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THE BRITISH LEFT, "HOME COLONISATION", UNDERCONSUMPTION THEORY, AND UNEMPLOYMENT, 1880 - 1929.

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British Socialism, particularly the Social Democratic Federation, saw unemployment as the consequence of an overstocked labour market. Their answer lay in the "home colony", absorbing the unemployed outside of the market, and, at the same time, providing the nucleus of a future post-capitalist society. This had revolutionary, but also conservative implications, reflecting the artisan basis of late-Victorian socialism. It attracted increasing opposition from advocates of underconsumption theory, although traces of its influence are evident as late as the 1920s. Under-consumptionism provided an answer resting on the raising of the working-class demand levels, thereby alleviating the effects of the trade cycle. However, it lacked the revolutionary content of the "home colony". Although temporarily dissipated by the impact of Fabianism, it reasserted itself during the post 1921 slump, achieving its most sophisticated form in "The Living Wage", published by the Independent Labour Party. Nevertheless, in the aftermath of the General Strike it was relatively easy for the 1929-31 Labour Government to abandon underconsumptionist arguments. The theory was however a persuasive form of thought, and the challenge posed by both Mosley's tentative proto-Keynesianism, and the Marxism of the Communist Party provided only a partial break with its conceptual framework.

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contents

INTRODUCTION

> "The unfortunate unemployed have one dangerous set of enemies - their friends. Possibly nothing tends so much...to divert attention from their legitimate claims as the monstrous, the violent, the positively atrocious language of the agitators, the spoilers, the demagogues, who profess to advocate their cause. The pestilent rubbish talked by the Anarchists and Socialists does more harm to the interests of the unemployed than anything else". (1)

Socialist involvement with the unemployed is hardly an entirely original subject for discussion, and it has already attracted some attention from historians. Nevertheless, there is a strong case for re-examining aspects of the question, most particularly .."the monstrous, the violent, the positively atrocious language of the agitators...", In other words, the ideas and conceptions advanced by the left both as an explanation of unemployment and as remedies for its alleviation and elimination. Such "pestilent rubbish" has been largely by-passed. Instead, studies have tended to concentrate on the mechanics of lobbying, or on responses to specific governmental measures. (2) Yet, thereby, much is lost. That lobbying and those responses are only really comprehensible and explicable within the wider context of overall socialist thinking around the unemployment question. The attitude of the left to the Chamberlain circular, or, to take later examples, the Unemployed Workmen's Act or the Unemployment Grants Committee cannot be seen in terms of pragmatic impulse. Rather, it was determined in each instance by the dominant theoretical framework held at the time. Similarly, even a brief examination of the tactics adopted by the left, in its lobbying of both Boards of Guardians and central government, or its decisions to employ forms of direct action, shows that they are, more often than not, also shaped by wider perspectives. There is, then, a strong case for a detailed examination of the socialist ideas and theories put forward to understand, explain and remedy unemployment.

However, the relative neglect of this area is inescapable. Why has this been the case? A number of reasons can be suggested. In the first place, and at a general level, "Labour History" has tended to concentrate its attention on institutional development and

1. *"Scala's Journal". 26th November 1892*
2. *K. D. Brown (1971) Labour and Unemployment, 1900-14.*
   J. Harris (1972) Unemployment and Politics, 1880-1914.

progress. Examination of ideas has often been reduced to a rather marginal form of "colouring" (1) There are, however, other, more specific factors at work. It is, for instance, customary to draw a sharp contrast between the movements of the unemployed that were formed before and after the First World War. The pre-war "agitation" is caricatured as acts of sub-proletarian desperation. In part, this impression is a product of the claims made by activists in the unemployed movement during the 1920s. They were keen to draw a sharp distinction between their efforts and earlier campaigns. One, for instance, wrote after a series of protest marches in the autumn of 1920:

> "The old features of pre-war unemployed demonstrations are entirely absent from these manifestations. Here is no cringing body of half-starved men begging for bread, or on the other hand, a crowd of potential rioters out for loot. It is an ordered demonstration by intelligent organised workers that they will not starve at the behest of capitalism.."(2)

There has been a marked reluctance to question this assumption, and while a not inconsiderable body of literature has examined the National Unemployed Workers' Committee Movement, earlier movements have, with the exception of Kenneth Brown's study, been comparatively shunned. (3) Another reason for this neglect comes to mind. The hegemony of the Social Democratic Federation (SDF) over much of the early "agitation" has certainly played a role in this. The generally critical evaluation of the Federation's politics, which dismisses the organisation as a sterile and dogmatic sect, is extended to their involvement with the unemployed, and their protests are thereby viewed as mere opportunistic stunts. (4) All these factors go some way towards explaining historical "underdevelopment" in firstly, questions of "ideology" throughout the period, and secondly, the many other aspects of the pre-1914 movement.

Much then remains to be done. In particular, formations of the 1880s and 1890s, such as the Unemployed Organisation Committee, the Bradford Emergency Committee, the Liverpool Association of the Unemployed, and the Bristol Unemployed Committee demand attention. Despite inescapable differences in the nature of pre and post-war unemployment and underemployment, and the ephemeral nature of these organisations, they do appear to have had significant influence in

1. *One obvious exception, relevant to the discussion, is A. Oldfield - The Labour Party and Planning - 1934, or 1918, "Bulletin of the Society for the Study of Labour History" No. 25.*
2. *"The Communist," 7th October 1920.*
3. *K. D. Brown (1971) Labour and Unemployment, 1900-1914.*
4. *see below - "Home Colonisation - the theory outlined".*

their localities. Given, however, pressures of scope and space, such an examination cannot be undertaken here, and the thesis confines itself to a consideration of "ideological" questions. Nevertheless, the point is worth making, for it not only indicates the extent to which our view of responses to unemployment is, at best, partial, but it also suggests that the period under consideration is characterised by a greate degree of unity than might, at first sight, appear. As a whole, it is marked by organised protests against unemployment, most of which were heavily influenced by socialist cadre. There is, however, another reason for selecting the years between 1880 and 1929 which also explains the termination point. They span the period between the birth of "modern socialism" in this country, and the election of the first Labour government, able, despite its minority status, to translate at least a proportion of its ideas and theory into practice. Its conspicuous failure to do so can only really be understood within the context of a long-term evaluation of socialist thinking around the question.

Any discussion of developments in the realm of ideology presents opportunities, but also, inevitably, pitfalls, and a preliminary warning should be sounded. Socialist thinking on the unemployment issue was ultimately linked to wider sets of ideas. Unemployment was regarded as both an integral feature and a cornerstone of the capitalist order. This has two consequences. Even where, in certain arguments, the unemployed were regarded as a specific group, requiring a form of redress separate from what were perceived of as the needs and requirements of the working classes as a whole, this was to be merely partial and temporary. In other words, remedies for unemployment also entailed major change and reform affecting those still in employment. This is certainly the case in any consideration of "home colonisation", the dominant theory advanced during the early years of the period. The feature is even more pronounced when underconsumption theories are examined. It was to be a generalised remedy, ending not only unemployment, but also poverty and other forms of deprivation. Secondly, socialist theories of unemployment rested on a particular analysis of capitalism as a totality, each presenting answers to questions such as the extent to which major structural reform could be achieved within the framework of the existing economic order. Inevitably, then, these are areas which cannot be excluded from the scope of our discussion.

