial reform. Firstly, the massive Liberal majority included a group of about twenty-five Radicals who were committed not to the traditional causes and orthodox Liberal ideology of the nineteenth century Radical, but to the advanced collectivism of the New Liberalism. This loose group of parliamentary New Liberals was composed in the main of writers, journalists and publishers, such as Charles Masterman, Chiozza Money and W. C. Steadman, but it also included a number of outstanding industrial paternalists such as W. H. Lever and Alfred Mond. Under the stimulating intellectual influence of such erstwhile Fabians as L. T. Hobhouse, the New Liberals, or "social radicals", argued a strong case in favour of the Liberal Party committing itself to the pursuit of social justice through collectivist social reform financed by the taxation of "surplus wealth". The New Liberalism rapidly emerged as the most important element of Radicalism in the Liberal Party and appeared to possess, in Lloyd George, a spokesman with major influence in the government.<sup>4</sup>

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<sup>4</sup>This account of the New Liberals in Parliament after 1906 is based on Emy, Social Politics, 142-243 passim; Shannon, Crisis of Imperialism, 391-8; and Peter Clarke, "The Progressive Movement in England," Royal Historical Society Transactions, 24 (1974): 163-91 passim.



The return of twenty-nine independent Labour candidates sponsored by the Labour Representation Committee (L.R.C.), where only two had sat before, was the second source of collectivist feeling in the new Parliament. Established in 1900 by non-revolutionary socialists from the Fabian Society and the independent Labour Party, and by a larger group of trade unionists, the L.R.C. soon shed its only source of Marxist-socialist support, the Social Democratic Federation. Few of the candidates returned in 1906 were in fact socialists of any definite school, and those who were, such as Keir Hardie, were dedicated to a strictly gradualist doctrine. Others, with their roots deeply embedded in Gladstonian Liberalism appeared politically staid alongside the New Liberals. Nevertheless, the majority of the new Labour Party, as it was re-christened, whether they sought the total re-ordering of society or were simply concerned with specific improvement in working conditions, supported a significantly more active state prepared to initiate collectivist reforms.<sup>5</sup>

Much was expected of the new Liberal Government. The new Prime Minister, Sir Henry Campbell-Bannerman, had at his disposal not only an overwhelming parliamentary majority but also headed "one of the strongest and most gifted of any peacetime administration".<sup>6</sup> The dynamism of

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<sup>5</sup> George Lichtheim, A Short History of Socialism (Glasgow, 1975), 194-217.

<sup>6</sup> Chris Cook, A Short History of the Liberal Party 1900-1976 (London, 1976), 42.

David Lloyd George at the Board of Trade and Winston Churchill, initially appointed Under-Secretary at the Colonial Office, was matched by the intellectual power of Herbert Asquith, who became Chancellor, Richard Haldane at the War Office, and Sir Edward Grey, the new Foreign Secretary. When Campbell-Bannerman resigned in 1908, owing to ill-health, the Government's main achievements -- Haldane's army reforms, granting self-government to South Africa and the Trade Disputes Act of 1906 -- were sound but uninspiring.

Campbell-Bannerman was succeeded by Asquith, and Lloyd George replaced the new Prime Minister at the Treasury. Liberal rule between 1908 and 1911 contrasted sharply with Campbell-Bannerman's premiership. A major programme of social reform reached the statute book. The most notable measures were the setting-up of a nationwide chain of labour exchanges, an old age pension scheme, the establishment of boards of government officials to oversee the notorious "sweated industries", and a compulsory unemployment insurance scheme. Associated with these reforms was the budget of 1909 in which Lloyd George had to make provision for the O.A.P. and national insurance schemes. A number of fiscal innovations were included, the most striking of which centred on land. A type of capital gains tax and a capital tax on the value of undeveloped land and minerals were proposed.

The Liberal reforms, while establishing new precedents in the field of government policy, had their limitations. The unemployment insurance scheme, for example, only applied to six trades, and the pension scheme, while designed to relieve the elderly from dependence on



the Poor Law, was denied to any who had "habitually failed to work according to his ability, opportunity and need". Nevertheless, the reforms did involve a significant and rapid extension to the scope of state action. In particular, the involvement by the state in the individual's welfare was a remarkable advance on what had gone before. The state appeared to be assuming a new, paternalistic role. The impact of the reforms was heightened in view of the prevailing interpretation of individual freedom, the value attached to self-help and the still widely-held belief that good government was cheap, non-interventionist government. It also appeared that the Liberal government subscribed to the collectivist principle of income-redistribution; some of the new measures had been financed out of direct graduated taxes and the new taxes on "surplus wealth". Most telling of all, after 1908 members of the government itself -- the erstwhile socialist, John Burns, at the Local Government Board, and Walter Runciman, President of the Board of Agriculture -- came to feel that the government had strayed far from the path of traditional Liberal policy. In their opinion, in the opinion of a growing number of orthodox Liberals -- Whigs and Radicals -- and in the opinion of a large proportion of the Unionist Opposition, the new course smacked of New Liberalism, of the influence of the Labour Party and of socialism.<sup>7</sup>

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<sup>7</sup> For examples of Liberals, such as Harold Cox and the Whig coal-owner Clifford Cory, who believed, on the basis of the Government's social legislation and the 1909 budget, that their party was being lost to socialism, see Emy, Social Politics, 144, 151, 178, 236.

The Unionist Response

The arrival in 1906 of an identifiable Labour group in Parliament and the emergence of the New Liberalism were matters of grave concern for many Conservatives and Unionists. With the important exception of tariff reform, the Opposition had little in the way of industrial and social policies to match. The scale of the Liberal triumph, and the government's programme of social legislation which followed, made some Unionists even more acutely aware of this shortcoming; "nothing but a much greater constructive programme will save us now" concluded J. L. Garvin, editor of the fiercely Chamberlainite Observer, in 1909.<sup>8</sup> Moreover, in the eyes of many Unionists -- not to mention a considerable number of orthodox Liberals -- the Labour Party, the New Liberalism, and the Government's social reforms were all limbs belonging to the same dangerous creature -- socialism. Indeed, many Edwardians used the terms "interventionism" and "socialism" interchangeably.<sup>9</sup>

The post-election period saw, by way of response, the establishment of a considerable number of political ginger groups composed mainly of Unionist back-benchers. These groups set themselves the task of formulating alternative social and industrial policies and of countering what they choose to term the socialist challenge at Westminster.

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<sup>8</sup> Quoted in Kenneth D. Crown, ed., Essays in Anti-Labour History "The Anti-socialist Union, 1908-1949" by Kenneth D. Brown, 236.

<sup>9</sup> The very general use of the word "socialism" in the Edwardian period is well-discussed in *ibid.*, 236.

Although these were inter-related tasks the degree of attention each received varied. The British Constitution Association (B.C.A.), set-up in 1906 and composed of Unionist free traders and a number of Liberal individualists including Harold Cox, attacked state-intervention, advocated self-reliance but, on the whole, stopped short of developing positive alternatives to the policies of the collectivists. The B.C.A.'s negativism prompted the foundation in 1908 of the Anti-Socialist Union (A.S.U.); but the A.S.U.'s commitment to uniting all anti-collectivist opinion -- including orthodox Liberals -- led it to reject not only tariff reform, but also most other constructive policies. The Chamberlainite wing of the party spawned the Unionist Social Reform Committee and the Small Ownership Committee led by F. E. Smith and Laming Worthington-Evans respectively. These and other similar groups were joined by the Tariff Reform League which also became seriously concerned about the collectivist threat which emerged at Westminster after 1906. The political outlook of the Chamberlainites inclined them towards a more positive response. Nevertheless, they found little to propose beyond tariff reform itself and state-funded smallholdings. This failure can be partly put down to the broad conception of socialism held by many Unionists; as a result all manner of social reform was condemned as "socialistic".<sup>10</sup>

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<sup>10</sup> Ibid., 234-50; and Kenneth D. Brown, Introduction to Essays in Anti-Labour History, 11-6.

In the midst of such Unionist negativism one policy -- industrial co-partnership -- was widely advocated. As one leading authority on Unionist anti-collectivism during this period was noted: "Almost the only positive policy which the anti-socialists did develop was co-partnership".<sup>11</sup> The A.S.U., for example, declared that "there is no stronger rampart against the assaults of socialism".<sup>12</sup> Co-partnership was also formally endorsed by the B.C.A. and by the Tariff Reform League. Indeed the interest in co-partnership that these groups shared was such that it has been described by another authority as "a beacon for anti-socialists after 1900".<sup>13</sup>

#### Conclusion

Support for co-partnership appears to have undergone a significant change during the 1900s. In the nineteenth century co-partnership was promoted almost exclusively outside Parliament by employers such as George Livesey and by a number of extra-parliamentary groups, most notably the L.C.A. The members and the leaders of these groups -- with some notable exceptions in the case of the L.C.A. leadership -- were almost entirely businessmen. There appears to be no evidence of parliamentarians or Parliament interesting themselves with co-partnership.

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<sup>11</sup>Ibid., 14.

<sup>12</sup>K. D. Brown, "The A.S.U.," 248.

<sup>13</sup>Bristow, "Profit-sharing," 284.



After 1905, however, support for co-partnership increasingly centred on Westminster. Three of the leading members of the premier co-partnership organisation won parliamentary seats at the 1906 election. More significantly, co-partnership won the support of several anti-collectivist groups representative of political rather than business interests.

Collectivism was far from being the sole cause of concern among many parliamentarians between 1908 and 1911. These years also saw the return of industrial unrest on a scale not seen since the labour troubles of the early 1890s; around 1911 the problem became so acute that a concensus emerged in the Commons which regarded at least one form of government intervention -- steps to alleviate the industrial tension -- as an unfortunate necessity.<sup>14</sup> By then the leaders of the L.C.A. with a vote in Parliament -- Vivian, Cox and Maddison -- had all lost their seats; the fourth, Aneurin Williams, though elected in January 1910 lost his seat the following December. It was, therefore, members of the various anti-collectivist groups such as the unionist free trader Lord Robert Cecil, whose strident individualism had brought him to the fore in the B.C.A., and a leading figure in the Tariff Reform

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<sup>14</sup>The post-1908 labour unrest is more closely dealt with in Chap. 3. The pro-interventionist feeling that had emerged by 1911 is described more fully in Chap. 4.



League, Leo Amery, who came together to propose that such intervention to ease the labour problem should take the form of government support for industrial co-partnership.<sup>15</sup>

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<sup>15</sup>Support for co-partnership in Parliament is dealt with at greater length in Chap. 4.

## CHAPTER III

### THE BOARD OF TRADE, CO-PARTNERSHIP AND INDUSTRIAL RELATIONS, 1890-1908

#### The Board of Trade and Industrial Co-partnership

The co-partnership movement, meanwhile, did not pass unnoticed in Whitehall. After 1890, under Liberal or Unionist governments, the Board of Trade -- the Ministry chiefly responsible for official involvement in trade and industry -- maintained consistent interest in co-partnership. Developments in the co-partnership world were summarised annually in the Board's journal, the Labour Gazette. These reports reveal that the Board kept abreast of the establishment of any new schemes and of how they operated, as well as investigating the failure of existing schemes.<sup>1</sup>

The first sign of the Board's interest in co-partnership appeared earlier, in 1890, and was probably prompted by the sudden proliferation of co-partnership schemes the previous year. A thorough enquiry was launched and a detailed report presented to Parliament. Further full-scale enquiries took place in 1894, 1912 and 1914.

On all four occasions co-partnership came under close official scrutiny. The concepts of co-partnership, profit-sharing, and workers' participation were studiously defined by referring to the proceedings of

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<sup>1</sup>Labour Gazette, 1895-1903, and Board of Trade Labour Gazette, 1903-1914.

international conferences. The various possible components of a scheme were described and explained, and typical schemes were presented in full detail. Each report included charts, graphs, sample constitutions and a vast bibliography listing the literature produced by enthusiasts such as Aneurin Williams on behalf of the co-partnership organisations. The reports were lengthy -- the 1912 report ran to 160 pages. They were based on thorough research -- in each case over one hundred employers were questioned. The evidence was, moreover, interpreted with care; for example, the 1912 report only attached significance to an employer's comments if he had more than ten years experience of co-partnership. These four major investigations and the brief annual reports strongly suggest that there was a significant level of interest in co-partnership at the pre-war Board of Trade, irrespective of the party of government.<sup>2</sup>

The Board's co-partnership reports also point to a number of other conclusions. Several of the department's officials must surely have developed a reasonable, if only theoretical, understanding of how to introduce and operate a co-partnership scheme. The Board must also have been aware, from recording the experiences of dozens of employers, of the circumstances in which the introduction of a scheme would benefit

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<sup>2</sup>The vital issue of whether co-partnership had the effect on a work-force that employers and enthusiasts spoke of, for example increased efficiency, was only dealt with in the 1912 report. For a description of this report's findings see Chap. 7, 82-5. The above description of the scope and thoroughness of the Board of Trade's enquiries into co-partnership is based on Great Britain, Parliament, Parliamentary Papers (Commons), 1890-91, vol. 78, C.6267, 1890. "Report on Profit Sharing and

the employer. Finally, it is also clear that the department had ample evidence to tell them to which industries and to which categories of worker co-partnership could be most satisfactorily introduced. Finally, it is also clear that the pre-war Board of Trade had on record the names of employers who had achieved outstanding success with co-partnership.

Certain officials at the Board appear to have taken a somewhat deeper interest in co-partnership. Investigation of the subject appears to have been more than a professional duty for David F. Schloss. He worked in the Board's Labour Department until he died while completing the 1912 report. In 1890 The Contemporary Review -- a Liberal orientated periodical with wide circulation -- and in 1891 the co-partnership movement's Industrial Partnership Record both carried articles by Schloss full of enthusiasm for co-partnership. Schloss was also the author of Methods of Industrial Remuneration which presented the policy in a similar light.<sup>3</sup>

In July 1908 William Beveridge, an expert in social and industrial reform, was appointed to the same department as Schloss. It

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Co-partnership in the U.K.," 1894, vol. 96, C. 7549, 1894, "Report on Co-partnership"; 1912-13, vol. 43, Cd. 6496, 1912, "Report on Co-partnership and Profit Sharing in the U.K."; and 1914, vol. 36, Cd. 7282, 1914, "Profit Sharing and Labour Co-partnership Abroad."

<sup>3</sup>David F. Schloss, "Industrial Co-operation," Contemporary Review, Apl. 1890; idem, "The Increase in Industrial Remuneration under Co-partnership," Industrial Partnership Record, June 1891, and idem, Methods of Industrial Remuneration (London, 1892).



was the Ministry's policy to give such experts the chance to develop their interests and Beveridge regarded his appointment as "a chance to implement some of the ideas . . . he had been evolving since 1904".<sup>4</sup> Prior to this appointment Beveridge worked as a leader-writer for the influential Conservative -- and firmly Chamberlainite -- daily, The Morning Post. Periodically he would describe and give his support for a policy which he believed could help meet the challenge of raising Britain's industrial efficiency.<sup>5</sup> In a leader in March 1907, and again in April 1908 just before he took up his post at the Board, Beveridge made it clear that he too was personally convinced of the value of both profit-sharing and more comprehensive co-partnership schemes. Beveridge argued that such schemes were beneficial and would improve industrial efficiency because they discouraged industrial unrest and working class discontent in general. Co-partnership had this effect, Beveridge argued, because the schemes brought both sides of industry into regular contact and so eradicated the greatest single cause of industrial strife. Secondly, worker participation, and also the profit-sharing schemes, made the worker more aware of the importance of industrial stability both for the success of the firm which employed him and for that of the entire economy.<sup>6</sup>

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<sup>4</sup> José Harris, William Beveridge, A Biography (Oxford, 1977), 144-6.

<sup>5</sup> *Ibid.*, 62-107 passim. The problem was real enough and is discussed Chap. 3, 40-2.

<sup>6</sup> *Ibid.*, 90; Morning Post, March 13, 1907 and April 16, 1908.

Beveridge's appointment made a significant impact on the Board of Trade. He rapidly assumed a great deal of sway over labour and social policies and over his colleagues. His influence rivalled that of the Permanent Secretary himself, Herbert Llewellyn Smith. Most of Beveridge's energies from his appointment until the war were directed into preparing policies to combat unemployment. It was his expertise in this field that led to his appointment. Nevertheless, this leading authority on labour policy was well aware of industrial co-partnership, viewed the policy with sympathy, and regarded it as a feasible means of reducing both industrial and more general social unrest.