However, this discussion necessarily takes place at a certain level of abstraction. This thereby excludes specific discussion of socialist responses to measures such as the Chamberlain Circular, the Unemployed Workmen's Act or those adopted by post-war administrations. They are only considered insofar as they exercise a lasting influence on the movement's outlook. Similarly, practical socialist projects, such as George Lansbury's "farm colony" schemes appear to have had surprisingly little impact on overall thinking and are therefore only considered in passing. Finally, issues relating to the emergence of unemployment insurance, or, for that matter, the nature and structure of unemployment itself, again lie outside the framework of our discussion, and are also only discussed where they are linked to changes and shifts in ideological trends.

"HOME COLONISATION" - THE THEORY OUTLINED

The insistence of many socialists, active at the end of the last century, on the inevitable and automatic nature of capitalist collapse is well-known. The contradictions of the economic order could only result in a revolutionary upsurge. John Mahon's emphatic assertion of this is typical;

> "That revolution will come upon us, there can be no doubt. Its shadow is already cast over us. Socialists do not wish to make or to cause a revolution: they only wish to point out that revolution, bred of the misery and inherent injustice of the present system is inevitable". (1)

The constant development of the productive process, through technical innovation, provided British socialism with its starting point. Supplemented by rural decline, the increasing use of machinery by the employing class, established an over-supply of labour in the capitalist market. Scientific advance, then, could not improve the lot of mankind. Rather,

> "...the anarchy consequent upon the existing system of production and exchange will be only intensified thereby; the "fringe of labour", the vagrants, the paupers, the residuum, in short, will be increased...So the wheel revolves, grinding ever smaller the mass of mankind beneath". (2)

Socialist attention concentrated upon the increased level of competition between labourers, resulting from this ever-increasing excess of supply over demand in the labour market. For many, it appeared that only socialism and the complete demolition of the capitalist order offered an escape from this. Partial reform was, at best, of little practical value, and, at worst, a blinding diversion from the social revolution;

> "The unchecked competition amongst these classes reacts upon the organised bodies and presents an insuperable barrier to any solid advantage being gained by trades unions". (3)

Even if, despite the intensity of competition between workers for employment, concessions could be wrung from the employing class, these would merely be ephemeral in nature. Reforms would simply drive the capitalist to utilise new machinery yet more rapidly, thereby intensifying the level of competition between labourers; leading in other words to;

> "...a repetition of the same miserable weary round of feverish activity, reaction, discharge of workers, lowering of wages, strikes, etc.". (4)

1. *J. L. Mahon (1887) A plea for Socialism. p.16.*
2. *H. M. Hyndman (n.d.)The Coming Revolution in England p.30.*
3. *Socialist League (1885) Address to Trades Unions. p.10.*
4. *Thomas Binning (1886) Organised Labour. p.90*

Given this, many socialists drew the conclusion that the unemployed could do little but accept their fate, await the socialist revolution, or embark upon acts of individual thievery;

> "To the unemployed themselves we can offer no sincere and practical advice, save what would bring them to prison if they acted upon it, and us to prison for giving it". (1)

It is often argued that the Social Democratic Federation (SDF) not only shared this outlook but was in many ways, its primary advocate. Its critics, both academic and polemical, have seized upon its alleged sterility and mechanical dogmatism. The SDF lacked, it is argued, any clear and identifiable conception of how a socialist order would or could supersede the "anarchy" of capitalism. The role of reform, such as measures to alleviate unemployment, seems mysterious. In other words, the Federation,

> "...was not so much revolutionary as intransigent; militant, firmly based on the class struggle, but quite unable to envisage... the problems of revolt or the taking of power, for which there was no precedent within living memory in Britain". (2)

Even though increased attention is now paid to the SDF's advocacy of "palliatives", that is a programme of reforms, the relationship between such demands and the transition to socialism remains unclear and, at times, almost disingenuous. In one explanation, they appear simply as a means of promoting the health and welfare of the working classes, so as to make them more effective combatants in the class struggle, and, at the same time to effect some rather undefined form of income redistribution. (3) However, this emphasis on palliatives is not easily reconciled with the recollections of activists such as Edward Carpenter. In his eyes,

> "...it seemed that Hyndman lived in imminent expectation of revolutionary events, when in a sudden crisis impelled by the spontaneous revolt of suffering and hunger, "the SDF would resolve itself into a Committee of Public Safety, and...it would be for him as Chairman of that body to guide the ship of state into the calm haven of Socialism" ". (4)

At best, then, it seems that the Federation oscillated between an "adventurist" belief in semi-spontaneous revolution, as a consequence of capitalist collapse, and agitation for reform only loosely related to the socialist goal. The politics of the SDF are thereby regarded as an eccentric oddity.

1. *"Hammersmith Socialist Record" (November 1892) No. 14.*
2. *E. J. Hobsbawn. "New Left Review" No. 10. (July/August 1961) p.71.*
3. *Henry Collins - The Marxism of the Social Democratic Federation A. Briggs and J. Saville (eds) (1971) Essays in Labour History. 1886-1923. p.58/9*
4. *E. P. Thompson (1977) William Morris. p.295*

Some reasons for this "rush to judgement" are immediately evident. Engels is regarded as the authoritative commentator. His opinion of Hyndman, the SDF, and the British left more generally, is well-known;

> "As things are here it is a real mercy that these immature elements do not succeed in penetrating the masses. They must first ferment themselves clear, then it may turn out all right". (1)

Moreover, much of the customary critique of the Federation has been inspired, in considerable part, by the conclusions drawn during the early years of the Communist Party. Bolshevism was, undeniably, a dramatic political and organizational break with the past. Its adoption was however taken as a signal for the "writing off" of earlier traditions;

> "The principles of Communist organization represent a complete revolutionary break with the old socialist traditions of ineffectiveness in this country...Our task is, not to create some "propagandist" society or revolutionary club, but to create an efficient machine of the class struggle..." (2)

Another factor is of importance; that is the contrast between the Federation and continental, most notably German, social democracy. Beside SPD reliance on a comprehensive programatic strategy derived from "die alte bewahrte Taktik", the Federation's demands and "palliatives" inevitably appear crude and shallow.

Nowhere it seems, is this political hollowness more clearly illustrated than in the Federation's attitude towards unemployment and the unemployed. This appears to be highlighted in the SDF's response to the riots of February, 1886. The SDF was, it is argued, as a consequence of its political disorientation, merely seeking publicity through the fuelling of desperate and criminal acts on the part of London's sub-proletariat;

> "The unemployed who followed them...were mostly the types who do not want work anyhow, hawkers, loafers, police spies, pickpockets". (3)

It is easy to cite the bombastic rhetoric of Federation leaders as a further example of this apparent absence of strategy. As Hyndman announced in the aftermath of the riots:

> "It is impossible, at the present time, to regret anything which calls attention to the great and growing poverty of the people". (4)

Nevertheless, this gives an unfair and unrepresentative picture.