The Board of Trade Labour Department: The Single  
Most Effective Lobby for Social Reform

The Ministry which took such a diligent interest in co-partnership was probably the most innovative on Whitehall. The Labour Exchanges Act of 1909 and the National Insurance Act of 1911 are perhaps the best known of the Board of Trade's bold attempts to reform the nation's industrial life. They give the false impression, however, that the Board's active interest in industrial and social reform only emerged at the very end of the Edwardian period, and that it was exclusively concerned with directly improving the condition of the worker.

The Board of Trade had in fact been involved with a wide variety of industrial problems since the first half of the nineteenth century. Despite the ideology of laissez-faire which then prevailed, the reality of rapid industrialisation had made increasing demands on government.

Duties such as the regulation of merchant shipping and supervision of the railways were concentrated at the Board, and this gave rise to the assumption that it was the Ministry best acquainted with industry in general. Throughout the century, as new problems were identified, the Board assumed new duties, appointed experts from outside Whitehall who then set up new departments. One such department was the Labour Statistics Bureau, which later became the Board of Trade Labour Department. The bureau was established in 1886 under the social investigator, statistician and labour sympathiser, Herbert Llewellyn Smith, to meet the demand, inside and outside Whitehall, for reliable statistics relating to such matters as unemployment and trade unions. A Ministry with such diverse duties as those of the late-Victorian Board of Trade -- and many demanded a considerable degree of expertise -- did not lend itself to tight ministerial control. Many Presidents saw their appointment as little more than a stepping-stone to higher office and left even the most important decisions to the permanent staff.<sup>7</sup> It is therefore clear that the Board of Trade, even before the Liberals assumed office in 1905, had been actively involved with the industry's problems for more than fifty years. Moreover, and in a manner unusual to Whitehall, the Board's permanent officials, when faced with a problem, had become accustomed to taking the initiative, tackling the problem and often producing quite innovative solutions.<sup>8</sup>

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<sup>7</sup> Rodney Lowe, "The Ministry of Labour, 1916-1924," Public Administration 52 (1974): 46.

<sup>8</sup> This account of the Board of Trade before 1905 is based on Roger Prouty, The Transformation of the Board of Trade, 1830-1855 (London, 1957), passim; Gillian Sutherland, ed., Studies in the Growth



The Board's effectiveness as a vehicle for industrial and social reform increased significantly during the early years of the new Liberal administration. Lloyd George, President of the Board until 1908, and his immediate successor, Winston Churchill, had a much greater impact on the Ministry than a good number of their predecessors. Both were young, ambitious, and keen to see their presidencies marked by progressive legislation. They therefore gave the permanent officials an unusual degree of encouragement.

Under the presidency of Lloyd George between 1905 and 1908 the Board introduced a major programme of legislative reform, dealing with company law, merchant shipping control and nationalization of the Port of London. At the same time the Board took over responsibility for several areas of policy which had previously belonged to other government departments. In 1907 the overseas consular service was transferred from the Foreign Office to the Board of Trade. In 1908 it was the Board of Trade rather than the Local Government Board which began to prepare measures for dealing with unemployment. And in 1909 it was the Board of Trade that introduced 'anti-sweating' legislation -- not the Home Office, which was the department of state traditionally concerned with the welfare of employees in factories and workshops.<sup>9</sup>

It is, therefore, clearly evident, even from the early years of Liberal rule, that the Board of Trade, building on its past experience, considered itself responsible for and competent to handle all manner of industrial

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of Nineteenth-century Government (London, 1972), "Llewellyn Smith, the Labour Department and Government Growth 1886-1909" by Roger Davidson, 239-45; and J. A. M. Caldwell, "The Genesis of the Ministry of Labour," Public Administration 37 (1959) 367-91.

<sup>9</sup> Harris, Beveridge, 144.



and social reform. What is more, the range of problems it was prepared to handle was continually expanding.<sup>10</sup>

What was true for the Board of Trade in general applies in particular to the departmental section responsible for monitoring industrial co-partnership schemes, the Board of Trade Labour Department. Here worked the Board's most innovative and active officials. It was the policies developed here -- the system of trade boards to regulate the "sweated industries", unemployment insurance, and labour exchanges -- which, more than any others, were thrusting forward the front of government intervention. The Labour Department's phenomenal growth gives some indication of its extraordinary dynamism. When, in 1893, Llewellyn Smith's statistics bureau was reorganised into a Board department it had a staff of sixteen. However, statistical research was fast being regarded as a necessary precondition for social reform, and so the department's unchallenged reputation in this field proved to be the basis for rapid expansion. By 1910 the department had sprouted sections responsible for Labour Exchanges, Trades Boards and Conciliation and Arbitration; and it had a staff of one thousand alongside a total of eighteen hundred for the entire Ministry. One authority has referred, aptly enough, to the establishment, by 1910, of a Ministry of Labour within the Board of Trade.<sup>11</sup>

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<sup>10</sup>This assessment of the Board of Trade after 1905 is derived from: Harris, *ibid.*, 144-50; and Caldwell, "Ministry of Labour," 367-91 *passim*.

<sup>11</sup>Caldwell, "Ministry of Labour," 385-6.

The Labour Department's leading officials had, by the late 1900s, become Whitehall's *crème de la crème*. They were led by Llewellyn Smith, who by 1907 had risen to the position of Permanent Secretary at the Board, and included William Beveridge, appointed Director of Labour Exchanges in 1909, his deputy, Humbert Wolf, George Askwith, Chief Industrial Commissioner and head of the Conciliation and Arbitration section after 1910, and his deputy, H. J. Wilson. All were exceptionally capable and dedicated civil servants with a flair for innovation in keeping with the best traditions of the Board of Trade. These men had more than their undeniable ability to help them. The Board's record of dedicated service to industry ensured good working relations with both employers and trade unions. The interest that both Lloyd George and Winston Churchill had in reform was particularly in tune with the policies being developed in the Labour Department. With such men working in such an atmosphere it is understandable that during the pre-war Liberal administrations the Labour Department became "the single most effective lobby for social reform".<sup>12</sup>

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<sup>12</sup>This description of the Board of Trade Labour Department between 1893 and 1910 is derived from *ibid.*, 367-380; Davidson, "Labour Department," 227-62; and R. Lowe, "The Ministry of Labour," 415-20.

The Labour Department and Industrial Relations

One of the many aspects of industrial life in which the Board of Trade Labour Department became involved after its foundation in 1893 was industrial relations. The Conciliation Act of 1896 empowered the Board to take an active role in the settlement of industrial disputes. Consequently it was Lloyd George, as President of the Board, who intervened to avert a national rail strike in 1907; the one case of ministerial intervention prior to this -- the Miners' Strike of 1893 -- had been handled by the Prime Minister, Gladstone, and Lord Rosebery, the Foreign Secretary.<sup>13</sup> On the whole, however, Presidents after 1896 delegated the Board's new responsibility to the permanent officials at the Labour Department.

In 1908 industrial unrest returned on a large scale for the first time since the early 1890s.<sup>14</sup> The department tackled the problem in two ways. On the one hand it helped set up a variety of permanent bodies to which the parties involved in a dispute could turn. Most numerous were the joint board composed of employers and union representatives on hand to help resolve any labour dispute in their own industry. Such joint boards had been established on an ad hoc basis since the 1850s; with the help of the Labour Department over sixteen hundred were operating by 1910. One, the Board of Conciliation and Arbitration for

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<sup>13</sup> Phelps-Brown, British Industrial Relations, 160-1.

<sup>14</sup> See Chap. 4, 38-9.

the Railway Industry, was formed, with official encouragement, after the threatened strike in 1907. In keeping with the Board's reputation for innovation a number of other permanent bodies appeared.

In 1908 the Labour Department established the first Industrial Court, consisting of three members chosen by the disputants from panels of workers, employers, and neutrals. The 1909 Trade Board Act, although a preventative measure, was a particularly significant extension to the department's industrial conciliation machinery because the department's officials were fully and permanently involved. Along with representatives from both sides of industry they became responsible for wage settlements in those of the so-called 'sweated industries' where industrial unrest had become notorious.

The Department's second line of attack -- reserved for more serious disputes -- was direct intervention. A senior official would be committed to a dispute and, relying largely on his skills as a conciliator, work towards a settlement. Lloyd George's successful intervention in 1907 appears to have established a precedent for forceful and increasingly regular intervention. By 1910 intervention by the department's officials had become sufficiently regular to warrant the establishment of the Conciliation and Arbitration section. The services of the section were soon heavily in demand and its chief, George Askwith, became a familiar figure at the centre of the increasing number of major disputes.<sup>15</sup>

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<sup>15</sup> This account of the Labour Department's industrial relations policy is drawn from Phelps-Brown, British Industrial Relations, 126-9, 186-7, 302; Emy, Social Politics, 263; and Roger Davidson, "The Board of



### Conclusion

Industrial co-partnership had, by the time serious labour unrest returned in 1908, held the attention of the Board of Trade Labour Department for well over a decade. The Department's interest in co-partnership had been maintained despite the movement's serious decline in the mid-1890s. There is limited evidence not just of interest, but also of sympathy for the policy, and at least one senior official, William Beveridge, believed that co-partnership would help reduce industrial unrest. The Labour Department was, moreover, emerging as the most influential and dynamic on Whitehall. Its senior officials were strongly inclined towards state-intervention and so adopted a positive -- and often innovative -- approach to labour problems.

The new labour unrest presented the Department with just such a problem. A number of innovations -- for example the Industrial Courts -- were soon tried. The number of disputes continued to rise rapidly and George Askwith, the senior official responsible for industrial relations, believed that more innovations were needed; he told the Cabinet as much early in 1909.<sup>16</sup> It took almost two more years of increasingly serious industrial disputes to convince the Cabinet that further steps should indeed be taken.<sup>17</sup>

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Trade and Industrial Relations," Historical Journal, 21 (Sept. 1978): 571-93 passim.

<sup>16</sup> Roger Davidson, Introduction to Industrial Problems and Disputes by George A. Askwith (London, 1974), xi.

<sup>17</sup> See Chap. 5, 57-8.

CHAPTER IV  
LABOUR UNREST 1908-1914

Introduction

The years immediately before the Great War were marred by exceptionally bad industrial relations. The situation became so serious that by 1911 the Cabinet -- contrary to all previous practice -- had reluctantly accepted responsibility for finding and implementing a solution.<sup>1</sup> The deterioration began, the figures suggest, in 1908. Since the turn of the century an average of 2.7 million working days had been lost each year to strikes; after 1908 larger and longer disputes pushed this average up to 14 million. This included a mammoth loss of 41 million working days in 1911, when roughly 10 per cent of industrial workers were involved in strikes. That year strikes also became much more frequent. Since 1900 the average number of strikes each year had been slightly less than 500. The figures then leap forward: 872 in 1911, 834 in 1912, 1459 in 1913, and 972 in 1914.<sup>2</sup> Basic industries and public services suffered most. Outstanding examples include a strike by South Wales miners which stretched from

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<sup>1</sup>For the only recorded occasion of ministerial intervention in an industrial dispute prior to 1911 see Chap. 3, 35. For the Cabinet's attempts to deal with the unrest see Chap. 5, 58-62.

<sup>2</sup>B. Mitchell and P. Deane, British Historical Statistics (London, 1962), 72.

November 1910 to August 1911, a national strike by seamen and dockers belonging to eighteen different unions throughout June and July 1911, and a national railway strike the following month. The year 1912 saw the first national miners' strike, followed by a dispute which effectively closed the Port of London for four months.<sup>3</sup> Union membership, which between 1900 and 1905 remained below the two million mark, also began to grow rapidly. By 1913 it had topped four million. Expansion was at its greatest among unskilled workers. In a single year membership of Ernest Bevin's General Workers' Union jumped from 23,000 to 91,000. These statistics suggest a return to the scale of industrial unrest and union expansion experienced between 1889 and 1893, or earlier between 1867 and 1873 -- exceptional, but, in the memories of those then alive, not unprecedented.<sup>4</sup>

It soon became apparent, if we look beyond the cold statistics, that the labour unrest amounted to more than a periodic bout of serious strikes and union growth. The troubles seem to have possessed a quality of their own. The numerous amalgamations that were arranged between groups of unions in the same industry, such as the formation in 1910 of the National Transport Workers Federation from fourteen major transport

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<sup>3</sup>Phelps-Brown, British Industrial Relations, Chapter 6 passim.

<sup>4</sup>Mitchell and Deane, British Historical Statistics, 68, and Henry Pelling, Popular Politics and Society in Late-Victorian Britain (London, 1968), 147-8.

unions, made some industries prone to an entirely new scale of disruption. The use of more effective strike tactics -- the "sympathetic" and the national strike -- also became common. In 1911 the first "national-sympathetic" strike -- simultaneous disruption in several industries -- brought union strategy to the threshold of the general strike.<sup>5</sup>

Secondly, an extraordinary degree of violence and general disorder accompanied a significant number of strikes. A Hull councillor was appalled to concede during the 1911 seamen's strike that he had ". . . never seen anything like this . . . he had not known there were such people in Hull -- women with hair streaming and half-nude reeling, through the streets, smashing and destroying . . .".<sup>6</sup> Some disputes seem to have escalated into open revolt. A leading contemporary journalist, Phillip Gibbs, described Merseyside the same summer: "Liverpool was near to a revolution . . . troops were sent into the city to maintain order but had to retreat under showers of kidney stones with which the mob armed themselves".<sup>7</sup> The unions themselves even became a target. Ramsay MacDonald observed that strikes were being directed "as much against the established union leadership as against the

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<sup>5</sup> Phelps-Brown, British Industrial Relations, 329; and G. A. Phillips, The General Strike (London, 1976), 5-6.

<sup>6</sup> Quoted in *ibid.*, 222.

<sup>7</sup> Quoted in Geoff. Brown, The Industrial Syndicalist (Nottingham, 1975), 15. Gibbs was a well-respected literary journalist who contributed to such journals as John O'London's Weekly.



employers".<sup>8</sup> Many major strikes began as unofficial walk-outs. A spirit of rebellion -- or was it the no less enigmatic "younger and more violent men" who feature even in the most level-headed contemporary accounts? -- was very much at large.<sup>9</sup>

#### The Serious Causes of Labour Discontent

The question of the cause of industrial unrest after 1908 has been repeatedly investigated. Most explanations, including George Askwith's contemporary analysis drawn-up for the Liberal cabinet, George Dangerfield's colourful account of 1935, and the recent research of Standish Meacham, are agreed on two points.<sup>10</sup> First, the wave of strikes had no single cause. Secondly, the problems that were at the root of the troubles were usually profound. The unrest was not, therefore, the symptom of, say, a periodic trade depression; the strikes were, it seems, the result of the coincidence of deep-rooted social, political, ideological as well as economic problems. Three of these problems will serve to illustrate the serious nature of the labour troubles with which the Government became involved.

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<sup>8</sup> James Ramsay MacDonald, The Social Unrest (London, 1913), 74.

<sup>9</sup> See for example the account given by George Askwith, Chief Industrial Commissioner at the Board of Trade quoted in G. Brown, Industrial Syndicalist, 24.

<sup>10</sup> For an example of Askwith's view see Emy, Social Politics, 266-7; George Dangerfield, The Strange Death of Liberal England (New York, 1961), 214-330; and Standish Meacham, "'The Sense of Impending Clash': English Working-Class Unrest Before the First World War," American Historical Review, 77 (December 1972): 1343-64.

Important sectors of the economy, as many Edwardians were aware, faced serious difficulties. In 1901 The Times carried a series of articles entitled "The Crisis of British Industry".<sup>11</sup> The most important cause of these difficulties was probably the emergence, during the last two decades of the previous century, of serious rivals -- notably Germany and the U.S.A. -- to Britain's position of industrial supremacy. The problem was made more alarming because, in many respects, British industry was ill equipped to meet the challenge of foreign competition; for example in certain sectors -- coal mining and iron and steel, to name but two -- industrial plant was badly out of date. As a result of these, and other problems, Britain's share of the world's industrial market, which in 1870 stood at 33 per cent, had by 1913 shrunk to 13 per cent. Profits fell and the investment required for industrial modernisation found more attractive openings overseas; by 1913 foreign investment exceeded home investment. The impact of Britain's economic malaise was not fully realised until after the Great War. But for a considerable number of industrial workers this faltering in Britain's economic progress began to tell during the 1900s.