1. *K. Marx and F. Engels. (Tr. D. Torr. 1936) Correspondence. 1846-1895 p. 448*
2. *Report on Organisation, presented by the Party Commission to the Annual Conference of the CPGB (October 1922) p.15.*
3. *K. Marx and F. Engels (Tr. D. Torr: 1936) Correspondence 1846-1895 p.447.*
4. *"Justice" 13th February 1886*

The Federation's approach to both unemployment and to the transition to socialism is in fact complex, demanding close examination. Certainly, the SDF accepted much of the theoretical framework advanced by other socialists. Technical innovation directly led to increased long-term unemployment, and accelerated the cyclical movement of the economy. Yet the Federation did not, generally, draw the same conclusions from this assertion as others. They presented a coherent set of reforms with which to answer unemployment, and, at the same time lead to the introduction of a socialist order. If, it was argued, the over-supply of labour in the market could be significantly reduced, then the power and authority of the capitalist would be markedly weakened. Those in the employ of the bourgeoisie would be placed in a strengthened bargaining position, able to force political, economic, and social reform. The Federation's declared aim, then, and the answer to unemployment, poverty and deprivation, lay in the absorption of the excess labour force outside the capitalist market. This would offer a direct solution for the unemployed, provide a starting point for reform, and, at the same time, in establishing a non-capitalist sector of the economy, provide a nucleus of the future social order. The "home colony" was to play all these roles.

The proposal was advanced at an early stage in the "agitation" of the 1880s. A handbill, issued in reply to the advocates of state-aided emigration for the unemployed, in the autumn of 1883, proclaimed;

> "Demand then justice, not charity, here and at once, from those who never cease to rob you when you labour, and are eager to transport you when you are out of work...Claim then Home Colonisation...Demand that the wealth which you alone produce shall be used to employ your brethren before you and they are crushed down into hopeless misery...Show in force! And together! Let employed and unemployed ask plainly for the fruits of their own labour, and proclaim the right of all to work for a fair return, at home". (1)

SDF executive committee proposals, issued in November 1883, spelt out the demand in rather more detail. The Federation called for the state takeover of all uncultivated land, and the placing of unemployed labourers upon it. This was to be complemented by the introduction of public works and a number of other measures. (2) Such state enterprise would rapidly rival private initiative, and its superiority as a form of

1. *quoted in Anon (1886) John E. Williams and the Early History of the SDF. p.9.*
2. *"Justice" 3rd January 1885.*

economic and social organisation would become evident. It therefore offered not only an answer to unemployment, but would eventually,

> "...mean the absorption of the proletariat, and would leave the capitalist without any further food for profit". (1)

The scheme's central features should be identified. Firstly, although it was acknowledged that local authorities could initiate valuable first steps, it was insisted that only central government had the authority and resources to introduce the "home colony". It was on this point that the SDF took issue with the ideas and politics of early "utopians". The proposals of Owenites and Fourierists had,

> "...been tried and found wanting under circumstances far more favourable to their practical realisation than is the case today". (2)

Individual and isolated attempts to establish non-capitalist enterprise were doomed to failure. The hand of the state was required in establishing the "home colony";

> "...instead of establishing a new-fangled organisation for this purpose we would look to the collective organisations even now ready to our hand, and determine that we will capture these public powers and turn them to the advantage of the whole community". (3)

However, as J. Hunter Watts made clear, it was not merely a question of the political power and authority of central government;

> "The State alone can organise the production and consumption that will keep equal pace, because it can afford to disregard - and will enrich the community by disregarding, the axiom of commercialism that all products of labour must enter the market before they can enter the field of consumption." (4)

This leads on to the second central feature of the scheme. State employment had to be entirely independent of the capitalist market. Here lay the essential point of contention with the "colony" project advanced by General Booth and the Salvation Army; Booth's scheme, they argued, would be drowned by market pressures;

> "However philanthropically General Booth may conduct his competitive sales, unquestionably the result cannot but be to render our industrial anarchy still more anarchical. All the Bishops, and Generals, and Cardinals, and Capitalists, and Canons and cantors will not enable General Booth to work up the market price one fraction of a farthing. If he does not mean to compete with the sweaters he may rely upon it that the sweaters intend to compete with him". (5)

1. *"Justice" 7th February 1885.*
2. *H. M. Hyndman (1890) General Booth's Book Refuted. p.3.*
3. *ibid. p.14.*
4. *J. Hunter Watts (1908) Self-Maintenance for the Unemployed. p.5.*
5. *Hyndman (1890) op cit. p.8.*

This emphasis on the necessity of economic autonomy had another aspect. The unemployed were, above all, to be allowed to work for themselves, a right that capitalism could not permit them;

> "All that the State is required to do is not to provide work, but to provide access to natural objects, to provide the means of production, so that labour may be employed in supplying its own needs". (1)

Public works were to play an important role in this. They were not, it was stressed, simply an echo of former projects and schemes. At the Industrial Remuneration Conference of 1886, Alfred Marshall came under fire from the SDF for making this association;

> "He harks back to the National Workshops of 1848 and Baron Haussmann's buildings in Paris, as if either of these had anything in common with our proposals". (2)

In contrast with these, and the public works initiated during the Lancashire "cotton famine", the Federation argued for works which would be economically integrated with the "home colony";

> "Works of public utility of a kind which will enrich posterity at the expense of the present generation must be undertaken only as part of a more comprehensive scheme, which, as a whole, must be self-supporting. The section of the workers employed in enterprises remotely productive must be fed, clothed and housed by the larger section whose industry must be organised so as to render it immediately productive of the necessaries of life."(3)

In other words, those employed on such works, particularly in the construction of municipal housing projects would form a close bond with the "home colony" on the land. Some of the unemployed would, for example,

> "...be engaged on clothing or other work which they could exchange through the state with the products of those who are at work upon the land". (4)

Not only would such works be of immense social value; they would help to sow the seeds of a future society;

> "We want no schemes to build new palaces - unless they are to be homes for the workers - to erect new war offices, while the industrial war claims every day its countless victims, to embellish parks and construct promenades which only the wealthy can enjoy. We want the land tilled that the hungry may take their fill, houses must be constructed that they who build may dwell therein; the shuttle must fly that the weaver himself may be clothed". (5)

A further characteristic of the "home colony" has, then, been identified. It was not merely an attempt to employ and absorb the unemployed. It would, at the same time, provide the beginnings of a new social order.

1. *(1905) Deputation of Unemployed to the Rt. Hon. A. J. Balfour M.P. (introd. by H. Quelch) p.4.*
2. *"Justice" 20th February 1886.*
3. *J. Hunter Watts (1908) Self-Maintenance for the Unemployed. p.5.*
4. *"Justice" 3rd January 1885.*
5. *ibid. 24th September 1887.*

free from the inherent restrictions, limitations and irrationalities of capitalist production. Initially a rival, the "home colony" would emerge from the contest as the dominant form of production. Once capitalism, therefore, had been reduced to a relatively marginal sector within the economy as a whole, the "home colony" would have fulfilled its role:

> "Socialists would agitate for their abolition as soon as they had served the purpose of bridging the period of transition during which the community will be organising the production for use that will ultimately supersede production for profit". (1)

One final point needs to be made. The "home colony" was to be essentially based on agriculture. This emphasis is hardly surprising. The influx of former agricultural workers into urban districts was seen by both socialists and other commentators as a primary source of unemployment. Not only this; many on the left shared the increasing national concern that agricultural decline represented a source of military weakness. Above all, the enfeebled state of British agriculture was viewed as an unmistakeable symptom of capitalist economic degeneracy. The land had no future whatsoever unless it could be wrested from capitalist hands;

> "We must find some national industry which as it is at present organised is being slowly but steadily crushed out of existence under the present conditions of the world's markets; where it is apparent to the middle class economist that the institution of Private Property, with its inevitable consequences of production for profit and competition for sale, have completely broken down, and that all attempts to bolster up the present system in that industry will only end in intensifying present evils". (2)

Agriculture fitted the bill. There is one further factor lying behind this agrarian bias; the desire for a return to a pre-industrial age. It was most clearly brought out by James Leatham of Aberdeen, in the proposal around the scheme which he advanced in 1890. He suggested the establishment of Communes, based in turn on a guild structure. These would be the beginnings of both socialist and an anti-industrial alternative to the capitalist order;

> "The huge festering agglomerations of population, which drive the face of nature and the unpolluted day more and more away from us, will then not only cease to grow, but will surely dwindle away, the people betaking themselves to pleasant villages scattered over the land, where the practice of handicrafts will be alternated with the work of seed-time and harvest". (3)

1. *J. Hunter Watts (1908) Self-Maintenance for the Unemployed. p.14.*
2. *D. Campbell (1892) The Unemployed Problem: The Socialist Solution. p.13.*
3. *J. Leatham (1890) The only thing that will do. p.25/6.*

In other words, the "home colony" was a precise concept. It emphasised the need for a restoration of British agriculture, organised on a co-operative basis, as a central plank, but it was not simply a cry of "Back to the land". Although clearly designed to promote rural revival, the "home colony" was marked by a set of other defining characteristics. It was an answer to unemployment, offering labour outside the market. It could only be introduced by central government. It was to be the nucleus of a future post-capitalist society. Although primarily based on agriculture, the "home colony" was to be linked to public works and municipal workshops through a sophisticated network of co-operation and exchange. Most importantly of all it provided a clear basis for the transition to socialism. Not only this but the "colony" would directly assist those in capitalist employment;

> "Take away the competition for starvation wages, and the wage-earners... will point-blank refuse to accept any engagement that does not secure for them a position of ease and comfort....From this to demanding that the entire national resources should be used wholly and solely for the production and distribution of wealth upon co-operative principles without any profit at all, would be a very short step". (1)

Although the "home colony" was advanced most clearly by the SDF, it was by no means their sole property. Annie Besant of the Fabian Society accepted its essential features, although they were given a rather bleak and unimaginative twist in her hands. Looking towards the future evolution of established economic, social and political trends, she saw local government reform as offering an unprecedented opportunity to socialists;

> "It is one of the symptoms of the coming change, that, in perfect unconsciousness of the nature of his act, Mr. Ritchie has established the Communes. He has divided England into districts ruled by County Councils.." (2)

The County Councils, as proto-communes, were to establish farms. To these would,

> "...be drafted from the unemployed in the towns, agricultural labourers who have wandered townwards in search of work, and many of the unskilled labourers". (3)

Yet, for Besant, as for the SDF, the solution was not to be found in merely draining off the rural immigrant from urban centres. The proposed farms could become fully self-sufficient colonies. The County Farm was to be supplemented by municipal enterprise, again independent of the capitalist market. The unemployed would work for themselves, and, as in the original

1. *H. M. Hyndman (1912) Further Reminiscences. p. 254/5.*
2. *G. B. Shaw (ed) Fabian Essays in Socialism (Jubilee ed. 1931 orig 1889) p.142.*
3. *ibid. p.143*

conception, form the vanguard of a socialist society. They would be,

> "...set to work to supply their own necessities, and be producers of the wealth they consume instead of consuming in enforced idleness or barren penal exercises in the stoneyard, the wealth produced by others. Masons, bricklayers, plumbers, carpenters, etc., might be set to work in building decent and pleasant dwellings...for the housing of the municipal industrial army". (1)

The non-capitalist nucleus would inevitably erode the foundation stones of private industry;

> "In face of the orderly communal arrays, playing into other's hands, with the credit of the country behind them, the ventures of the private capitalist will be at as great a disadvantage as the cottage industries of the last century in face of the factory industries of our own period". (2)

John Mahon also offered a detailed outline of his variant on the concept. It was advanced as an alternative to the advocates of pure ultimatum;

> "The sudden and wholesale transference of the management of industry from the capitalists to the community is inconceivable. The new system should be tried in a comparatively small and thoroughly practical way. After it has been proved workable, it may be ever so rapidly expanded until it absorbed the whole of society". (3)

Ten thousand families were to be drawn from the labour market and placed in State employment, primarily in agricultural work, but also in industrial enterprise. A government loan would be provided to launch this, although, after this initial injection of finance, the colonies would be self-supporting. Autonomy from capitalist mechanisms was emphasised. Only certain items would be exchanged with the external world, and then, only goods which had to be imported from abroad, such as rice;

> "The scheme would need to be practically independent of the outside markets, and unaffected by competition. Its success would be merely a question of proper organisation and management". (4)

Mahon went on to stress that this was not merely an attempt to re-settle the unemployed. Here was the nucleus of a new social order;

> "It must be understood that this is not a scheme for dealing specifically with the unemployed or the paupers of the present system. It is a means of bringing about a permanently equitable distribution of labour and wealth". (5)

1. G. B. Shaw (ed) *Fabian Essays in Socialism.* (Jubilee ed. 1931) p.145.
2. *ibid* p.146/7
3. *J. L. Mahon (1888) A Labour Programme.* p.32.
4. *ibid.* p.35
5. *ibid.* p.32

The majority of ILP members also appear to have aceepted the "home colony", both at a local and a national level. In Edinburgh, a deputation from the ILP, the Trades Council, and the Women Workers' Federation, told the City Council,

> "Take a piece of land a few miles out of Edinburgh, and try the experiment of a self-supporting labour colony". (1)

Despite debate and discussion, critics and sceptics, the colony vision retained its attraction for many ILP members. In the autumn of 1907, Ramsay Macdonald drew a colourful sketch;

> "We shall utilise what is now useless. Barren fields will become fruitful. Village life will revive. A new mechanism of exchange will be created...Capitalism...will then be like an island in the midst of a sea washing its coasts away." (2)

Moreover, ILP members attempted, albeit on a limited and modest scale to put the scheme into operation, despite the absence of state backing. During 1907, 1300 unemployed in Glasgow had been provided with work. Local activists reported that,

> "Previously they had been digging holes and filling them up again. They had 600 acres of bogland, and they were doing useful work digging up land, and producing food for themselves and families." (3)

Similarly, Bradford witnessed widespread attempts at 'land grabbing' in an effort to establish colonies. (4)

It was, however, the SDF that retained faith in "home colonisation", in the strongest and most coherent form. In fact, the proposal was consolidated and systematised during the first decade of this century. During the 'unemployed agitation' of 1904, Federation members emphatically reiterated their proclaimed intention that the State should,

> "...absorb all the unemployed in national self-supporting employment, and by this means the whole working-class might become absorbed and the whole industry of the country be socialised". (5)

Increased sensitivity to potential British weakness in the event of war, gave the call, linked as it was to the revival of agriculture, added urgency. (6) At the same time, the introduction of the scheme was presented as a relatively simple and straightforward step for any government to take. The Unemployed Workmen's Act required mere amendment;