The second half of the previous century had brought a general increase in real wages. A significant proportion of industrial workers, particularly those in a trade union, appear to have become accustomed to a gradual improvement in their standard of living. After 1900

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<sup>11</sup> Emy, Social Politics, 125.

industry's problems tended to produce higher prizes without wage increases. Living standards began to stagnate. The early strikes and the growth in union membership appear to have been reactions to this stagnation. Then, as stagnation turned into a decline in living standards, as the unions expanded, and because low unemployment after 1910 cut the supply of black-leg labour, the scale of the unrest grew.<sup>12</sup>

The rash of unofficial strikes and of strikes staged as a protest against official union leaders point to a second problem. A number of leading historians, not all of whom are neo-Marxists, have persuasively argued that union leaders were becoming increasingly alienated from the membership.<sup>13</sup> Trade union expansion and amalgamation in the late 1880's and early 1890's had in some cases concentrated power in a centralised, remote and bureaucratic union. Some union leaders were becoming absorbed in parliamentary affairs while the implementation of the Liberal social legislation gave others the opportunity of taking positions in the civil service.<sup>14</sup> Local issues

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<sup>12</sup>Pelling, Popular Politics, 147-65; R. V. Sires, "Labour Unrest in England, 1910-1914." Journal of Economic History, 15, 3 (1955): 246-66; Hobsbawm, Industry and Empire, Chapter 9; and Levine, Industrial Retardation, 31-53.

<sup>13</sup>For example James Hinton, The First Shop Stewards Movement (London, 1973), 56-100, regards this as a crucial trend in the turn-of-the-century engineering unions; for its development elsewhere see Phelps-Brown, British Industrial Relations, 124, 234, 292.

<sup>14</sup>Elie Halévy, History of the English People, vol. 6: The Rule of Democracy (London, 1913), 449.

tended to be neglected and "impatience with leaders who failed to give the aggressive leadership demanded mounted".<sup>15</sup>

Most account of the labour unrest suggest that the troubles were a symptom of a growing feeling of alienation among working people from the law and the process and institutions of government.<sup>16</sup> Here lies the third, and possibly the best illustration of the profound nature of the problems that lay behind the pre-war labour troubles. Several important and well-publicised judicial decisions smacked of double-standards and class-prejudice: "The Law Lords condemned the unions' boycott and blacklists, but sanctioned them when introduced by a shipowners' cartel. The Osborne Judgement placed obstacles in the path of union officers but not railway directors who wished to sit in Parliament. Tom Mann was arrested for incitement to mutiny; Sir Edward Carson sat unmolested in the House of Commons".<sup>17</sup> On a number of crucial occasions ministerial intervention in industrial disputes was felt by trade union members to be less than impartial; during the Liverpool transport strike in 1911, for example, many workers believed that the Cabinet had given the owners a carte blanche to call on troops before they had approached the unions".<sup>18</sup> Recent research has suggested that

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<sup>15</sup> Sires, "Labour Unrest," 248.

<sup>16</sup> For example Meacham, "Working Class Unrest," 1352-5.

<sup>17</sup> Ibid., 1353.

<sup>18</sup> P. Bagwell, The Railwaymen: A History of the National Union of Railwaymen (London, 1963), 292.



the more frequent intervention undertaken by the Board of Trade Labour Department consistently favoured the employers.<sup>19</sup> The state, as it began to play an increasingly active role in labour affairs, created the impression, even among Labour sympathisers, that it was "an organisation run by and for the wealthy".<sup>20</sup> One authority, while working from a perspective highly critical of the Parliamentary Labour Party, has, nevertheless, presented sound evidence of working-class frustration and disillusionment with the Party's performance in its early years.<sup>21</sup> Finally it has also been convincingly argued that some of the Liberal social reforms -- national insurance and the labour exchanges in particular -- generated resentment among certain groups of workers. The policies appear, in some cases, to have been judged by an eye that had learned to detest official welfare for so long expressed in the operation of the Poor Law; the element of compulsion, inspection and regimentation in some of the new policies at times confirmed that judgement.<sup>22</sup>

The suspicions raised in the minds of some Edwardian working people -- that the state was not always neutral, that the Labour Party had in a sense let them down, and that some of the new social legislation

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<sup>19</sup> Davidson, "The Board of Trade and Industrial Relations," 590-1.

<sup>20</sup> Pelling, Popular Politics, 5.

<sup>21</sup> Ralph Miliband, Parliamentary Socialism (London, 1973), Chapter 1.

<sup>22</sup> Pelling, Popular Politics, 1-19; and Hinton, The Shop Stewards Movement, 30-1, 44-8.

which affected them was not all to the good -- were, individually, of limited importance. Together they appear to have generated a significant degree of anger, disenchantment and even hostility, and to have therefore contributed to a decline in working class respect for the law and the process of government. The unusual degree of rank and file support for industrial action and the violence and spirit of rebellion that accompanied many disputes appears to have been an expression of these bitter sentiments.

#### An Atmosphere of Revolution

The pre-war labour unrest generated an atmosphere of deep concern and alarm. One contemporary witness, looking beyond the "garden party" of upper class social life, was deeply shocked by what he saw:

Underneath our gay social life with its pleasure and pageantry and sport -- the Boat Race, the Epsom Races, Henley, Ascot, Cowes, cricket at Lords, tennis tournaments -- there were signs and sudden outbreaks of ugly conflict. . . . The Welsh miners rioted at Tonypany. I saw them marching down the Rhondda Valley I saw baton charges . . . there was a general strike in Liverpool. It was as near to a revolution as anything I had seen in England . . . even the road sweepers declined to work.<sup>23</sup>

The current unrest, it was feared, only foreshadowed an increasingly uncertain and unstable future. The Unionist Austen Chamberlain, eldest son of Joseph, and Chancellor of the Exchequer under Balfour, on hearing that a wholesale amouner had sold one hundred revolvers to worried gentlemen in three days, contemplated the future with gloom: "It is

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<sup>23</sup> Philip Gibbs quoted in Brown, Industrial Syndicalist, 15.

strange of have such experiences in England. We are living in a new world, and the past gives us little guidance for the present. More works are being closed down every day. More trains are being taken off the railways. The whole machinery of national life is slowly stopping . . .".<sup>24</sup> The high level of concern expressed at the time probably owed much to the sheer scale of the unrest and to the considerable extent to which contemporaries appreciated the seriousness of its causes. Contemporary alarm can be better appreciated, however, if allowance is made for the widely-held belief that revolutionary ideologies and revolutionary leaders were a major force among the unions.

A number of predominantly revolutionary ideologies new to the British labour movement took root during the 1900s. This "new left", which included industrial unionism, forms of syndicalism and anarchism, and the more moderate guild socialism, won the following of no more than a small minority of workers and labour leaders.<sup>25</sup> It nevertheless lent a distinctly revolutionary air to the labour unrest.

The most important of these new ideologies was probably British syndicalism. In common with the rest of the "new left", the syndicalists made a clean break with most contemporary British socialism by condemning as futile all involvement in parliamentary politics. Furthermore, collectivist state reform was dismissed as worthless, and state

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<sup>24</sup> Austen Chamberlain, Politics from Inside: An Epistolary Chronicle (London, 1936), 444.

<sup>25</sup> The appropriate term "new left" was first used in this context by Elie Halévy, The Era of Tyrannies, "The Policy of Social Peace in England," (New York, 1966), 450.

control of industry, exercised by managers of civil servants, denounced as "another form of exploitation more mischievous than the existing method".<sup>26</sup> The syndicalists were, instead, committed to the creation of more powerful trade unions and the development of more effective strike tactics. Large-scale industrial disruption would be used to wring concessions from the government of the day. Then, when enough unions were prepared to act in concert, a general strike would force the government and the employers to make the ultimate concession and hand over control of industry. Syndicalism, along with the other "new left" ideologies, then gave a central place to the idea of workers' control. Once the revolution had been achieved, the unions would provide the administrative machinery for their industries. In this way each industry would be directly controlled by those working in it.

The influence of syndicalism measured in terms of ideological conversions was slight. Few senior union officials, with the possible exceptions of A. A. Purcell (Gen. Sec., Amalgamated Furnishing Trades Association), Ben Tillet (Gen. Sec., Dockers' Union) and Robert Williams (Gen. Sec., National Transport Workers' Federation), showed signs of serious commitment to syndicalism. Active syndicalists -- and the same is true of the other "new left" creeds -- remained "a tiny minority".<sup>27</sup>

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<sup>26</sup> Tom Mann quoted in Sylvia Pankhurst, The Home Front (London, 1932), 364.

<sup>27</sup> Pelling, Popular Politics, 157.



The labour unrest was, nevertheless, strongly coloured by syndicalism. Many contemporaries -- and a number of historians -- talk of the "syndicalist unrests".<sup>28</sup> How could this have come about? Firstly, as G. A. Phillips has pointed out, the syndicalists' impact on the unrest was out of all proportion to their slight number because "unlike any of their revolutionary predecessors, the syndicalists were exclusively activists within the unions".<sup>29</sup> All their energy was spent on trade unions. Secondly, in Tom Mann, veteran of the struggles associated with the rise of the "new unions", syndicalism possessed a spokesman of national standing in the labour movement.<sup>30</sup> Moreover, Mann displayed quite extraordinary energy and commitment; between 1910 and 1913, for example, he was found "at or near the centre of most of the labour unrest. He was at Tonypandy in 1910; he was chairman of the strike committee in Liverpool during the 1911 transport strike; he was with the miners before, during and after the 1912 national strike, and in 1913 he roamed the Black Country during the 'prairie fire' strikes . . .".<sup>31</sup> Thirdly, a number of strike tactics -- in particular the national strike and the sympathetic strike -- advocated by

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<sup>28</sup> Lord Robert Cecil, for example, in a speech in the Commons on 25 March 1912, laid the blame for the unrest squarely on "syndicalist agitators," P.D. (Commons) 5S, 35: 1778. The many historical accounts in which syndicalism is a principal cause of the unrest include Alfred F. Havighurst, Twentieth Century Britain (New York, 1962), 111-2; and Henry Pelling, Modern Britain 1885-1955 (Edinburgh, 1960), 52-4.

<sup>29</sup> Phillips, General Strike, 7.

<sup>30</sup> Brown, Industrial Syndicalist, 5-9.

<sup>31</sup> Ibid., 18.

syndicalists were adopted by union leaders who appear to have had no commitment to syndicalism. Many conventional leaders, explained one contemporary, "have been converted to the methods of syndicalism by the proof that in following them they are able to win greater concessions".<sup>32</sup> The Triple Alliance of 1914 is a case in point. It marked the formal commitment of the leaders of the miners, the railwaymen and the transport workers to the use of the sympathetic strike but not, as many observers then believed, to syndicalism.<sup>33</sup> Finally, a considerable number of conventional union leaders also adopted the revolutionary language of syndicalism. Some of them found it made fine rhetoric to attract new recruits, and that it gave their members, especially when drawn from a number of trades and localities, a sense of common purpose.<sup>34</sup> Others, including miners' leaders in South Wales, Durham, and Derbyshire, appear to have adopted the aggressive language of syndicalism to head-off the challenge of syndicalist candidates.<sup>35</sup> Consequently, a number of the most powerful unions -- including several of the leading rail, transport and mine workers' unions -- adopted what appeared to be revolutionary tactics and were led by men who at

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<sup>32</sup>One Who Resents It, The Tyranny of Trade Unions (London, 1912), 94.

<sup>33</sup>Phillips, General Strike, 7.

<sup>34</sup>Ibid., 6-8; and B. Pribicevic, The Shop Stewards' Movement and Workers' Control, 1910-1922 (Oxford, 1959), 5, 68.

<sup>35</sup>Kenneth Morgan, "Socialism and Syndicalism," Bulletin of the Society for Labour History, no. 30 (1975), 22; Roy Gregory, The Miners and British Politics, 1910-1914 (London, 1968), 133-5; and J. E. Williams, "Politics in the Coalfield," Bulletin of the Society for Labour History,

times spoke the language of revolution. In this way syndicalism bestowed upon the strikes a revolutionary purpose few disputed actually possessed.

The state of industrial relations and of the trade union movement by 1911 would have surely seriously worried any modern British government. The frequency of strikes and the mounting toll of working days lost must have made for grim reflection. The unusual spontaneity and the outbreaks of violence gave extra cause for concern. The causes of the unrest -- and informed contemporaries appear to have had a fair grasp of them -- could hardly be dismissed as transient. Where they were economic, they highlighted the advent of what many contemporaries believed was the impossible: the end of Britain's economic supremacy. Other causes pointed to serious inadequacies in elements of the political, legal and social structure that influenced the behaviour of the growing number of trade union members. More alarming still, revolutionary elements appeared to be at work.

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no. 19 (1969), 39. This account of syndicalism and its impact on the pre-war labour unrest also draws from W. Kendall, The Revolutionary Movement in Britain 1900-1921 (London, 1969), 23-45; G. D. H. Cole, The World of Labour (London, 1919), Introduction; and Ken Coates, ed., Tom Mann's Memoirs (London, 1967), Introduction.

## CHAPTER V

### THE LIBERAL GOVERNMENT AND INDUSTRIAL UNREST,

JULY 1911-JUNE 1912

#### Introduction: A Sea of Troubles

In the course of 1911 the feeling emerged in Cabinet that the labour unrest -- now in its fourth year -- constituted a serious threat to the economy and social order. Senior ministers also reached the conclusion, though reluctantly, that the problem required the Government to take extraordinary measures. The labour question was not, however, the only problem facing the Government in 1911.

The Government's long struggle to reform the House of Lords, which had developed by a tortuous route from Lloyd George's 1909 budget, reached a climax that summer. In August 1911 Asquith presented the Lords with the option of either passing a parliament Bill curtailing their powers or involving his threat to flood the upper chamber with Liberal peers. Asquith's use of such extreme tactics is indicative of the tenacity with which the struggle had been fought. Indeed, an atmosphere of such bitterness had developed at Westminster that when, on 20 July, Asquith revealed his threat to the Commons, he became subject to a quite exceptional parliamentary attack: ". . . when Asquith rose to address the Commons, he was raucously shouted down. 'It was,' Churchill angrily informed the King, 'a squalid, frigid, organised attempt to insult the Prime Minister.' The clamour lasted half an hour . . . un-



able to make himself heard over the din, Asquith sat down, 'declining to degrade himself further.' The chant 'Divide, divide' was punctuated by choruses of 'Traitor' and by the refrain that Asquith, Redmond's lackey, had hounded King Edward to the grave".<sup>1</sup> On 10 August 1911 the Lords, by a narrow majority, consented to the extinction of their absolute veto. This long and bitter struggle, dating back to April 1909, left the Cabinet worn and exhausted, and had brought several ministers to the brink of resignation.<sup>2</sup>

The resolution of the constitutional crisis presented the Cabinet with probably their major domestic worry after the summer of 1911. Events arising out of the Lord's rejection of the budget had involved the country in two general elections, in January and December 1910. The Government's majority evaporated and Asquith, by turning to the Irish Nationalists for support, committed the Liberals to deliver that most explosive of political packages, Irish Home Rule. The successful conclusion of the Government's attack on the Lord's veto -- an attack which owed much to the pressure the Irish Nationalists were able to exert on

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<sup>1</sup>Stephen Koss, Asquith (London, 1976), 127.

<sup>2</sup>In January 1910, for example, as Shannon observes, "several Liberal Ministers, between the devil of the Lords and the deep blue sea of Home Rule, were for resignation". Crisis of Imperialism, 401.

the Government -- left the way open for the Liberals to fulfil that commitment. The bitterness and acrimony that prevailed at Westminster by 1911 helped ensure that the introduction of a Home Rule Bill would be a test of even greater severity than ministers feared.

The return, at the end of 1911, of a more determined and more violent campaign for female suffrage presented the Government, with what soon became "a major menace to law and order".<sup>3</sup> A predominantly peaceful campaign had been active since before the Liberals came to office; by 1909, in the face of Asquith's intransigence, many campaigners began to despair of peaceful tactics and started to combine heckling with attacks on property. An uneasy truce prevailed for much of 1910, but an unsatisfactory interview with the Prime Minister in November 1911, and the failure the following year of various proposals for reform, triggered-off a frenzy of arson, bombings, and arrests. Leading members of the Government became the target for personal, though rarely dangerous, assaults.

The Government also faced serious problems abroad. In 1911 the German threat -- a matter of perpetual worry since the Liberals had taken office -- entered a new and more worrying phase. Sir Edward Grey's hopes of reaching a settlement with Germany had begun to recede as early as 1908 but, as Stephen Koss notes, "1911 makes the true watershed".<sup>4</sup> In the short-term the Kaiser's decision to send the Panther to

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<sup>3</sup>Colin Cross, The Liberals in Power 1906-1914 (London, 1963), 160.