1. *"The Labour Chronicle" (Edinburgh) 1st March 1895.*
2. *J. R. Macdonald (1907) The New Unemployed Bill of the Labour Party. p4.*
3. *ILP (1909) Report of the 16th Annual Conference. p.59.*
4. *R. Wharton (1978) The Girlington 'Klondike'.*
5. *H. Quelch. The Unemployed "The Social-Democrat" (Dec.1904)p.715.*
6. *(1905) Deputation of the Unemployed to the Rt. Hon. A. J. Balfour M.P. Introd. by H. Quelch. p.5.*

> "We want the Act amended to enable the initial cost to be borne from the National Exchequer for organising the labour of the unemployed throughout the country. (1)

Hunter Watts of the SDF stressed similarly the apparent simplicity of the scheme. It required, he argued, only about six 'trained organisers', and could be fully implemented within two years, perhaps even one. Any initial expenditure, laid out by the government, could be rapidly repaid;

> "Such labour could be made not only self-supporting but its prolific character would permit it to redeem within a reasonable period any public debt incurred to meet the initial cost of establishing this industrial army". (2)

At the end of the decade, the proposals which the SDF (now the SDP) had advocated over the previous thirty years were vigorously reaffirmed, together with the scheme's place in the overthrow of the entire capitalist order,

> "The SDP demands that all unemployed men should be provided with useful employment by the state, or by the local authorities, in such wise that they may, working co-operatively together, be self-supporting, and so independent of capitalist employment. If this were done on a national scale, it would be the first step towards a peaceful consummation of the Social Revolution for which the SDP is working...By the absorption of these unemployed into self-supporting national industries, the capitalist system would be left without one of its chief essentials - cheap labour". (3)

1. *(1905) Deputation of the Unemployed to the Rt. Hon. A. J. Balfour M.P. Introd. by H. Quelch. p.18.*
2. *J. Hunter Watts (1908) Self-Maintenance for the Unemployed. p.4.*
3. *H. Quelch (1909) "The Social-Democratic Party. Its objects, its principles, and its work". p.7.*

ROOTS AND ORIGINS

What were the origins of the "home colony"? It is tempting, particularly given the centrality of the "Iron law of wages" to SDF thinking, and the association of the 'law' with Lassallean politics, to view the "home colony" as a direct importation from the German SPD. Certainly, the Gotha programme, adopted by the German social-democrats in May 1875, did adopt a comparable approach. The party demanded;

> "...the establishment of socialist productive associations with State help under the democratic control of the labouring people. The productive associations are to be founded on such a scale that out of them may develop the socialistic organisation of the total labour." (1)

Although this proposal was not advanced as a direct answer to unemployment, the similarities between the suggested "productive association" and the "home colony" are self-evident. However, the respectful admiration displayed by British socialism for the German movement can lead to mistaken conclusions.

The outlook, ideas, and assumptions of earlier forms of radicalism in this country, in fact, provide a far more fruitful source of inquiry. The "home colony" is a theme pervading left-wing radicalism throughout much of the nineteenth century. The short-lived paper, "The Labour League", a trade union offshoot of Chartism, employed the concept in a strident polemic; arguing against advocates of emigration as an answer to unemployment;

> "Let us endeavour to occupy our own waste lands. Millions of acres are still unreclaimed. Drain off the surplus population from our towns into the country. Let landlords plant colonies on their commons and bogs and mountains; plant them under their own eye, upon right principles of colonisation, in organic bodies with powers of self-government". (2)

Earlier, George Mudie had advanced broadly similar ideas. In 1821, he put forward a proposal for the establishment of "Schemes of Association" to be organised on co-operative principles. Such bodies would, he argued, be able:

> "...to employ a portion of the manual labour which machinery has displaced, in the cultivation of the myriads of acres which are now lying waste". (3)

1. *quoted in T. Kirkup (1906) A History of Socialism (Appendix).* (unpag.)
2. *"The Labour League" 12th August 1848.*
3. *from Arno Press (1972) Owenism and the Working Class. p.5.*

The "home colony" emerged from this, developing from a vague notion to a precise concept amidst the political haze constituting early radicalism. Urbanisation was countered with faith in the virtues and values of rural life and agrarian related forms of production. The call for a return to the land acquired prominence. As E. P. Thompson has noted;

> "The savage penal code, the privations, the bridewells of old England were forgotten...Faced with hard times and unemployment in the brick wastes of the growing towns, the memories of lost rights rose up with a new bitterness of deprivation". (1)

The enforced separation of the labourer from the land, an all-too-visible process, was, it was argued, the primary source of distress. The restoration of British agriculture offered an apparent escape from the miseries of industrial capitalism. To this sense of loss must be added hostility towards the proponents of emigration schemes. "Home colonisation" seemed to provide an answer to both these questions. As "The Labour League" asserted;

> "We say, until the unemployed and uncultivated land of this country is brought into full play, we have no surplus labour whatever. Our first duty is to subdue and cultivate to its full extent, the country in which we live". (2)

In other words, "home colonisation" attempted to provide a response to the "export" of the unemployed to Canada and the Antipodes. Here was an assertion of <u>British</u> interests, which were in many radical eyes being cast aside by the cosmopolitan designs of financier, landlord and industrialist. "Home colonisation" assigned primacy to the home market and to domestic needs. It provided a theoretical rationale for the complaint that,

> "...the makers of all the articles of necessity, comfort or elegance, are looking in every corner of the globe for consumers, while the dwellings of millions of Britons are only scantily supplied". (3)

The "home colony" took a clear and precise form in the years following the demise of Chartism. Faith in the scheme became a central feature of the O'Brienite legacy. It emerged as a popular response during each successive unemployment peak. In 1862, London trade s' delegates declared that it was the responsibility of central government,

> "...to afford every facility to the people to provide for themselves useful employment...that would be best effected by the establishment of self-supporting home colonies". (4)

1. *E. P. Thompson (1972) The Making of the English Working Class. p.255/6.*
2. *"The Labour League" 26th August 1848.*
3. *Arno Press (1972) Owenism and the Working Class. p.15.*
4. *J. O'Leary and A. E. Delaforce (n.d.) "Address of the London Trades Delegates" p.3.*

At the end of the 1860s, the Land and Labour League, together with the ephemeral Unemployed Poor League, reiterated the scheme with considerable clarity. (1) Martin Boon spelt out the practical steps which it necessitated. Parliament was to establish "Land Redemption Commissioners" who would in turn supervise the state purchase of all forests and untilled lands. These would be divided into co-operative farms which would offer the possibility of establishing full employment levels. (2) These proposals were drawn together by Boon in an Address;

> "I insist upon the State reclaiming the unoccupied land as a beginning of its nationalisation and placing the unemployed upon it. Let not another acre of common land be enclosed for the private purposes of non-producers. Compel the Government to employ the army, until its final dissolution, as a pioneer force to weed, drain and level the wastes for cultivation, instead of forming encampments to prepare for the destruction of life". (3)

"Home colonisation" was a tradition directly inherited by the SDF. If a symbolic "missing link" is required, tying together early forms of radicalism with the socialist revival of the 1880s, then John Sketchley is the most obvious candidate. A survivor of Chartism, he was also a founder member of the Federation. He offered an outline of the scheme. Through land nationalisation, co-operative home colonies would be established by the state on the basis of a £66 million loan. At the same time, he echoed and reiterated the earlier emphasis on economic self-sufficiency;