<sup>4</sup>Koss, Asquith, 145.

Agadir in early July generated considerable anxiety in the Cabinet: "No settlement was reached until the beginning of October, and there were several periods during the three months when ministers feared that Europe was on the brink of a general war. From September 8th to 22nd the threat was taken sufficiently seriously for the tunnels and bridges of the South Eastern Railway to be patrolled day and night".<sup>5</sup> In the long term the Agadir Incident produced a significant hardening of attitudes. The "reductionists" Churchill and Lloyd George -- previously the most influential pro-Germans in Cabinet -- adopted a new, warlike posture; Anglo-French military co-operation moved into highest gear; and at the Admiralty Churchill eagerly took command and embarked on a new programme of naval construction. There were certainly periods of relaxation ahead -- Lewis Harcourt, the Colonial Secretary, reached a successful Anglo-German agreement for the partitioning of the Portuguese colonies -- but after 1911 the Liberals entered a period of mounting Anglo-German hostility in which "the prospect of war was suddenly no longer in the remote distance".<sup>6</sup>

The reaction of the Parliamentary Liberal Party to a number of important issues was also a matter of serious concern. On several occasions a significant number of Liberal M.P.s threatened to revolt over the high level of naval construction being ordered by the Government of a party traditionally committed to peace and entrenchment. Another cause for anxiety was the fundamental division of party opinion

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<sup>5</sup> Roy Jenkins, Asquith (London, 1964), 233.

<sup>6</sup> Shannon, Crisis of Imperialism, 430.

with regard to state action, brought to the surface by the Government's social legislation. On the one hand support and enthusiasm for the Government's social reforms indicated that many Liberals favoured a significant extension of the scope of state action. Some of the parliamentary supporters of the New Liberalism, in fact, argued that the Government's record on social reform was unduly moderate and had involved too many concessions to traditional Liberalism. The pace of reform must, if anything, quicken, especially if the party was to hold onto its working-class voters. On the other hand, a considerable number of Liberals viewed the Government's social policies with almost as much concern as many Unionists. Much of this alarm was expressed by the many businessmen in the party, heavy-industrialists such as Sir James Kitson and Liberal financiers including Sir Archibald Williamson and S. M. Samuel. To their minds Government policy reflected a serious disregard for the tested principles of cheap, non-interventionalist government. The cotton magnate, Charles Macara, feared the effect of the employers insurance contribution would be "worse than anything tariff reformers are every likely to propose".<sup>7</sup> Other Liberals emphasised the threat which the extended state posed to individual morality. In its more extreme form this critique had been advanced by Harold Cox and had caused him to desert the party. Old-fashioned Radicals such as Cox and many Whig industrialists were unanimous in

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<sup>7</sup>Quoted in Emy, Social Politics, 255.



their belief that the Liberal Party was also in danger of losing itself to class politics and to what they loosely called socialism. In the opinion of the orthodox wing of the party, the message spelt out by the electoral losses of 1910 was that the pace of state reform must be checked and not, as the New Liberals argued, accelerated.<sup>8</sup>

Consequently, the Liberal Government which in 1911 moved to deal with the labour question, faced a range of serious problems. Individually, several were quite menacing. Together, they made the task of government in the years immediately before the Great War exceptionally burdensome and difficult. The atmosphere in Cabinet had, by 1911,, become one of "relentlessly mounting tension".<sup>9</sup>

#### The Summer of 1911

In 1911 British industry suffered 872 separate strikes. The summer months were dominated by a single dispute in the transport industry, centred on the Liverpool docks. The response of Asquith and several of his leading Ministers to this major dispute is worthy of close attention.

The 1911 transport strike and the Government's involvement in it have been adequately researched making it possible, first of all, to

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<sup>8</sup>This summary of some Liberal responses to the Government's social reforms is based on *ibid.*, 142-51, 235-43; and Shannon, Crisis of Imperialism, 391-8.

<sup>9</sup>Ross, Asquith, 134.

obtain a reasonably clear picture of the high level of concern the labour unrest aroused among Ministers by 1911.<sup>10</sup> In its early stages the dispute was a purely local affair. On 8 August about ten thousand Liverpool dockside rail workers went on strike. Although the strike was partly organised by an unofficial, syndicalist-influenced strike committee chaired by Tom Mann, the aims were limited and conventional; the major demand was for a 14 per cent wage increase. The strikers, the local press agreed, behaved with "complete decorum", and so there was "no special demand for the services of the police beyond regulating the congested traffic". The city's Head Constable reported to Churchill, now Home Secretary, that "no disturbances of the peace took place".

The dramatic response from Churchill and his colleague R. B. Haldane, Secretary for War, hardly seems compatible with the scale of the dispute. Within twenty-four hours of the stoppage two hundred extra police had been drafted-in from Leeds and Birmingham. This move was only the beginning.

During the rest of that week, the build-up of forces went on, police being brought also from Lancashire and Bradford; while contingents of the Royal Warwickshires, Scots Greys, Hussars, and Yorkshire Regiment were stationed at Seaforth Barracks, Sefton Park and other parks. When the Lord Mayor asked for one extra battalion, and another squadron of cavalry, Mr. Churchill sent two battalions and a whole regiment of cavalry, as well as the squadron requested. Then, "If troops

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<sup>10</sup>The following account of the strike draws particularly heavily on H. R. Hilkins, "The Liverpool General Transport Strike, 1911," Transactions of the Lancashire and Cheshire Historical Society, no. 113 (1961), 169-95.

not sufficient, you should ask for more", he telegraphed. The Lord Mayor promptly asked, and got, yet another battalion. The Liverpool Daily Post estimated that there were 5,000 troops and 2,400 police at the disposal of the Head Constable.

The troops were provided with live ammunition. A strike meeting was promptly cleared using "the most energetic methods of which the police were capable causing many hundreds of casualties". Meanwhile a naval gunboat trained its guns on the city centre. In the context of the more general labour troubles the disruption arising from a minor strike, magnified, it must be said, by a jittery mayor, was interpreted as a major threat to law and order.

The Liverpool dispute had, by the middle of the month, escalated considerably. On 15 August a national rail strike was threatened. Many rail workers did not belong to a union, and those that did were split between four independent unions. A national rail stoppage had never been mounted successfully. The Cabinet nevertheless assumed the very worst. Asquith, for example, anticipated "a general paralysis of the railway system".<sup>11</sup>

The Prime Minister did not wait to discover whether this grave prediction would be fulfilled. The day after the strike threat was issued Asquith, together with his most senior colleague Lloyd George,

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<sup>11</sup>The following account of the Cabinet's intervention to avert a national rail strike is based on Chris Wrigley, David Lloyd George and the British Labour Movement (Brighton, England, 1976), 62-4; Phelps-Brown, British Industrial Relations, 321-2; George R. Asquith, Industrial Problems and Disputes (London, 1920), 164; and Jenkins, Asquith, 233-5.

Sidney Buxton who had replaced Churchill at the Board of Trade, the Labour leader Ramsay MacDonald, and the Government Chief Whip, by then Arthur Murray, the Master of Elibank, intervened in the dispute. Four days of talks followed. Asquith, quite out of character, appears to have been desperate to find a quick solution. The Prime Minister even resorted to issuing open threats to the union officials, capping one with the dramatic rejoinder "Then your blood be on your own heads!" On the fourth day Lloyd George was driven to invoking the threat of war with Germany arising from the Agadir Incident, and the urgent need to move coal to the navy. The Chancellor's subsequent relief was clearly intense. "A bottle of champagne!" he exclaimed, "I've done it! Don't ask me how, but I've done it!"

The Cabinet's behaviour had for the second time in a month revealed intense concern for the unrest. The threat of a national rail strike prompted very swift action at the highest level. Asquith's urgency was such that he behaved with quite uncharacteristic haste and impetuosity. Lloyd George's improvisation was daring even by his standards. Ministerial interventions had, in the past, been assiduously avoided. There is only one recorded occasion prior to the Liberal victory of 1906.<sup>12</sup> After 1908, with the onset of the labour unrest, individual Ministers occasionally involved themselves in disputes. In the summer of 1911, however, a small posse of leading Ministers and other parliamentarians, intervened even before a strike had begun.

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<sup>12</sup>See Chap. 3, 35.



A number of other incidents associated with the 1911 transport strike fill-out this picture of ministerial alarm. The Cabinet, it appears, had at least some grasp of the serious nature of the causes of the troubles. Sydney Buxton, for example, sensed what appears to have been a significant degree of working-class disenchantment. The dispute, he told the Cabinet, was partly caused by "the almost complete collapse of the Labour Party as an effective influence in labour disputes".<sup>13</sup> Something was also known of the revolutionary dimension on the unrest. In the course of the strike "Asquith was handed various syndicalist pamphlets". These, according to two contemporary observers, "gravely impressed him with the dangerous possibilities of the syndicalist movement".<sup>14</sup> Tom Mann was, in fact, arrested after the transport strike because, according to a Home Office memorandum, "it would greatly relieve the situation if he could be under control".<sup>15</sup> The Cabinet, in common with other contemporaries, in fact appear to have over-estimated the revolutionary element. The scale of the strikes, the outbreaks of violence and the syndicalist rhetoric and tactics, notes Paul Thompson, "mesmerised the politicians convincing them that everywhere new forces were at work".<sup>16</sup> Herbert Samuel, for example, expressed the opinion that in 1911 the syndicalists had brought Liverpool to the brink

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<sup>13</sup> Winter, Socialism and War, 25.

<sup>14</sup> Charles Watney and James A. Little, Industrial Warfare (London, 1912), 136.

<sup>15</sup> Quoted in Hilkins, "Liverpool Transport Strike," 194.

<sup>16</sup> The Edwardians (London, 1971), 271.

of a revolution.<sup>17</sup> In retrospect, it has become clear that a wide gap lay between such skirmishes and the revolutionary general strike.

The 1911 transport strike also deserves close attention because it constitutes an important turning point in the Government's policy towards the labour question. The Cabinet, despite their interventionist record on social reform, had previously shown little inclination to initiate policies associated with industrial relations. In 1908 the Government had repaid an electoral debt by introducing an Eight Hour Act for miners; the following year Churchill's Trades Board Act established, among other things, a minimum wage in the exceptional "sweated industries". These two instances of government policy pertaining to industrial relations can reasonably be regarded as strictly limited measures applying to two special cases. On the whole, however, industrial relations was not regarded as an appropriate area for initiating policy. The dominant view in Cabinet appears to have been the traditional Liberal one: the relations between master and servant were no concern of ministers. In the summer of 1911 the Government finally broke with this outlook. At a time when a good deal of ministerial attention and anxiety was focused on the last spasm of "die-hard" resistance to the Parliament Bill and on the prolonged international crisis arising out the Agadir Incident, the Cabinet

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<sup>17</sup>Wrigley, Lloyd George, 63.

accepted that they had a responsibility to develop and initiate an appropriate industrial relations policy. More than three years of worsening industrial relations must have surely focused ministers' minds on the need for such a departure; the change in attitude was no doubt eased by the more interventionist outlook which by then prevailed in Cabinet.<sup>18</sup> The events of the summer of 1911 appear to have provided the final prod. The twelve months after the transport strike saw the Government, despite so many worries besides labour unrest -- the introduction of the third Home Rule Bill and the frightful prospect of the Unionist decision to "play the Orange card", the return of suffragette violence, the first rumours over the Marconi scandal, and continued international tension -- give their attention to a whole range of industrial relations policies.

#### Searching for a Policy

Winston Churchill who as Home Secretary was directly concerned with the threat to law and order posed by some of the disputes made the opening move. On 21 July, the day Lloyd George delivered his combative speech of warning to Germany at the Mansion House, Churchill, as Asquith reported to the King,

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<sup>18</sup> Emy, Social Politics, 244 for a comparison of the Cabinet's reticent handling of the Trade Boards Bill, 1907 to 1909, with the prompt attention given the complex Coal Mines Safety Bill in 1911.

. . . called attention to the disquieting condition of the industrial world and the almost daily outbreak of strikes, direct and sympathetic, accompanied by a growing readiness to resort to violence, and imposing heavy labour and responsibility both on the police and military. He suggested that the time had come for a careful inquiry, perhaps presided over by the Prime Minister, into the causes of and remedies for these menacing developments of industrial unrest. The Cabinet recognised the importance of the matter.<sup>19</sup>

Two and a half weeks later, on 9 August, the day that Churchill began to dispatch troops to deal with the transport strike, Sydney Buxton went a step further. He explained to the Cabinet that he had come to the following conclusion: "As is now generally recognised, industrial disputes are not merely the concern of the parties immediately involved; and the question is not whether the State should interfere more in trade disputes, but what form their interference should take".<sup>20</sup> From then on the Cabinet, though not without misgivings, accepted industrial relations as one of their responsibilities. Secondly, an industrial dispute, if sometimes still regarded as a special problem demanding a specific remedy, was now frequently seen as part of a broad problem requiring a general solution.

The following year saw the Government expend a considerable degree of time and energy developing an industrial relations policy. During the first three years of the labour unrest a total of four

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<sup>19</sup> Great Britain, Public Record Office, Cabinet Reports from P.M. to Crown (Cab. 41), 1911-1912, 21 July 1911.

<sup>20</sup> Quoted in Wrigley, Lloyd George, 77.



hundred cabinet papers -- the proposals of one Minister circulated to his colleagues -- were produced. There is not one which appears to relate to industrial relations. In two months during the late summer of 1911 five such papers were produced. They carry such titles as The Present Unrest in the Labour World or Conciliation and the Board of Trade and give the distinct impression that the Cabinet had moved on to examine possible industrial relations policies.<sup>21</sup> The Government's first substantial measures -- the Industrial Council -- followed in October. It was composed of twenty-six voluntary industrial commissioners and its task was to act as an authoritative industrial arbitrator, a high court of industrial relations.<sup>22</sup> Buxton, the Minister responsible for establishing the Industrial Council, only considered it to be a stop-gap measure -- a means, he explained to Asquith, of "reassuring public opinion that something was being done". Further action, demanding legislation, would have to follow.<sup>23</sup> An enquiry, possibly to prepare the way for such an initiative, was launched the same month. The Cabinet instructed the Board of Trade, as Asquith informed the King, "to instigate a comprehensive enquiry into the causes of the unrest".<sup>24</sup>

The transport strike was hardly out of the way when, during the last three months of 1911, a dispute in the coal industry began to

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<sup>21</sup>Public Record Office, Handbook no. 4: List of Cabinet Papers 1880-1914 (London, 1966).

<sup>22</sup>Phelps-Brown, British Industrial Relations, 341.

<sup>23</sup>Wrigley, Lloyd George, 77.

<sup>24</sup>P.M. to Crown, 1911-1912, 25 Oct. 1911.

gather momentum. A nation-wide strike ballot was called on 20 December and early in the new year the Government was faced with a national miners' strike. The measures prompted by this -- "the greatest industrial strike in modern history" according to Arthur Murray -- raised the level of government intervention in industrial relations on to a new plane. The Government initially assumed the role of mediator. Both sides were brought to the Foreign Office conference table, but to no effect. The Government then acted as arbitrator, only to see its decision rejected. The Government's "ultimate weapon" -- legislation -- was then threatened and finally used, in the form of the Miners Minimum Wage Bill, to force a settlement. The Government drew back, though only at the final hour, from dictating the precise wage to be paid.<sup>25</sup> The month-long miners' strike also appears to have reaffirmed the Cabinet's resolve to find a solution to the general labour problem now entering its fifth year. Shortly after work was resumed in the coalfields Murray announced that "it will be the duty of the Government to leave no stone unturned to prevent a similar upheaval in the future".<sup>26</sup> Asquith, meanwhile, explained to the Cabinet that "in view of the existing unrest and of the possibility of serious troubles in the near future" he had decided to establish "a small Cabinet Committee which would discuss

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<sup>25</sup>This account of government policy during the 1912 national miners' strike is based on Phelps-Brown, British Industrial Relations, 324-8; Emy, Social Politics, 261-2; and Wrigley, Lloyd George, 66-73.

<sup>26</sup>Quoted in *ibid.*, 72.

matters with representative men among both employers and employed, with the object of preventing the stoppage of work, and of taking in advance such precautionary measures as the situation may seem to require. Their work would be a useful preliminary to the more general and comprehensive investigation of the whole problem which the Cabinet must shortly undertake".<sup>27</sup>

The last quarter of 1911 also brought the Government to the verge of intervention in the labour relations of two other major groups of employers. A Royal Commission was launched to examine industrial relations on the railways, and the Board of Trade began an enquiry to scrutinise arrangements in the various elements of the London transport system. Before the Liverpool transport strike was more than one year old, two further steps had been taken. The Industrial Council was allocated one general feature of the unrest -- the breaking of contracts -- and instructed to develop a solution. The Council's chairman, George Askwith, was dispatched on a six months mission to discover if Britain could learn from Canadian industrial relations legislation.<sup>28</sup>

This was the context in which the Government turned their attention to industrial co-partnership. On 15 December 1911 the Prime Minister announced in the House of Commons that "The President of the Board of Trade informs me that he is prepared to give instructions for the preparation of a report on co-partnership and profit-sharing".<sup>29</sup>

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<sup>27</sup> P.M. to Crown, 1911-1912, 16 April, 1912.

<sup>28</sup> P. and G. Ford, A Breviate of Parliamentary Papers, 1900-1916 (Oxford, 1957), 202-05.

<sup>29</sup> P.D. (Commons) 5S, 32 (1911): 2701.

Perhaps co-partnership, this announcement implied, could provide the Government with the industrial relations policy for which they were searching? In this way the pre-war Liberal government, groping around for a means of escape from the industrial troubles that seemed, along with so many other problems, to besiege them, took the first steps towards government support for industrial co-partnership.



## CHAPTER VI

### CO-PARTNERSHIP IN PARLIAMENT, 1911-1912

#### Introduction: A Chorus of Critical Advice

The search for a policy to allay the industrial storm, which included the decision to investigate industrial co-partnership in December 1911, did not simply arise from the Cabinet's own experience and fears. Pressure to act was applied from other quarters. All shades of parliamentary opinion were, by 1911, voicing their dissatisfaction with the Government's lack of policy.<sup>1</sup> The existing industrial relations procedures -- the non-obligatory joint industrial boards for conciliation, the Labour Department's non-statutory powers to intervene and arbitrate, and in the final resort ministerial intervention -- were patently inadequate. The New Liberals urged their Government to consider a three-pronged programme of minimum wage legislation, compulsory arbitration, and selective nationalisation. Early in 1912 the cabinet committee examining the labour question received a memorandum to this effect signed by a number of leading New Liberals including R. T. Hobhouse, J. A. Hobson, H. W. Massingham, and the Rowntrees -- Joseph, Arnold and Seebohm. Liberal industrialists joined with like-minded Conservatives; their proposals varied from Charles Macara's National Industrial Court

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<sup>1</sup> Emy, Social Politics, 262-6, 270-2, 279.

for more authoritative, but still non-compulsory arbitration, to strident demands for legislation banning picketing and sympathetic strikes. A group of Labour members, including Ramsay MacDonald, despite the Trade Union Congress's repeated condemnation of any form of government interference with the existing process of collective bargaining, also called for positive action. The measures they urged included a compulsory thirty-day warning to be given prior to a strike. A consensus had in fact emerged at Westminster which regarded government intervention in some shape or form as an unfortunate necessity.

Pressure was also brought to bear on the Cabinet from beyond Westminster. Employers organisations such as the weighty London Chambers of Commerce and the Employers' Parliamentary Council, which spoke for sixty-five business associations throughout the country, began petitioning Asquith during the autumn.<sup>2</sup> In September the King, George V, fearful that "political elements" associated with the unrest might "affect the position of the Crown" also warned Asquith that the time had come for the Government to take the initiative. He impressed "most strongly on the Cabinet the importance (and it is also their duty) of taking advantage of the lull to devise a scheme" to curb strikes.<sup>3</sup> Finally, the Board of Trade's leading industrial conciliator, George Asquith, who had been drawn into most of the major strikes had, since

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<sup>2</sup> Ibid., 268-9.

<sup>3</sup> Jenkins, Asquith, 235, 26].

1909, been recommending new legislation; the establishment of the Industrial Council owed something to his influence.<sup>4</sup> Askwith continued to press the Government to take the initiative. Early in 1912 he informed the Cabinet that, left to run its own course, the unrest would get very much worse: "That the unrest will cease I do not believe for a moment. It will increase and probably increase with greater force. Within a comparatively short time there will be movements in this country coming to a head of which recent events have been a foreshadowing".<sup>5</sup>

The various steps which the Cabinet took after the summer of 1911 to develop an industrial relations policy must, therefore, be seen in the light of this chorus of critical advice. Asquith, especially in view of the other serious difficulties he faced -- the return to the centre of politics of the Irish question, the violence of the suffragettes, and a tense international scene -- appears to have been remarkably responsive to a number of the suggestions raised. The full text of the King's message, for example, was immediately circulated to ministers and constructive suggestions called for.<sup>6</sup> The following month the Industrial Council was established. This organisation closely resembled the Industrial Court advocated by Charles Macara and other Liberal industrialists. In much the same way, Asquith's decision of December 1911

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<sup>4</sup> Roger Davidson, Introduction to Industrial Problems and Disputes, by G. A. Askwith, XI.

<sup>5</sup> Quoted in Brown, Industrial Syndicalist, 16.

<sup>6</sup> Jenkins, Asquith, 261.

to launch an enquiry into co-partnership appears to be linked to the emergence at that time of an increasingly vocal group of M.P.s who sought to direct the Government's search for an industrial relations policy towards industrial co-partnership.

The Basis of Support for Co-Partnership in the  
House of Commons

The establishment of a co-partnership lobby at Westminster in the autumn of 1911 represented a new facet of a revitalised co-partnership movement in the country. The number of co-partnership schemes had, as before, multiplied in response to growing industrial troubles. An average of six new schemes had been set up each year between 1900 and 1908. The first year of unrest brought seventeen new schemes. The circumstances at the West Hartlepool shipyards of Liberal M.P. Sir Christopher Furness were typical. "Continuous antagonism between the employer and the numerous trade unions", recorded the Board of Trade, prompted Furness to establish a co-partnership scheme "in the hope of ending the losses and vexation this produced". The unrest produced so much interest in co-partnership that in 1912 Benjamin Browne the chairman of Hawthorne Leslie Shipbuilders of Newcastle remarked that "any number of employers are now willing to adopt co-partnership". Enquiries received by the Labour Co-partnership Association, the movement's long-standing promotional body bear this out; 110 were made in the last two months of 1912. The Association was joined, following an inaugural meeting at Westminster, by a new promotional group financed by the South Metropolitan Gas Company. A neat



symbol of the movement's extra-parliamentary past and parliamentary future, it was another clear sign of revival. A new journal, Co-partnership, appeared. Co-partnership was once again arousing interest and enthusiasm and, indeed, "was probably never as widely considered as an industrial panacea as in the immediate pre-war years".<sup>7</sup>

Parliamentary support for co-partnership rested on three basic assumptions. Firstly, it was believed that the successes achieved by individual employers could be repeated on a national scale. Co-partnership, if the Government were prepared to promote its introduction throughout industry, could prove to be the answer to the country's labour problem. Extensive co-partnership would draw the two sides of industry together just as the introduction of co-partnership schemes in individual firms -- the South Metropolitan Gas Company was the example most often used -- had encouraged management and workers to put their differences to one side. The first bill prepared by the parliamentary advocates of co-partnership was, therefore, presented to the Commons in the confident expectation that the widespread adoption of the policy would ". . . mitigate the industrial trouble and unrest under which the country now suffers and that all engaged in industrial enterprise shall feel they are working for one another, and for the common interest which they all share".<sup>8</sup> Secondly, the parliamentary

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<sup>7</sup>Bristow, "Profit-sharing," 280-6; and "Report on Co-partnership," 1912, 13.

<sup>8</sup>P.D. (Commons), 5S, 39 (1912): 872.

supporters of co-partnership, like many of their contemporaries, appear to have over-estimated the relevance of revolutionary ideas to labour unrest. They seemed to believe that, owing to the influence of syndicalism, a significant number of workers were looking towards some form of workers' control. This aspiration, it was argued, could be met, speedily, easily and without disrupting the economic status quo, by the widespread introduction of industrial co-partnership schemes. Co-partnership was, therefore, presented, in the words of one leading parliamentary advocate, as "a peaceful form of syndicalism . . . a safe way of meeting theories and claims so prevalent in the ranks of the employees".<sup>9</sup> Consequently, the language of parliamentary co-partnership, emanating almost entirely from the political right appears to vie with the idealism and promises of the revolutionary left: ". . . the solution to the question of industrial strife lies in the common sharing of the results of the common enterprise and in the common management of the business that brings them together and forms their joint livelihood".<sup>10</sup> Finally, co-partnership's propensity to heighten respect for law, order and property was a continual theme of the parliamentary advocate keen for dramatic impact: "At the time of the recent strike, when there was bloodshed at Liverpool and elsewhere, when the police and the military

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<sup>9</sup>The speaker was the Liberal coal-owner Eliot Crawshay-Williams. P.D. (Commons) 5S, 34 (1912): 500-1.

<sup>10</sup>Ibid., 129. The speaker on this occasion was the Unionist, Portescue Flannery.

were called out . . . there was no murmur in these co-partnership organisations".<sup>11</sup>

The revival of interest in co-partnership outside Parliament represented only the latest phase in a trend which dated back to the activities of the Christian Socialists in the 1850s. Inside Westminster interest in co-partnership before 1911 had been negligible. A number of the political ginger groups established after 1905 to meet the collectivist threat posed by the new Labour Party and the Liberal's social reforms had, however, declared in favour of co-partnership. In their search for alternative social and industrial policies the Anti-Socialist Union and the British Constitution Association had fastened on to industrial co-partnership; the Tariff Reform League had also come out in favour of co-partnership.<sup>12</sup> It was from these groups that the core of the co-partnership lobby **appears** to have been drawn.

The group was led by Lord Robert Cecil, a leading figure in the B.C.A.; his interest in co-partnership no doubt also owed something to his work as a barrister representing George Livesey.<sup>13</sup> Cecil was a sworn Free Trader, a dedicated individualist and a tenacious opponent of state-intervention. Co-partnership appealed to him and to his brother, Lord Hugh Cecil -- also active in the B.C.A. -- because here was a possible solution to the unrest which did not appear to require from the state anything more than permissive legislation.

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<sup>11</sup> Ibid., 130. Again, the speaker was Flannery.

<sup>12</sup> See Chap. 2, 24-6.

<sup>13</sup> Bristow, "Profit-sharing," 284.

Leading members of the co-partnership lobby also came from the Chamberlainite, pro-interventionist wing of the Unionist Coalition. Leo Amery, Viscount Wolmer and Laming Worthington-Evans were all active members of the Tariff Reform League.<sup>14</sup> The support these Chamberlainites gave co-partnership differed markedly from that given by their free trade colleagues. The tariff reformers envisaged co-partnership as only one element in a comprehensive and openly interventionist economic programme. The other components were imperial preference, tariff reform, and peasant proprietorship. The package, as well as muting the labour unrest, was also intended to meet the challenge of Liberal social reform and Labour's collectivism, and increase national economic efficiency in this broader context were keen to emphasise the diverse advantages it offered. Its introduction nationally would not only restore industrial peace, but also:

" . . . enormously add to the productive capacity of the country, cheapen the cost of commodities, increase the country's power of competing in all other markets and give the wage earner a human interest in life and work and place them on a moral equality with every other class".<sup>15</sup> Thus, despite the fierce battle that had been waged within the Unionist Coalition between free trade and tariff reformer, a group of about fifteen backbench Unionists drawn from both factions came together in the autumn of 1911 in order to promote co-partnership at

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<sup>14</sup> Alan Sykes, Tariff Reform in British Politics, 1903-1913 (Oxford, 1979), 222.

<sup>15</sup> P.D. (Commons) 5S, 34 (1912): 78.



Wesminster.<sup>16</sup> The fact that such unlikely allies as Leo Amery, an outspoken imperialist as well as a committed protectionist, and the free trade Tory, Robert Cecil, soon to become Britain's leading spokesman for the League of Nations, co-operated in giving active support to the same cause is remarkable. Co-operation between such opposites is surely indicative of the degree of backbench Unionist concern aroused by the Liberal's social legislation, by the labour unrest and by the Unionists' failure to recover office following the two elections of 1910.

Co-partnership was also supported, though less actively, by a large proportion of the important group of Liberal M.P.s whose roots lay in the world of commerce and industry. The business background shared by Liberal members of the co-partnership lobby tends to obscure the fact that, as in the case of the Unionists, co-partnership was advocated by members who rarely saw eye-to-eye on matters of social and industrial reform. On the one hand, co-partnership was advocated by the Liberal paternalists and exponents of "modern management" -- Alfred Mon and Sir John Brunner from the chemical industry, W. H. Lever of the soap-making industry, the coal magnate Sir Suther Markham, the textile manufacturer Theodore Taylor, and the newly-elected Arnold Rowntree. This powerful and influential group were all firmly behind the New Liberalism.<sup>17</sup> On the other hand, a number of Liberal businessmen who have actively opposed the New Liberal orientation of government social

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<sup>16</sup>For the other Unionist supporters of co-partnership, see Chap. 6, 72-5.

<sup>17</sup>Emy, Social Politics, 143, 238-41.

policy enacted after 1906 also favoured an official co-partnership policy. This second group included such notable advocates of sound economic orthodoxy as the Liberal financiers Archibald Williamson, S. M. Samule and Charles Rose. From among the orthodox heavy industrialists James Kitson, the coal magnate Eliot Crawshay-Williams, and the shipbuilders Sir Christopher Furness and G. M. Palmer all lent co-partnership their considerable support.<sup>18</sup>

These Liberal supporters of co-partnership spoke in favour of the policy with as much enthusiasm as their Unionist allies. Theodore Taylor, the Liberal Yorkshire mill-owner, opened one speech by declaring to the Commons: "I have told my constituents that I care more about this movement than I care for the great honour of representing them in this House".<sup>19</sup> When the occasion arose these Liberals also voted in favour of co-partnership. The lobby's other parliamentary activities -- the tabling of amendments in favour of co-partnership, the sponsorship and presentation of co-partnership bills, the frequent badgering of the Prime Minister or Government spokesman at Question Time -- were almost invariably left to Robert Cecil and the Unionists.

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<sup>18</sup> Ibid., 240; P.D. (Commons) 5S, 34-8 (1912): passim; and S. Lees and M. Stenton, Who's Who of British Members of Parliament, 3 vols. (London, 1978), 2 and 3: passim.

<sup>19</sup> P.D. (Commons) 5S, 34 (1912): 115.

The Activities of the Co-partnership Lobby,  
December 1911-December 1912

Co-partnership was first raised in the Commons on December 1911 by Robert Cecil. At Question Time that day Cecil suggested in view of the current labour problems, that the Government might ". . . recommend the appointment of a Royal Commission to inquire how far the principle of co-partnership is applicable to any or all of the chief industries in this country". The House, it would seem, with the national miners strike on the horizon, viewed matters relating to the labour question with particular concern; Cecil's query, alone among the many questions put that afternoon, received Asquith's personal attention. The Prime Minister did not, however, waste his words: "I see no necessity for recommending a Royal Commission on the subject to which the Noble Lord refers".<sup>20</sup> In the space of just one week a complete change of heart appears to have taken place. On 15 December Cecil tables the same question, and again the Prime Minister replied in person: "The President of the Board of Trade informs me that he is prepared to give instruction for the preparation of a report on co-partnership and profit-sharing".<sup>21</sup>

The announcement that a government enquiry into co-partnership was to be undertaken proved insufficient to satisfy the parliamentary

<sup>20</sup> P.D. (Commons) 5S, 32 (1912): 1574.

<sup>21</sup> Ibid., 2701. The President of the Board of Trade was Sydney Buxton. Evidence of an adequate explanation for this change of heart cannot be found. The decision to launch a co-partnership enquiry is however, presented in the context of other events in Chap. 5, 58-62; and Chap. 6, 63-5.

advocates of an official co-partnership policy. Throughout 1912 the co-partnership lobby consistently pressed the Government to give the policy their close attention. A review of the lobby's activities with particular reference to their most active three months -- February, March and April 1912 -- illustrates the range of tactics they employed, the seal with which they pressed their case, the general flavour of their campaign and the tone of the Government's response.