> "Dependent on the foreigner for the bread we eat, what would be our position if these supplies were cut off but for a single month? And we have allowed ourselves to be placed in this deplorable position by a mere handful of men who have plundered the community for centuries". (4)

The Federation's adoption of the "home colony" was not, however, simply a straightforward inheritance. Nor was it merely a reflex response to visibly increasing levels of unemployment and under-employment during the mid 1880s. There were other factors at work which ensured that the proposal should again assume prominence. In the first place, the policies of theatrical imperialism pursued by government provoked an important, but also contradictory, response

1. *"Daily News" 12th November 1868.*
   ibid 13th November 1868.
   "The Beehive" 14th November 1868
   see also Royden Harrison (1965) Before the Socialists, p.221.
2. *"The Beehive" 14th November 1868.*
3. *quoted in R. Harrison op cit. p.250.*
4. *J. Sketchley (1884) A Review of European Society, with an exposition and vindication of the Principles of Social Democracy. p.80.*

from the left. On the one hand, it heightened the elementary nationalism always implicit within much socialist thinking. Sketchley's fear and concern about British dependence upon foreign food supplies was widely shared on the left. At the same time, however, revulsion against what were seen as acts of Imperial barbarism provoked aspirations for a "return" to self-containment and national isolation. For Lawrence Gronlund, an American socialist with considerable influence in this country, commercial interests had led successive governments to,

> "...write bushels of diplomatic notes and protests...immolate men, ruin cities, annex and conquer half-civilised countries, shake up by the roar of cannon the sleeping Chinese, encourage the building of railways in Mexico and incursions into the heart of Africa; in brief, penetrate and ransack with feverish and frantic energy every nook and corner of the globe where human beings are found that can be coaxed or driven to - trade". (1)

Despite their contradictory character; both these responses, the militarily inspired urge for national self-containment, and hostility towards international commercial and military adventures, pointed in the same direction - towards a more or less self-sufficient economic structure with a revived form of agriculture as its backbone. In turn, it was argued that the regeneration of agriculture depended on its expropriation under state auspices. The private landlord was an anachronism; a fetter on any form of advance. Only a co-operative, post-capitalist system of organisation could ensure that agrarian decline was halted and reversed.

The increasingly visible impact of rural depression was significant in another respect. The census figures for 1881 dramatically highlighted the extent to which the exodus from the land had progressed. Henry George's tour of this country symbolised, and to a certain extent prompted renewed agitation for a "return to the land". Despite some condescension, Thorold Rogers acknowledged the impact of the Georgite bible, "Progress and Poverty", in developing this sentiment;

> "In England it has run through numerous editions, and is said to be eagerly accepted as a new gospel of labour by multitudes of intelligent workmen, who recognise in the English land system the aggravation of their discomforts, the spoilation (sic) of their wages, and the present beggary of agriculture". (2)

The Georgite campaign, Davitt's Irish agitation, and widely shared fear of rural decay and urban congestion all created an ideological

1. *Lawrence Gronlund (1896) The Co-operative Commonwealth: An exposition of Modern Socialism. p.63.*
2. *J. E. Thorold Rogers (1895) Work and Wages. p.165.*

milieu resting on some form of agrarian regeneration in which the "home colony", despite its antagonism towards individual proprietorship could be reasonably sure of a sympathetic reception. It is, therefore, not surprising that the socialist left co-operated closely with sections of the land reform movement, most particularly the English Land Restoration League, up until 1887. Leading members of the Democratic Federation (forerunner of the SDF) such as H. H. Champion, had been active in the Land Reform Union. (1)

The necessary consequence of the rural exodus, urban immigration, gave rise to further fears, again significant in promoting the idea of the "home colony". Intensified by the anachronisms of the metropolitan industrial structure, the London labour market, and its apparent choking, produced intense horror haunting almost every part of the political spectrum. (2) The response of the social reformer, and the emergence of a multitude of "colony" proposals, as an answer to the "swamping" of the Capital, again could hardly fail to provide specifically socialist proposals with a certain credibility. After all, both the "home colony" and many of the reformers' plans were based on the need to withdraw certain social layers from the industrial labour market. (3) Herbert Mills' work illustrates this. Although by no means a socialist, he offered a scheme closely resembling the perspective advanced by the left, yet based on the development and extension of Poor Law structures. Its hallmark was also to be the independence from the mechanisms of capitalism;

> "The co-operative estates will exchange with each other; for example, coals from the Wigan Union will be exchanged for wheat from Liverpool and Birmingham Unions...Not a single commodity must be sent out of the co-operative estates into the general market, which is at present sent there by English producers or English manufacturers. There must be no competition between English produces and the co-operative estates". (4)

Yet, further factors were at work in promoting the re-emergence of the "home colony". The partial loss of commercial nerve, however ill-founded and subjectivist, during the "Great Depression", cast a further question-mark against the desirability and feasibility of an industrially based future, giving credence to the Romantic critique and placing rural regeneration firmly on the political agenda. This coincided with a revival of general interest in ideas of co-operative production, such as those advanced by Edme Jean Leclaire. The

1. *A. J. Peacock (1962) Land Reform, 1880-1919. (unpublished M. A. thesis University of Southampton),* p 52.
2. *see Gareth Stedman Jones (1976) Outcast London.*
3. *see ibid for a full description.*
4. *Herbert V. Mills (1886) Poverty and the State.* p 166.

prominent English socialist, Edward Carpenter played a role in popularising Leclaire's ideas, although he was keen to stress what he viewed as their limitations:

> "Not that, as I think, isolated co-operative ventures can be durable in a society whose very atmosphere is competition." (1)

At the same time, the slow and hesitant emergence of state enterprise during the latter half of the nineteenth century, was employed by socialists as an example demanding extension and emulation. As John Sketchley put it;

> "Take the Post Office, with its thousands of branch offices throughout the United Kingdom. How smooth and regular all the operations proceed. Take the savings bank in connection with the Post Office. What harmony! What uniform regularity! Take the telegraph! How admirably it works!" (2)

The Left, particularly the SDF inherited the radical tradition, but at the same time was responsive to these pressures. The "home colony" became, as a consequence, the cornerstone of its political and economic thought.

1. *Edward Carpenter (1886) Co-operative Production. p.7.*
2. *John Sketchley (1884) A Review of European Society, with an exposition and vindication of the Principles of Social Democracy. p.221.*

IMPLICATIONS

In one sense, the "home colony" represents a visionary attempt to resolve both the unemployment problem, and get to grips with the question of how socialism could supersede capitalism. In other words, as an ideological outlook, it is clearly "hegemonic"; it was not simply an attempt to win an improved position for the working classes within the structures of the existing economic framework. Instead, it linked the issue of unemployment to revolutionary transformation.