A new parliamentary session opened in February 1912. The Government's industrial relations policy was the first element of the Royal Address to be debated in the Commons. Members of the co-partnership lobby were quick to take advantage of this early opportunity to raise the issue. An amendment proposed by the Unionist back-bencher and prominent industrialist, Sir Basil Peto, sought the inclusion of co-partnership in the Government's forthcoming legislative programmes. Peto's proposal, and speeches of support from other members of the group, dominated much of the debate. Roughly five of the eight hours given over to the pressing labour question -- the deadline for the first national miners' strike was now only a menacing ten days off -- were taken up with co-partnership speeches. Peto, a director of the Morgan Crucible Co. and a partner in a construction firm, Petro Bros., which operated a co-partnership scheme, proposed rewarding co-partnership firms with tax cuts and government contracts. Sir Fortescue Flannery, a die-hard Conservative and a director of the South Metropolitan Gas Company, continued by warning the Government that if they failed to introduce "the solution to all out industrial difficulties", by which, of course,



he meant co-partnership, "an attempt will be made by this side of the House when the opportunity serves". Further speeches were delivered by Lord Hugh Cecil, by the Conservative James Hope, and by the Liberal paternalist, Arthur Markham. Other amendments proposing alternative solutions to the unrest followed; for example, Ramsay MacDonald put forward an amendment for selective nationalisation and a statutory minimum wage in low-paid industries.<sup>22</sup>

The Government response was made by J. M. Robertson, Syndey Buxton's Parliamentary Secretary at the Board of Trade. Robertson explained that the Government was "warmly in sympathy with the co-partnership movement" before reaching the somewhat equivocal conclusion that he "could not pretend to say that some such course [government support for co-partnership] may not one day be taken". An accurate assessment of the level of government interest is hard to reach on the basis of such carefully chosen parliamentary language. Peto's amendment was, however, alone in drawing a response from the Government. The industrial relations debate arising from the Royal Address must, therefore, have given the co-partnership group some cause for optimism.<sup>23</sup>

The Government then became subject to two months of persistent parliamentary pestering from Robert Cecil and other members of the co-partnership lobby. On 21 February, just six days after the conclusion of the industrial relations debate, Cecil was chasing the Government

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<sup>22</sup>P.D. (Commons) 5S, 34 (1912): 98-171.

<sup>23</sup>Ibid., 117-8.

up at Question Time for the findings of the co-partnership enquiry ordered the previous December.<sup>24</sup> The Commons were then pre-occupied with the national miners' strike which began on 1 March. Its resolution later that month with the passing of the Miners Minimum Wage Bill gave Robert Cecil the chance to raise the issue of co-partnership once more. It was, he insisted on several occasions, the only answer, "the ultimate cure," for the "great conspiracy" hatched, he explained, by the syndicalists in order to ruin the country.<sup>25</sup> April came and the group's unofficial leader continued to harass the Government. Had they reached a decision, he demanded on the 16th, to implement co-partnership? On the 17th he presented Asquith, the usual target for his questions, with a co-partnership petition signed by sympathetic M.P.'s. On the 18th the persistent Cecil wanted to hear the Government's response to the petition. He asked the same of Lloyd George at Question Time a week later. Basil Peto and Viscount Wolmer immediately followed this up, urging the Government to appoint a Royal Commission "to inquire how far co-partnership is applicable to the industry of the country and would promote industrial peace".<sup>26</sup>

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<sup>24</sup>Ibid., 708.

<sup>25</sup>Ibid., 35: 1770, 1778.

<sup>26</sup>This account of the co-partnership groups activities in April 1912 is based on *ibid.*, 37: 190, 510, 1230-1.

A Royal Commission was not appointed and so the lobby had to satisfy itself with the prospect of the forthcoming Board of Trade report. Nevertheless, on several occasions during March and April 1912, the response of leading members of the Government to the lobby appeared to indicate that the Government were seriously interested in co-partnership. For example, towards the end of March, in the wake of the miners' strike, Asquith announced that the proposals of the co-partnership lobby "shall have the careful attention of the Cabinet". Two days later Lloyd George confirmed this with what sounds like genuine Government interest. "The co-partnership question", he stated in the House, "is being very carefully considered by the Cabinet".<sup>27</sup>

The non-appearance of the Board of Trade report paints a different picture. Robert Cecil appears to have been under the impression that the Board's findings were due in late February. The matter was raised again in April and then time and again throughout the year. A request for the report became a feature of the lobby's parliamentary speeches. Time and again the Government procrastinated. The death, during 1912, of the Board of Trade's co-partnership specialist, David F. Schloss, was the only excuse from the many given that rang true.<sup>28</sup>

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<sup>27</sup> Ibid., 190-1, 509.

<sup>28</sup> Ibid., 34: 708; 37: 190. Members of the lobby asked the Government to produce the Board of Trade's findings on no less than fifteen separate occasions.

In June 1912 the group raised the tempo of their campaign and used one of the most forceful gestures available to them. A bill "to promote the adoption of co-partnership by Statutory and other Companies" was laid before Parliament by the Unionist, James Hope.<sup>29</sup> In addition, repeated demands -- for more weighty investigations, for information on the Board of Trade enquiry, and for statements of the Government's position on co-partnership -- were made until Parliament went into recess on 7 August. Against a background of continued labour unrest -- from 23 May 1912 the Port of London remained at a standstill for four months -- most of the speeches and interjections made in support of co-partnership had included strong attacks on the Government's handling of the troubles; all present co-partnership as the best method of dealing with the unrest and of ridding the country of the revolutionary menace of syndicalism.<sup>30</sup>

That autumn, in the weak of disastrous attempts by ministers to personally resolve the dock strike -- George Askwith of the Board of Trade labour Department recalled that "the Prime Minister was so annoyed that he gave strict orders that ministers . . . were to leave industrial disputes alone" -- the co-partnership group picked up where

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<sup>29</sup> Ibid., 39: 870-1. The Bill's other sponsors -- all Unionists -- were: Leo Amery, Robert Cecil, Basil Peto, George Cave, Worthington-Evans and Viscount Wolmer. Great Britain, Parliament, Parliamentary Papers (Commons), 1912, Index to Parliamentary Session 1912.

<sup>30</sup> For example: P.D. (Commons) 5S, 42 (1912): 1690; 43 (1912): 1803-4; 44 (1912): 2203, 2282.



they had left-off.<sup>31</sup> The group continued to press the Government until, on 3 December 1912, the first tangible result of the Government's oft-stated interest in co-partnership finally appeared. Almost one year after Robert Cecil first raised the issue, a leading labour member, George Barnes, Chairman of the Parliamentary Labour Party, placed the findings of the Board of Trade investigation before Parliament.<sup>32</sup>

### Conclusion

In total, co-partnership had been raised on twenty-nine separate occasions during 1912; by comparison tariff reform, probably the most frequently debated issue of all in the pre-war period, was discussed sixty-nine times. What sort of impact does the parliamentary co-partnership campaign appear to have had on opinion at Westminster? A number of episodes arising from their activities in the spring of 1912 provide a tentative answer. Sir Basil Peto's amendment to the Royal Address in February obtained ninety-seven votes. At the same division the House voted on Ramsay MacDonald's proposal for selective nationalisation and a statutory minimum wage. MacDonald's amendment, though radical, was in line with the thinking of at least two leading Cabinet ministers -- Lloyd George and Churchill. It was one of the few other solutions to the unrest discussed in the pre-war period, and therefore constituted a rival to co-partnership. The Labour leader's amendment

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<sup>31</sup> Askwith, Industrial Problems and Disputes, 228.

<sup>32</sup> P.D. (Commons) 5S, 44 (1912): 1487, 1904.

received less than half as many votes.<sup>33</sup> The petition presented to Asquith in April suggests that the lobby had uncovered a far greater body of parliamentary support for co-partnership. The petition carried the names of an impressive 293 members -- almost 45 per cent of the House.<sup>34</sup> Finally, there is limited evidence of support for the lobby on the Opposition front-bench. Balfour had been president of the Labour Co-partnership Association back in 1908. In November 1911, just a month before co-partnership was first raised in the Commons, Balfour was forced to resign as Unionist dissatisfaction with his style of leadership reached a climax. His successor, the dour Canadian Scot, Andrew Bonar Law, who for three years at the Board of Trade had worked closely with James Hope, an active member of the lobby, supported Peto's amendment.<sup>35</sup> Later in the year the new Unionist leader confirmed his sympathy for co-partnership in print.<sup>36</sup> The warning delivered to the Government during the debate on the Royal Address -- that co-partnership legislation, if deferred, now would be introduced "by this side of the House when the opportunity serves " -- might have amounted to something more than a rhetorical threat.<sup>37</sup> It is surely very possible that Bonar Law, conscious of the dearth of social and industrial reforms

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<sup>33</sup> P.D. (Commons), 5S, 34: 170.

<sup>34</sup> Ibid., 37: 190.

<sup>35</sup> Bonar Law and Hope both held the post of Parliamentary Secretary to the Board of Trade, 1900-03.

<sup>36</sup> Andrew Bonar Law, The Labour Unrest (London, 1912), 43-5.

<sup>37</sup> Quoted below, Chap. 6, 73.

to which both free trade and tariff reform would give their support, had indicated that the demands of the lobby would be treated sympathetically by a future Unionist government?

Co-partnership's parliamentary advocates were not, therefore, isolated voices crying unheard from the back-benches. They were an active and effective lobby which, from December 1911 to December 1912 repeatedly got its message over loud and clear. They were able to demonstrate that there was a solution to the unrest which commanded sufficient support for the successful introduction of co-partnership legislation.

The Government, by all appearances, gave the policy their serious consideration -- a fact which no doubt owed something to the evidence of considerable parliamentary interest. The Government's senior figures, Asquith and Lloyd George, despite other onerous commitments, normally dealt with the group. A junior minister, or even Sydney Buxton, the minister responsible, were only occasionally employed in this capacity. Co-partnership was therefore never treated as some bizarre cure -- all of the sort Unionist back-benchers were, from time to time, prone to embrace.

The extent to which the Government was actually influenced by the co-partnership lobby must be kept in perspective. The completion and presentation of the Board of Trade report certainly seems to owe a good deal to the Government through 1912 until the report was eventually produced. The decision to order the investigation in December 1911 -- the first clear step in the direction of an official

co-partnership policy -- was, however, made before the parliamentary campaign had gathered its full momentum. This decision would seem to have been more a response to the direct impact of the unrest on the Cabinet and to the broad chorus of voices not only at Westminster, but also in the City, at Windsor, and out in the provincial centre which, in the last four months of 1911, urged the Government to grasp the industrial relations nettle.



## CHAPTER VII

### GOVERNMENT INTEREST IN CO-PARTNERSHIP, 1911-1914

#### The Board of Trade Labour Department and the Co-partnership Report of 1912

The task of assessing whether co-partnership might provide the Government with at least part of an answer to the industrial problem was assigned, following Asquith's announcement to the Commons in December 1911, to the Board of Trade Labour Department. This choice was only logical. The department had for the previous seventeen years consistently monitored the establishment, operation and impact of co-partnership schemes. In addition, the Department had, even before the unrest began, assumed responsibility for official intervention in industrial disputes.<sup>1</sup> By 1911 the department's officials were, on average, directly involved in almost two strikes each week. The various conciliation and arbitration boards with which the department was involved had, since 1908, handled a massive 7,810 disputes.<sup>2</sup> The Labour Department's senior officials, notably George Askwith had, therefore, become leading authorities on the industrial question.<sup>3</sup>

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<sup>1</sup>For the department's activities in these two fields see Chap. 3, 28-31, 35-7.

<sup>2</sup>Great Britain, Parliament, Parliamentary Papers (Commons), 1915, Cd. 7733, "Board of Trade 17th Abstract of Labour Statistics," 193-4.

<sup>3</sup>An observation which has been made by a number of authorities, for example R. Davidson, Introduction to Industrial Problems and Disputes by G. A. Askwith.

The decision to entrust the enquiry to the Labour Department appears to have had a strong bearing on its outcome. The Labour Department, it should be remembered, was an exceptionally dynamic, reforming department with a strong bias towards state intervention in general. More specifically, it had, since before 1900, been in favour of government taking the initiative in industrial relations. Countless joint industrial boards, industrial courts, and latterly trades boards were all evidence of the department's firm belief that permanent bodies representative of employers and employees, rather than reliance on free collective bargaining and ad hoc intervention, offered the best road to more stable industrial relations. The department's involvement with the unrest appears to have confirmed its belief that government had a positive role to play in industrial relations and that further government intervention should take the specific form of establishing permanent bodies where employers and employees could resolve difficulties themselves, without recourse to strikes. Thus the establishment of the Industrial Council -- an industrial court composed of employers and employees -- received the department's full-support. It had also become part of the department's full-support. It had also become part of the department's conciliation method "not to leave [a dispute] until a start had been made with permanent machinery for the future".<sup>4</sup> Co-partnership,

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<sup>4</sup> Phelps-Brown, British Industrial Relations, 340. For further evidence of the department's belief in joint bodies and in a highly organised industrial relations system, see *ibid.*, 338-43.

involving as it did, the establishment of permanent joint bodies was, therefore, in line with the major thrust of Labour Department thinking on industrial relations.

The department's general predisposition to treat a policy such as co-partnership sympathetically was strengthened when the enquiry was entrusted to David F. Schloss and George Barnes. Schloss, the department's expert on co-partnership, carried out the bulk of the work. He had been an enthusiastic supporter of co-partnership for many years and it was therefore highly unlikely that he would have presented co-partnership in an unfavourable light.<sup>5</sup> Barnes, meanwhile, who completed and submitted the report, had entered the Labour Department following a period as general secretary of the Amalgamated Society of Engineers. Barnes, along with the leaders of many unions during the pre-war years, was plagued by unofficial strikes. In 1908 he found himself in Newcastle addressing a mass meeting of unofficial strikers in an effort to re-impose the union's authority. The future wartime cabinet minister "was greeted with storms of abuse and the clearly expressed opinion that he should go home". Barnes took the affair seriously and personally. He resigned his post complaining bitterly of the insubordinate behaviour of the union members.<sup>6</sup>

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<sup>5</sup> See Chap. 3, 30.

<sup>6</sup> Hinton, The First Shop Stewarts Movement, 83.

These events immediately preceded his appointment to the Labour Department. They must have surely impressed on Barnes the urgent need for measures which could bring greater order to industrial relations. When instructed to consider the introduction of co-partnership -- a policy which laid great claims on restoring stable labour relations -- Barnes, like his predecessor, must have been strongly inclined towards a sympathetic conclusion.

#### The Message of the 1912 Report

The report which George Barnes presented to Parliament in December 1912 gave co-partnership official support for the first time.<sup>7</sup> The department's recent experience of mounting industrial unrest appears to have combined with the department's long-standing interest in co-partnership to produce support for a policy in harmony with the department's general philosophy. The report's opening phrases were, however, carefully non-committal. "It would", George Barnes explained in the Introduction, "be improper in a Report like the present . . . to formulate opinions". The report's sole purpose, he continued, was "to supply the facts and materials upon which such a judgement may be formed". Towards the end of the Introduction, however, Barnes revealed that the Department realised that the Government was seeking more than "facts and materials", that they wanted to know: "to what extent it may be possible for co-partnership and profit-sharing arrangements to

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<sup>7</sup> Great Britain, Parliament, Parliamentary Papers (Commons), 1912-1913, vol. 43, Cd. 6496, 1912, "Report on Profit Sharing and Co-partnership in the United Kingdom".



become general throughout British industry, and what influence the adoption of such schemes would be likely to exert in promoting industrial peace".

It was to be the second of these questions -- the extent to which co-partnership promoted industrial peace, and to the related issue of the impact co-partnership might have upon the efficiency of a workforce, that the report addressed itself. Some co-partnership employers had certainly been concerned with increasing their employees' satisfaction and sense of well-being; others had been anxious to forge a closer, more personal bond between themselves and their employees.<sup>8</sup> The Labour Department did not concern itself with these more enlightened goals. Co-partnership was judged solely in terms of its impact on labour unrest and on efficiency.

Barnes and Schloss furnished the Government with an answer by interviewing almost one hundred employers; no representatives of employees appear to have been questioned. Two questions were asked:

1. Has the adoption of co-partnership promoted harmonious industrial relations?
2. Has co-partnership increased efficiency and productivity?

The Government therefore received their reply in the words of the employers. It left no room for doubt. In long columns stretching over eight pages employer after employer answered question one by

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<sup>8</sup>The more enlightened motives for the introduction of co-partnership are described in Chap. ], 9-10, 15-6.

asserting that co-partnership most certainly did promote harmonious industrial relations. The answer of H. Backhouse of Backhouse and Co. was typical: ". . . although we had strikes all round us during the year we never had any complaints from our men. We are strongly of the opinion that co-partnership of some kind is the only way to combat labour troubles". A London-based manufacturer of agricultural supplies explained how his scheme had helped ward-off labour unrest even in the most testing circumstances: "It saved us from strikes and conflicts when adverse [trading] conditions had . . . even compelled reductions in salaries and wages". Responses to the second question also brim over with satisfaction. John Rowntree, merchant and retailer from the Scarborough branch of the Rowntree family, and brother of the great Joseph, included one of the few references in the report to the opinions of employees. "We believe that the scheme is appreciated . . . and that its general effect is to call forth extra zeal and promote harmonious relations." In all, ninety-six statements were presented; only six employers commented unfavourably. The message of the report is clear: co-partnership was a reliable antidote to labour unrest and contributed significantly to the development of an harmonious and efficient enterprise. The 1912 report, whilst not overtly advising the Government to make co-partnership official policy, presented it in an extremely favourable light, leaving the reader in no doubt that its authors were convinced that here was a feasible means of reducing industrial unrest.

The Extent of Government Interest  
in Co-Partnership

The report of 1912 constitutes the first identifiable step onto the road leading to an official co-partnership policy. How significant a step in the direction of an official co-partnership policy did the report of December 1912 represent? The Government had received the Labour Department's informed judgement that co-partnership did, as its advocates in Parliament claimed, constitute a tried and tested antidote to labour unrest. The need for such an antidote was, moreover, as acute after December 1912 as it had been when the enquiry was first ordered. The labour problem had not disappeared or even diminished during the course of the enquiry; in fact, the annual total for strikes in 1913 exceeded any of the preceding years of unrest.<sup>9</sup> On the other hand, alternative solutions had also been put under review. When the co-partnership report was presented, the Industrial Council and its chairman, George Askwith, were still conducting separate enquiries into quite different industrial relations measures.<sup>10</sup> Moreover, even though majority opinion in the Cabinet had, by the autumn of 1911, acknowledged that there was a need for new industrial relations measures, any steps which the Government did take in that direction tended to provoke serious divisions in Cabinet. This had been the case both in the spring of 1912 when the Cabinet debated the introduction of legislation to resolve the national

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<sup>9</sup> See Chap. 4, 38.

<sup>10</sup> See Chap. 5, 62.

miners' strike, and later that year, with regard to ministerial intervention in the London dock strike.<sup>11</sup> The Cabinet's initial interest in co-partnership which led to the initiation of the enquiry is also questionable. It may have been, as Wrigley suggests was the case with the Industrial Council, that the Cabinet merely wished it to be seen that something was being done.<sup>12</sup> Alternatively, the enquiry might have been ordered simply to quieten the critical speeches of the co-partnership lobby. What evidence is there that the Cabinet's interest co-partnership ran deeper?

Asquith's announcement in december 1911 that the Government had decided to launch a co-partnership enquiry predated all but the earliest murmurs from the parliamentary co-partnership lobby. Although the Prime Minister's announcement was made in response to a question put by the leader of the agitation, Robert Cecil, significant pressure was not applied until the following February.<sup>13</sup> It would, therefore, appear that in December 1911 the Government -- or senior permanent officials -- were already interested in co-partnership, and that Robert Cecil's question only provided the final prod, or simply the occasion, for the Government to take action and order an enquiry. Furthermore, the continual harassment of the Government by the parliamentary supporters of co-partnership came to an abrupt and complete halt, despite the

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<sup>11</sup>The problem of Cabinet disunity over the issue of industrial relations is discussed in more detail in Chap. 8, 98-9.

<sup>12</sup>See Chap. 5, 60.

<sup>13</sup>See Chap. 6, 71-2.



continued labour problems, when the co-partnership report was presented to Parliament at the end of 1912. Co-partnership bills, identical to that of 1912, were promoted by the group in 1913 and 1914, but the lobby was no longer the outspoken parliamentary problem it had been.<sup>14</sup> Possibly the lobby was appeased by the Labour Department's report; enthusiasm for co-partnership at Westminster may have perished beneath the welter of crises which, after December 1912, gripped the attention of M.P.s. Nevertheless, despite the sharp decline in parliamentary interest, the Labour Department was instructed, early in 1914, to undertake a second in-depth enquiry into co-partnership in other major industrial countries and the role their governments had played in its development. The subsequent report, the command paper Labour Co-partnership and Profit-sharing Abroad, was laid before Parliament later that year.<sup>15</sup> The co-partnership agitation had not been for nothing -- but for the persistent harassment of the Government the 1912 report may have never appeared. There is, however, strong evidence to suggest that there was official interest in co-partnership before the lobby became active and that after 1912, in the absence of continued parliamentary pressure, official interest continued.

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<sup>14</sup> Great Britain, Parliament, Annual Index to Parliamentary Papers 1913, vol. 1: 68, 1914, vol. 1: 31.

<sup>15</sup> Great Britain, Parliament, Parliamentary Papers (Commons), 1914, vol. 46, Cd. 7283, 1914, "Labour Co-Partnership and Profit-Sharing Abroad."

The effort involved in preparing the 1914 report strongly suggests that co-partnership was by then receiving earnest official consideration. The Labour Department was unable to turn to official reports comparable to the 1912 British report, for none could be traced. Consequently, the Labour Department had to summon the assistance of the Foreign Office. British embassies in the U.S.A., France, Germany, Holland, Italy, Switzerland and Belgium were then instructed to gather the necessary information. The Dutch Labour Department, the appropriate departments of the Dominion Governments and independent co-partnership organisations in France were also contacted. In the case of the U.S.A., information was obtained directly from employers and a number of independent economists. The result was a detailed description of what the Labour Department considered to be the world's principal co-partnership scheme. This comprehensive account was supplemented by an analysis of each major industrial nation's experience of co-partnership. Government efforts to encourage co-partnership -- which had been made most frequently in France -- were carefully detailed. All legislative proposals were presented in full, including a bill to encourage industrial co-partnership recently prepared by the French Ministry of Labour which was passing through the Chamber of Deputies as the report was being compiled. This 168-page report seems to do more than just confirm that the Government's interest in co-partnership was genuine. The analysis of other governments' experience suggests that official thinking was slowly moving towards government involvement with co-partnership in Britain.

The form in which the reports of 1912 and 1914 appeared is also significant. Both were presented in the relatively prestigious form of a command paper. Both enquiries must, therefore, have been initiated by a minister. Conventionally, command papers were, according to one authority, "reserved for statements of government policy or a proposal for government legislation or administrative action"; according to a second, "for matters of Government policy likely to be the subject of legislation". A third emphasis the unusually constructive role played by command papers between 1900 and 1914. During this period they were frequently used when governments were "searching for a solution" or "devising new institutions and practical expedients".<sup>16</sup>

The Liberal Government did not finally come round to accepting the need for an industrial relations initiative until the summer of 1911. The Government's freedom of choice had by then become severely restricted by party and parliamentary considerations. Circumstantial evidence also clearly suggests that the Government's interest in co-partnership was genuine because it was one of the few industrial relations policies which the Cabinet, on the grounds of political expediency, could afford to entertain.

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<sup>16</sup> This description of the role and status of command papers is derived from Erskine May, Parliamentary Practice (London, 1976), 255; N. Wilding and P. Laundry, An Encyclopedia of Parliament (London, 1958), 144; and Ford, Breviate of Parliamentary Papers, ix-xiv.

After the elections of 1910, the Government, having lost its overall majority in the Commons looked to the Irish Nationalists, but also to the support of the Labour Party, for its parliamentary majority. In view of the great influence exerted by the issue of industrial relations on the thinking of most Labour members, Asquith, as Jenkins has noted, was well aware that the adoption of an inappropriate industrial relations policy could threaten Labour's continued support.<sup>17</sup> Secondly, the pre-war Liberal Party was a political patchwork stretching almost the full-width of Westminster's political spectrum. Sharp differences of opinion existed over a number of issues. The Cabinet must, by 1911, have been only too well aware that few questions had the power to raise greater divisions than the issue of state-intervention.<sup>18</sup> This same issue, as the Government had consistently discovered when implementing their programme of social reform, could also be relied upon to raise strong opposition to government policy from orthodox Liberal M.P.s.<sup>19</sup> In the summer of 1911, just as the Government accepted the need for an industrial relations initiative, they were given a sharp reminder of the difficulties that were almost inevitably raised by a policy that involved an extension to the scope of state action; as Shannon remarks on Liberal reactions to Lloyd George's delayed National Insurance Bill: "On the

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<sup>17</sup> Asquith, 236.

<sup>18</sup> See Chap. 5, 52-3.

<sup>19</sup> See Chap. 2, 23.



one hand the New Liberals argued . . . that the crucial thing was to conciliate the working class and to pre-empt socialism. . . . On the other hand Old Liberals would not accept the dismantling of the Poor Law with its assumption of Victorian principles of self-help and individual independence. . . ."<sup>20</sup> The Cabinet could hardly have been oblivious to the fact that an industrial relations initiative, involving, as it almost inevitably must, an extension to the sphere of state action, would also raise this most contentious of issues. Consequently, when Asquith and his Cabinet began to look around for an industrial relations policy they would have had to tread very warily if they were to avoid putting further strain on the party's increasingly doubtful unity and, at the same time, not threaten the Government's precarious parliamentary position.

Proposals advanced by orthodox Liberal businessmen to control the activities of trade unions -- these included the reimposition of restrictions on picketing and the banning of sympathetic strikes -- were, as Asquith was aware, totally unacceptable to the Labour Party. The Labour vote would have also been lost if Asquith had taken the advice of many New Liberals and introduced compulsory arbitration. Comprehensive minimum wage legislation and selective nationalisation were solutions to the unrest which united New Liberals and many Labour members -- but such proposals were beyond the pale in the eyes of orthodox Liberals,

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<sup>20</sup>Crisis of Imperialism, 407.

and indeed for an overwhelming majority of the Cabinet.<sup>21</sup> There appear to have been just two industrial relations measures being aired at the time which, if introduced, were not likely to threaten either the unity of the Liberal Party or the Government's parliamentary majority. The first was an extension in some form to the existing, predominantly voluntary, conciliation machinery -- the joint boards and other bodies established by the Labour Department. Such a measure -- an increased dose of a medicine that had already failed to cure the disease -- generated little enthusiasm. It did not, however, arouse the hostility of the Government's parliamentary supporters.<sup>22</sup> This may explain why the Industrial Council -- the voluntary industrial court established in October 1911 -- was the sole instance of the Government responding swiftly and constructively to the labour problem. The second industrial policy broadly acceptable to the Liberal alliance was industrial co-partnership.

The Labour Party had never officially endorsed co-partnership; but at the same time Labour members did not oppose co-partnership with anything approaching the unanimity with which, for example, they rejected compulsory arbitration or the prohibition of picketing. Several leading Labour members were strong supporters of co-partnership. The trade unionist, David Shackleton, soon to become the first Minister of Labour, had recently held the presidency of both the Trade Union Congress and

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<sup>21</sup>Jenkins, Asquith, 235, and Emy, Social Politics, 262-6, 270-2, 279.

<sup>22</sup>Ibid., 266-8; and Askwith, Industrial Problems and Disputes, 180.

the Labour Co-partnership Association; George Barnes, who presented the 1912 co-partnership report to the Commons, was the Labour Party Chairman in 1911 and 1912; and Fred Jowett, Chairman of the Independent Labour Party, 1909-1910, had also been active member of the L.C.A. Co-partnership was also one of the few industrial relations policies which won the support of both orthodox Liberals and New Liberals. A significant number of important orthodox Liberal financiers and orthodox Liberal industrialists were active members of the parliamentary co-partnership lobby; several of the industrialists -- Christopher Furness and G. M. Palmer, for example -- had established their own schemes. At the same time, a considerable and influential proportion of the New Liberal group -- the paternalists such as the Rowntrees, Mond, Lever and Brunner -- were keen advocates of co-partnership in and out of Parliament.<sup>23</sup> There was also support for co-partnership within the ranks of the Liberals Irish Nationalist allies. Early in 1914 radical Irish members presented a bill "to enable the Board of Trade to compel the reconstruction of statutory and other Companies on a Co-partnership Basis".<sup>24</sup>

Finally, co-partnership was also in remarkable harmony with a number of the basic Liberal principles which most Liberal members, for all their differences, were still strongly conscious of. Most Liberals -- with the exception of the New Liberal groups -- remained fundamentally

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<sup>23</sup> See Chap. 6, 70.

<sup>24</sup> Annual Index to Parliamentary Papers 1914, vol. 1: 577.

wary of the extended state. This suspicion applied to industrial relations as much as to any other potential avenue for governmental interference. The very first intervention by Lord Rosebery had, after all, taken place less than 20 years earlier. The majority of Liberal M.P.s, and most of the Cabinet, would have almost certainly agreed with the opinion expressed by Asquith in the Liberal Magazine in July 1912: "I entirely subscribe to the view . . . that it is extremely undesirable that a government should continually concern itself with industrial disputes".<sup>25</sup> The Government had, by that time, been casting about for an industrial relations initiative for almost a year; it was the notion of continual involvement that Asquith wished to reject. Co-partnership was in harmony with this slight unbending of the non-interventionist stance. Once the state had given the lead, the employers, it was always assumed, would shoulder the responsibility for establishing and maintaining the schemes. The non-interventionist credentials of a policy so firmly advocated by Lord Robert Cecil -- one of the period's most outspoken opponents of the state -- were surely never in doubt.

Co-partnership's compatibility with the Liberal outlook went further. The vast majority of Liberals were fundamentally opposed to the idea of class conflict; the New Liberals, despite the accusations of "class politics" their policies invoked, were dedicated to constructing an enduring alliance between the middle and the working classes. Co-

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<sup>25</sup> Emy, Social Politics, 269.



partnership, meanwhile, had always been advertised as a policy which would smooth away class-conflict and helped lay the foundations for a more certain social harmony. Furthermore, co-partnership was also an industrial relations policy which did not appear to involve the Government in taking sides in the way that, say, compulsory arbitration or minimum wage legislation overtly did. This characteristic of co-partnership satisfied the Liberal notion that good government was impartial and detached government; indeed, throughout the pre-war period Asquith's Cabinet had laboured to maintain "a normal attitude of complete detachment and impartiality".<sup>26</sup> Finally, co-partnership seemed to offer tangible support for the Liberal ideal of a balanced, harmonious industrial society, unfettered by illiberal restrictions. The Industrial policies of the political left and right appeared to threaten this ideal. The Labour Party sought to restrict the freedom of the employer. Many Conservatives and Unionists favoured curtailing the rights of organised labour. Co-partnership promised industrial peace and increased output not by restricting the rights of either side of industry, but by ensuring their right to participate.

It is safe to conclude that there was a considerable level of genuine Government interest in co-partnership in the immediate pre-war years. The evidence reveals that co-partnership received serious official attention for a considerable period of time -- from December 1911 to 1914.

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<sup>25</sup>Ibid., 270.

The nature of that interest cannot be dismissed as being either routine or superficial; the reports of 1912 and 1914 were thorough, important reviews ordered by a minister, and of the type frequently carried out to prepare the way for the introduction of legislation. Thirdly, there is considerable evidence -- though most of it is circumstantial -- to suggest that the Government had good reason to give co-partnership such careful attention as it offered the Government a means of escape from a serious dilemma. A Government largely averse to state intervention in the affairs of industry, and whose parliamentary majority included representatives of both sides of industry, was faced with finding a solution to severe labour troubles. Co-partnership had the unusual merit of being an industrial relations policy which did not appear to trample upon the principle of non-intervention; in fact it appeared to support many traditional Liberal values. Secondly, its introduction would have probably not alienated any portion of the Government's remarkably diverse supporters, but instead would have been welcomed by many of them.

## CHAPTER VIII

### CO-PARTNERSHIP SHELVED

#### The Failure of the Government to Respond to the Co-partnership Reports

The pre-war Liberal Government came under considerable pressure to take an industrial relations initiative. Parliamentary and extra-parliamentary criticism, the permanent officials' conviction that constructive steps had to be taken, and above all the scale and vigour of the larger strikes witnessed at first hand by ministers had, as early as summer 1911, combined to force the Government to admit that new measures were essential. Sidney Buxton had seemed to speak for many of his ministerial colleagues when, in August 1911, he pointed out in Cabinet that the question they now faced "is not whether the state should interfere in industrial relations, but what form should their interference take".<sup>1</sup> The decision to order the co-partnership reports of 1912 and 1914 was one of a number of tentative steps taken between the autumn of 1911 and the outbreak of war in 1914 in an effort to find an answer to that question.