In certain respects, then, the perspective can be regarded as a legitimate precursor of later revolutionary strategies adopted in the wake of the Russian revolution. The demand for the "home colony" challenged the very nature and purpoee of production. Capitalism had ensured, as John Burns put it, that,

> "...the workers had been degraded to nothing more than mechanical automata for the production of wealth for others to enjoy". (1)

The "home colony" was to offer an immediately visible alternative to this form of alienation, where the working classes could collectively determine their own destiny and fate, and where production was clearly linked to efforts and needs. "Home colony" workers would be,

> "...free from the capricious and grinding exactions of landlords and masters, and beyond reach of the artificial disturbances of trade and fluctuations of markets. Everything will depend upon their own exertions. They will eat their bread in the sweat of their brow - as all men should - but they will not be sweated by others". (2)

As the nucleus of the socialist future, the "home colony"also served a more directly pedagogic purpose. In some respects, it is comparable with the concept of "workers' control" as a "school of communism", advanced in the Bolshevik schema. Direct democracy and a high level of mass participation were emphasised;

> "...the educated and well-nourished workers of these industrial armies will elect their own leaders and organisers, and, equality of conditions being the rule throughout, there need be no domination". (3)

1. *"Daily Chronicle". 22nd November 1886.*
2. *J. L. Mahon (1888) A Labour Programme p.42.*
3. *H. M. Hyndman (n.d.) Socialism and Slavery. p.22.*

Yet, there is another aspect to the "home colony" proposal. Although it clearly had these revolutionary implications, it also, at the same time, contained conservative and even reactionary implications which were, at times, explored and employed. After all, if unemployment was primarily attributable to the competition between wage-earners, what, then, could be more logical than to demand the exclusion of seemingly marginal sections of the workforce? The attitude of the left towards the employment of female, immigrant, and "sub-proletarian" labour has to be seen in this light. In 1882 the Federation mounted a campaign of opposition to the entry of Chinese labour into this country. (1) In April 1886, Hyndman complained that the Irish,

> "...in our great cities are nothing if not clannish, and perpetually undersell Englishmen in the labour market." (2)

During the following year the SDF paper, "Justice" moved towards partial agreement, with the high-priest of social-imperialism, Arnold White, over the question of the Jewish immigrant;

> "...we are perfectly willing to agree with our old opponent, as to the evils caused by the unrestricted immigration of destitute foreigners." (3)

Later statements on the question were, however, obscured by qualification, ambiguity, and open hostility to figures such as White. At a meeting he organised, demanding an end to unrestricted immigration, in November 1893, Federation members led by George Lansbury, physically disrupted the gathering. (4) Added to this were the actions of the militant "Jewish Unemployed Organisation Committee" formed under the direction of an SDF member, Lewis Lyons. (5) Nevertheless, fear of immigrants adding to an already overstocked labour market, and, perhaps a certain anti-semitism remained component features of the Federation's outlook, emerging at times in its publications and statements. ILP members often expressed similar fears. As Tom Maguire of the Leeds branch argued;

> "...the question we have to answer is whether pressure should be brought on the Government to restrict the constant inflow of destitute foreigners. If it can be shown that immigration to any appreciable extent goes on, then I should answer yes...Goodness knows the labour market here is sufficiently crowded without importing fresh competition from foreign lands..." (6)

1. *"Justice" 9th August 1884.*
2. *"Justice" 17th April 1886.*
3. *ibid. 24th November 1887.*
4. *ibid. 2nd December 1893.*
5. *W. J. Fishman (1975) East-End Jewish Radicals, 1975-1914. p.203/4.*
6. *"The Labour Chronicle" (Leeds) No. 1. May 6th 1893.*

Leeds ILP went on to complain about the competition of Jewish "greeners" who, it was alleged, threatened the employment of local coat-makers. (1) Fabian polemicists also joined with these calls. Pointing, in particular to the employment of Asian seamen on British ships, they argued that,

> "...by such inter-racial competition...the struggle for existence is embittered, whilst the gain to British industry is unappreciable".(2)

They suggested that the British government should follow the example of California and Queensland in imposing a poll-tax on the intending unskilled immigrant.

An analysis of unemployment, resting on the intensity of competition between wage-earners also inevitably led to an ambiguous stance towards the employment of female labour. This was reinforced by the influence of moral orthodoxy within the socialist movement. H. M. Hyndman, the patriarch of the SDF, claimed that,

> "...women's labour under capitalist rule is harmful to the men who are their husbands and brothers, by cutting down their wages and throwing them out of work, is injurious to themselves by lowering their strength and spoiling their beauty; and it is utterly ruinous to the children, who, under our present family system of bringing up, are neglected and half-fed". (3)

"Justice" reported uncritically on a strike of Kidderminster weavers aimed at eliminating the employment of women in their trade. This did however raise protests. Charlotte Wilson, a pioneer anarchist complained that,

> "...you apparently exclude women from the category of workers". (4)

Other anarchists maintained a flow of criticism. In the summer of 1887, they noted that,

> "...many socialists have joined in the outcry of certain Trade Unionists and Radicals against the employment of women in work which the women think suitable and the men do not". (5)

The SDF appear to have been sensitive to this form of criticism. The manifesto of the Unemployed Organisation Committee, issued in the winter of 1892, firmly included the demand for a woman's right to work. (6) Nevertheless, some opposition continued, and was doubtless reinforced by

1. *"The Labour Chronicle" (Leeds) No. 1. May 6th, 1893.*
2. *Fabian Society (1886) The Government Organisation of Unemployed Labour. p.10.*
3. *"Justice" 22nd March 1884.*
4. *"Justice" 8th March 1884.*
5. *"Freedom" July 1887.*
6. *"Justice" 3rd December 1892.*

the English publication of Engels' "The Conditions of the Working-Class in England", in 1892, which viewed the use of female labour as "ruinous".(1) Yet , although the question remained an issue, it was not of particular prominence. Why was this the case? The answer appears to lie, at least, partially in the nature of the London economy. The metropolitan industrial structure allowed and permitted the question to remain at an abstract level. In the capital, relatively few women worked and employment appears to have followed identifiable lines of sexual demarcation, out-working providing the primary source. (2)

The socialist attitude to the sub and lumpen-proletariat also requires some examination. Again, political and economic issues are intertwined. In general terms, the left tended to see such people only as a tool of reaction, and, more immediately, as a threat to any form of workplace organisation, and protection against market forces. Theodore Rothstein reflects this mood. Writing at the turn of the century, he drew the conclusions that,

> "...experience has taught us by now that...it is exactly the lowest strata of the working classes...that are the least accessible to noble appeals, the least capable to grasp a new idea, the least prepared for a conscious effort and unremittant (sic) struggle...tossed to and fro by their inarticulated instincts, they join popular movements only to plunder, to rape, and to kill." (3)

Added to this was a certain moral concern. "Malingering" was regarded with distinct distaste, which could only be corrected through the use of coercive measures. As Harry Quelch insisted in his evidence to the Royal Commission on the Poor Law;

> "I think that the best way to deal with the loafer is by treating him to a protracted dose of enforced idleness". (4)

Similarly, the SDF made efforts to disassociate itself from the"rioter" and the "looter", most especially in the aftermath of the disturbances in February 1886. H. H. Champion's threat to personally shoot any demonstrator seen looting shops or warehouses is well-known. Other activists in the socialist movement saw dangers in this attitude. Frank Kitz came out against the left's evident hostility to the lowest

1. F. Engels (1972 ed) The Conditions of the Working-Class in England". p.172.
2. G. S. Jones (1971) Outcast London. p.83/7.
3. Theodore Rothstein. Why is Socialism in England at a discount? from "The Social-Democrat." vol. 11. No. 3. (March 1898) p.69.
4. Royal Commission on the Poor Laws (1909) Evidence of H. Quelch. Reports. vol. XL (1909) 8th October 1906. p.76.