The second report was concluded early in 1914 with the industrial question still wide-open. The industrial storm was showing no sign of abating; indeed, the formation of the Triple Alliance, by which the miners, the railwaymen, and most other unionised transport

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<sup>1</sup>Quoted in Wrigley, Lloyd George, 77.

workers agreed to support one another, generated fears of a serious escalation of the labour problem.<sup>2</sup> Many contemporaries would have agreed with Ernest Bevin's well-informed assessment of the pre-war labour situation. The general secretary of the Transport and General Workers' Union and future Labour Foreign Secretary recalled that "it was a period which, if the war had not broken out, would have seen one of the greatest industrial revolts the world has seen".<sup>3</sup> Emy has gone so far as to suggest that both in Cabinet and in the Liberal Party the issue of industrial relations and industrial reform, along with social reform, far from being eclipsed by such other problems as Home Rule, "remained the major theme".<sup>4</sup> Nevertheless, as George Askwith pointed out, "the Government, at the outbreak of the war, still had little or no labour policy".<sup>5</sup> When the Government considered the reports they were, therefore, still without an answer to the question posed by Buxton back in 1911. Why, in these circumstances, and despite considerable pressure to make some sort of an industrial relations initiative, was the message the reports conveyed -- that co-partnership, at home and abroad, introduced by the private employer or with government-backing, was a sound remedy for industrial unrest -- apparently ignored? Why

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<sup>2</sup>G. A. Phillips, "The Triple Industrial Alliance in 1914," Economic History Review, 24 (1971): 55-67.

<sup>3</sup>Quoted in G. Brown, Introduction to Industrial Syndicalist, 17.

<sup>4</sup>Emy, Social Politics, 274, 5.

<sup>5</sup>Askwith, Industrial Problems, 351.



did the Government not heed advice coming from one of their most professional and prestigious departments, whose conclusions only vindicated the Government's own view that co-partnership was worthy of close examination?

Industrial Unrest: A Question Left Unanswered

The Government's disinterest was by no means reserved for the co-partnership reports. Between 1911 and 1914 all the industrial relations proposals in which the Labour Department had a hand suffered a similar fate. Askwith, on his return from Canada in December 1912, recommended the system of 'prior warning' to ensure adequate time for conciliation before a strike began. The following summer the Industrial Council, in its investigative capacity, advocated the extension of an agreement throughout an entire trade once it had been voluntarily accepted by most employers or employees. These and other sober suggestions were rejected or put on one side.<sup>6</sup> In 1913 the Industrial Council, the only proposal which got off the ground, was, as a judicial body, "allowed to die quietly", the Government "deliberately omitting to make new appointments or provide money".<sup>7</sup> The fate of the co-partnership reports -- and indeed that of the pre-war co-partnership agitation in Parliament -- appears to be only one facet of a broader problem.

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<sup>6</sup> Emy, Social Politics, 272-3.

<sup>7</sup> Sires, "Labour Unrest," 265.

Why had the Liberal Government, who by 1911 felt itself confronted by a new problem, and who had then instructed the permanent officials to undertake a series of lengthy investigations into possible solutions, still worked out no new policy by 1914?

The man who was so often entrusted with the task of investigating new measures, and who spearheaded official efforts to handle the unrest using existing powers, entertained few doubts. George Askwith's memoirs contain a scathing critique of the Government's apathy and ignorance regarding labour affairs. A subsection of the chapter dealing with the period 1912 to 1914 carries for a title the accusation "Apathy of the Government". He then expands the indictment: "The members of the Government were strangely outside and ignorant of the labour movements in the country; or of any personal knowledge of the principal labour leaders".<sup>8</sup> The behaviour of the Cabinet in certain situations, for example the consistent disposition of excessive military strength as at Liverpool in 1911, supports Askwith's criticism; here a younger, vital, and more progressive member of the Cabinet, Winston Churchill, appears to have been badly out of touch with the mood of organised workers. A more objective commentator comes to the conclusion that, in the entire Cabinet, only Lloyd George was entirely innocent of the civil servants' charge.<sup>9</sup>

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<sup>8</sup> Askwith, Industrial Problems, 351-2.

<sup>9</sup> A. J. P. Taylor, Politics in Wartime (London, 1964), 136.

Asquith's assessment must, however, be interpreted with some caution. It was written in 1920, by which time his view of leading members of the pre-war Liberal Government was almost certainly clouded by intense bitterness. During the war he had been given the herculean task of maintaining industrial peace, only to see his efforts consistently undermined by members of Asquith's and Lloyd George's wartime ministries. He went on to suffer the double humiliation of losing command of his department to the new Ministry of Labour and being made the subordinate of a new-comer, the trade unionist, John Hodge.<sup>10</sup> His critique of the Cabinet, though essentially justified, was therefore excessively severe. It also led him to ignore a number of factors which do not paint so black a picture of the Cabinet.

When the problem of labour relations was discussed in earnest by the Cabinet it tended to produce sharp divisions. In the spring of 1912 several ministers, including Churchill and John Morley, the Lord Privy Seal, were firmly opposed to the very principle of legislating to resolve the problems behind the national coal strike. Others, notably Lloyd George, pressed for thorough and comprehensive legislation, and strongly criticised the Minimum Wage Bill for being far too reticent a measure -- "mere words". Asquith reported to the King that the preparation of the Bill revealed "acute differences of opinion".

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<sup>10</sup> Davidson, Introduction to Industrial Problems by Asquith, x-xi.

These differences led to rumours of a serious rift within the Department.<sup>11</sup> Ministerial intervention in the London dock strike later that summer -- Lloyd George was again the strongest advocate of positive action -- provoked what seems to have been a serious rift between the Prime Minister and a large group of his ministers. The row concluded with Asquith giving the ministers involved "strict orders . . . to leave industrial disputes alone and not mix themselves up with them". The incident, as Asquith again told the King, confirmed "considerable diversity of opinion" over the labour question.<sup>12</sup> Such dissension could hardly have been conducive to a constructive and determined approach to the labour question. It would have almost certainly encouraged Asquith, whose prime ministerial style held him back from steam-rolling his way through the dissent of his colleagues, to postpone the issue whenever possible.

Asquith would, moreover, have been rarely found wanting for an excuse to leave the labour problem until another day. Other pressing domestic problems and the volatile pre-war foreign scene continually forced the labour question to the foot of the Cabinet's agenda. In the summer of 1911, for example, just when the Liverpool transport

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<sup>11</sup>Wrigley, Lloyd George, 68-72.

<sup>12</sup>Other ministers involved included Buxton, Murray, Haldane, Reginald McKenna who had replaced Churchill at the Home Office, John Burns at the Local Government Board, Herbert Samuel, Postmaster General, and John Simon, the Solicitor-General. The account of the rift over the London dock strike is based on Asquith, Industrial Problems and Disputes, 228; and Wrigley, Lloyd George, 74-6.



strike had brought the question of an industrial relations initiative to the forefront of Cabinet debate, Ministers' attention was drawn in two other directions -- towards the final dramatic phase of the struggle with the Lords, and towards the possibility of a European war arising out of the Agadir incident. In fact, the Cabinet, as George Askwith concedes, "remained immersed in major constitutional crises until 1914".<sup>13</sup> Thus, even as war broke out in August 1914, ministers' minds were focused on the drift towards civil war in Ulster. The Government also encountered serious legislative difficulties. The passage of the health provisions of the National Insurance Bill, owing to widespread opposition from sectional interests outside Parliament, occupied an enormous amount of parliamentary time in 1911. In 1912 and 1913 unexpected extra legislation -- the Plural Voting Bill, the Miners' Minimum Wage Bill, the National Insurance Amendment Bill and more besides -- left few hours of parliamentary time available for industrial relations measures involving new legislation.

A forceful President of the Board of Trade, who believed in the ministry adopting a positive, interventionist role, might have persuaded the Cabinet to tackle the industrial question more constructively. In 1909 the position passed to Sydney Buxton. He lacked the drive and influence of both his immediate predecessors. Buxton believed that his post required him to be a strictly impartial, apolitical minister,

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<sup>13</sup> Askwith, Industrial Problems, 250.

and that any government intervention in industrial relations should be as low-key as possible. Consequently, he appears to have acted as a brake on initiative. Lloyd George made no bones about what he thought of Buxton's approach to industrial relations: "Poor Sydney Buxton was no good at all. He was in a cage with a lion and a tiger, crouching down and afraid of both instead of taking each by the throat".<sup>14</sup> It is almost inconceivable that the industrial question would have remained unanswered for more than four years if Lloyd George or Winston Churchill had remained at the Board!

It is a great irony that George Askwith, who continually urged the Government to take the industrial bull by the horns, was the individual who, more than any other, enabled the Government to avoid such a confrontation. If the Labour Department's conciliation service, headed by Askwith, had not been competent to cope with so many disputes, the pressure on the Cabinet to take the initiative might have been considerably more intense. They also seem to have been extremely efficient; during and after 1908 they handled an average of one dispute each week, by 1911 they were dealing with two per week, and by 1913 almost three.<sup>15</sup> Askwith's personal contribution to holding back the tide of unrest and maintaining a semblance of order in the industrial world was truly remarkable. He handled a quarter of all disputes,

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<sup>14</sup> Quoted in Wrigley, Lloyd George, 61.

<sup>15</sup> 17th Abstract of Labour Statistics, 193.

and in doing so became almost a legend in his own time. "G. R. Askwith was the consummate conciliator of the day, telegraphed for when all else failed, bringing the deep relief of settlement to many an **anxious** city at the eleventh hour."<sup>16</sup> His influence and status were such that Halévy dubbed him the "secret dictator" of the industrial world. The most telling tribute to his success was paid by Tom Mann's close colleague, Ben Tillett. From the point of view of this leading syndicalist strike-leader, Askwith was quite simply, "one of the most dangerous men in the country".<sup>17</sup> It would therefore seem that if the Labour Department's permanent officials had not been such able conciliators, the policies they advocated -- **including** industrial co-partnership -- might well have won a good deal more ministerial attention.

Lloyd George was neither the first nor the last politician to blame Government inaction on the immature state of public opinion. Questioned in 1912 about the Government's reticence in adopting a constructive industrial relations policy, he pleaded that "you cannot hope to carry such proposals in the existing state of public opinion".<sup>18</sup> It is more than likely that he was thinking of trade union opinion. When the issue was industrial relations, organised labour in the towns

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<sup>16</sup> Phelps-Brown, British Industrial Relations, 338.

<sup>17</sup> Davidson, Introduction to Industrial Problems, x-xi.

<sup>18</sup> Quoted in Wrigley, Lloyd George, 77.

and cities was a very different animal from Labour at Westminster. Labour members supported a variety of interventionist policies and groups of M.P.s which included leading Labour parliamentarians even put forward their own interventionist proposals.<sup>19</sup> Outside Parliament, industrial relations measures which did anything other than directly improve the status of trade unions -- including suggestions aired by Labour M.P.s -- came up against a wall of suspicious, defensive conservatism. The unions had seen their rights curtailed too many times in the recent past by Parliament and in the courts. The influence of syndicalism -- an ideology diametrically opposed to state intervention -- only made trade unionists that bit more wary of such initiatives.

Trade union sensitivity to Government initiatives which touched their interests had been made abundantly clear back in 1908. An amendment to the 1896 Conciliation Act had to be abandoned in the face of vigorous trade union opposition. Later in the year, the setting-up of a system of Arbitration Courts which had no fresh powers involved the Government in giving the unions "a firm assurance that there was no intention of departing from the voluntary and permissive character of existing legislation".<sup>20</sup> Some of the Liberals' welfare legislation,

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<sup>19</sup>See Chap. 6, 63-4.

<sup>20</sup>Davidson, Introduction to Industrial Problems, ix-xi.



such as the Labour Exchange Act of 1909, appear to have contributed to a hardening of union distrust of state intervention. The system of labour exchanges aroused the widespread belief that Government intervention in this instance -- intentionally or otherwise -- would aid and abet the recruitment of "blacklegs" and cheap labour.<sup>21</sup> When, after 1911, there was renewed talk of Government initiatives that would alter the existing industrial relations process, trade union hostility surfaced once more. For example, all the Industrial Council's proposals suffered overwhelming defeat at the 1912 and 1913 T.U.C. conferences even though half the Council's members were leading trade unionists. Most union leaders seemed to believe that any of the proposed changes was a cloak for an assault on their status. "A majority of members", both conferences announced, "wished to continue with existing methods".<sup>22</sup> It seems inconceivable that co-partnership would have provoked a less hostile response. The general pattern of its introduction since the middle of the nineteenth century -- most schemes had been established at times of high labour unrest and growing unionisation -- had made many union leaders deeply suspicious of the motives of an employer who opted for co-partnership.<sup>23</sup> The prominence of the extra-parliamentary co-partnership movement of renowned opponents

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<sup>21</sup>M. Bruce, The Coming of the Welfare State (New York, 1966), 169; also see Chap. 4, 43-4.

<sup>22</sup>Sires, "Labour Unrest," 265.

<sup>23</sup>See above, Chap. 1, 11-2.

of trade unionism -- the most notable being George Livesey -- inclined many trade unionists towards the belief that co-partnership was, above all else, an anti-unionist tactic. "Co-partnership", observed Walter Citrine, the future general secretary of the T.U.C. and one of the few trade union leaders who favoured the policy, "had developed despite the suspicion, distrust and, in some cases, open hostility of trade unionists, socialist and non-socialist alike".<sup>24</sup> A scheme involving state-intervention, the evidence suggests, would have only been regarded with even greater mistrust. The Government, as George Askwith alleged, was indeed somewhat out of touch with the labour movement beyond Parliament; it is, however, difficult to believe that ministers were still aware of trade union sensitivity to state intervention when the co-partnership reports were placed before them in 1912 and 1914. Surely overcoming trade union opposition to some of the Government's major social reforms -- such as buying-off their objections to the National Insurance Act -- had provided a sufficiently nagging reminder.

#### Conclusion

The weight of events pressing the Government to confront the industrial problem was considerable. The manner in which the Government toyed with co-partnership typifies its response to this pressure: an

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<sup>24</sup>Quoted in Bristow, "Profit-sharing," 262.

initial spark of interest in 1911 and 1912, an enquiry or two -- and then nothing. The Government's failure to respond constructively to the pre-war breakdown in labour relations prompted the senior government official in this field to charge the Cabinet with negligence. It can be argued that the many other serious demands on the Government's time and energy constitute a sufficient defence. However, the other difficulties which faced the Liberals -- the German question, the House of Lords, the commitment to Home Rule, and the suffragette problem -- brought a constructive response from the Government. The Government's handling of the suffragette campaign was the least adequate; nevertheless, positive measures -- both to control and satisfy the campaign -- were placed before Parliament. In the case of the other problems mentioned, the most critical observer would be hard-pressed to support a charge of Government negligence. The failure of the Liberals to grapple seriously with the industrial relations problems appears to be something of an exception. Therefore, the explanation for Government inaction over the labour question probably owes more to the nature of the problem itself than to the mitigating circumstances suggested by the crisis-ridden context in which the Government operated.

The Government failed to confront the labour question because to make initiatives in this particular field was neither practical or politic. It was only good politics for Asquith to avoid subjecting his Cabinet to so divisive an issue as government intervention in industrial relations. Faced with an unfamiliar issue -- there was no established body of opinion or precedent to look to -- and in the absence

of a bold minister, it was only practical to leave the problem in the hands of a competent department which, within the constraints of their existing powers of conciliation, seemed able to prevent the situation getting entirely out of hand. Above all, it made good political and practical sense not to try and introduce changes -- including some form of government involvement with co-partnership -- which the unions would almost certainly resist. The wartime experience of ministers and civil servants -- among them Lloyd George, Churchill, and George Askwith -- who tried to impose labour relations policies on a trade union membership which was sometimes less than co-operative, seems to vindicate this judgement. Lloyd George later acknowledged that the implementation of the more unpopular wartime labour policies, such as compulsory arbitration, made a large contribution to the wartime problem of labour unrest which at times "spelt a graver menace to victory than even the military strength of Germany".<sup>25</sup>

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<sup>25</sup>David Lloyd-George, War Memoirs (London, 1938), vol. 2: 1141. The numerous accounts of the extreme difficulties encountered in enforcing wartime labour controls include Hinton, The Shop Stewards Movement, 140-255 passim; William Beveridge, Power and Influence (London, 1953), 117-41; and Kenneth and Jane Morgan, Portrait of a Progressive: The Political Career of Christopher, Viscount Addison (Oxford, 1980).



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