social layers. He urged socialists to,

> "...infuse a feeling of brotherhood and sympathy with those at the very base of society, as the result of enlightened views as to the cause of their position, and to join with the demand for work and bread, which is now heard alone, the demand for leisure, culture and refinement - in short, equality". (1)

All this is of some importance in shaping the socialist projection of the "home colony". At times the "colony" appears as a"dumping ground" for those perceived of as a threat to the dominant sections of the working classes. Fred Reid has noted this line of thinking in Keir Hardie's advocacy of the scheme:

> "Stripped of its nostalgic, "back to the land" rhetoric, Hardie's enthusiasm for farm colonies would have subjected the unemployed to a regime which was at best patriarchal, and at worst cruel". (2)

This is perhaps a one-sided judgment, but nevertheless, it does reflect an aspect of socialist ideology. The thinking behind Keir Hardie's advocacy of the "home colony" is indicative of this;

> "When trade is very bad, men flock into the pits. They are always open to all comers...and the unemployed come into the pits and reduce wages, when they are low enough; and we propose that remunerative work should be found for the unemployed on home colonies where they would produce what they themselves required, but not produce manufactured goods for the home market". (3)

Here, then, the "home colony" appeared simply as a defensive reaction on the part of those in employment. In other words, robbed of its romantic overtones, the "home colony" could be simply a device to protect the established worker from competitors in the labour market.

1. *"The Commonweal" 6th November 1886.*
2. *F. Reid (1978) Keir Hardie. p.168.*
3. *Keir Hardie. Evidence to the Royal Commission on Labour (10th February 1892) c6795 - IV p.190.*

CRITICS AND OPPONENTS

The proposal for the "home colony" always had its critics, not only amongst representatives of orthodox political economy, but also from within the socialist movement. In one sense, the SDF even gave that opposition an advantage since it was, generally, almost shy and hesitant in advancing its own programme. As one observer asked;

> "But what attempt has the Federation made to get that political programme carried out? How many meetings have been held in support of it as distinct from Socialism or relief of the unemployed". (1)

To the left of the SDF, both anarchists and some members of the Socialist League saw the "home colony" as a utopian prospect. The ruling classes would, they argued, quite simply employ their power and authority to block the implementation of the proposal;

> "The unemployed cannot employ themselves. Why? Because all they need for their work - food, clothes, shelter, tools, machinery, workshops, factories, land - are monopolised by individuals who will not let these things be used unless they can make a profit out of the labour of those who use them". (2)

Such criticisms may well have made an impact. Anarchist participation in the "unemployed agitation" during the early 1890s was of some significance. Police reports for that period indicate that, despite SDF opposition, there were a considerable number of anarchist speakers at the daily meetings of the unemployed held at Tower Hill. (3) The "home colony", and related demands such as the call for municipal workshops were seen as a fetter on the struggle for "the right to labour":

> "The unemployed must wait until...the Social Democrats get municipal workshops". (4)

However, when, despite advocacy of rioting and looting, the anarchist movement was compelled to discuss unemployment in terms of a political programme, its response was not dissimilar to that of the SDF. They called on the trades unions to organise a system of co-operative production. as the beginnings of an alternative to capitalism. (5) The Socialist League shared these problems. At a national level, they maintained what E. P. Thompson has termed their "old purism". However, at the same time, members of the League were active in promoting the use of unreclaimed

1. *"A Socialist Politician" - "The present crisis in the socialist movement" "To-day" (June 1887) p.167.*
2. *"Freedom." November 1887.*
3. *H.O. 45/9861/B13077C and H.O. 45/9861/B13077*
4. *"The Commonweal" 9th January 1892.*
5. *ibid. 6th July 1894.*

land for the settlement of the unemployed. (1)

Similar criticisms of the "home colony" were even expressed within the SDF itself. H. H. Champion's pamphlet on unemployment, published at the height of the "agitation" of 1886, is noteworthy for its failure to make reference to the demand. (2) In fact, Champion's hostility to the proposal is well-known. However, even those who had formerly been enthusiastic in their support for the perspective, expressed a more than occasional doubt. Was it really possible to wrest such a concession from the ruling classes? In other words, could the proposal be initiated within the framework of capitalism?

> "Anything of the sort to be successful must be self-supporting and self-contained. But in order to do this a complete national organisation is necessary, the result of which would be Social Democracy pure and simple". (3)

Such doubts were crystallised during the early years of this century. A. A. Watts argued rhetorically,

> "I do not think that any of us are quite foolish enough to regard this or any other measure (as) likely to be put into operation by the capitalist class, as Social-Democracy". (4)

H. W. Lee, as Federation secretary, appears to have shared these doubts. His widely circulated pamphlet on unemployment, published in 1902, failed to discuss the "home colony", and suggested, albeit rather circuitously, that significant reform was simply unfeasible prior to the social-revolution. (5)

Opposition to the "home colony" was not, however, limited to criticism of its alleged impracticability. Two other aspects of the proposal came under fire. Firstly, the "municipal workshop", an integral feature of the perspective, was a specific target. At the 1894 SDF conference, a majority on the executive came out temporarily in opposition to the call for workshops. However, full discussion of the issue was averted, and the question referred to the leadership by conference. Little appears to have come of this, and discussion faded as the SDF shifted its attention to other issues. (6) Opposition to workshops seems to have been a simple response to the disillusionment arising from the collapse of the "unemployed agitation". (7) Far more savage criticism of the "home colony" came from other quarters - primarily from "The Labour Elector", a paper edited by H. H. Champion after

1. *E. P. Thompson (1970) William Morris p.485.*
2. *Anon (HHC) (1886) The Facts about the Unemployed - by One of the Middle Class.*
3. *"Justice" 7th October 1893.*
4. *The Social-Democrat (December 1904) p.721.*
5. *H. W. Lee (1902) A socialist view of the unemployed problem.*
6. *see executive reports to SDF conferences - 1894-7.*
7. *e.g. SDF (August 1894) Report of the 14th annual conference. p.30.*

his departure from the Federation. Initially, it merely offered a cautionary note. Writing in 1889, the paper argued;

> "We believe that such colonies might be successful, but we should desire to see experiments in this direction carried out very gradually and cautiously, especial care being taken that life in such colonies should not be made comfortable for the idler." (1)

By the early 1890s, however, the paper had gone on an open offensive. In making its own proposals for employment, "The Labour Elector" stressed that,

> "...the work in question has nothing to do with Municipal Workshops or Communal Farms, or any nonsense of that sort". (2)

This sentiment was spelt out more explicitly:

> "The fad about municipal workshops is on a par with that about paper currency, and they bring ridicule and contempt on the labour movement. They are dreams of minds imperfectly equipped, and of disordered imaginations". (3)

This rather vitriolic rhetoric had been prompted by Keir Hardie's re-assertion of "home colonisation", and its reaffirmation at the founding conference of the ILP. Misrepresentation also seems to have played a part. "The Labour Elector" appears almost consciously obtuse in its critique of the "colony" vision of social transformation;

> "And when these outside industries have been extinguished, as they would be, by the unequal contest, from whence is the public market to be supplied? - for Mr. Hardie, as we understand, proposes that the products of the municipal workshops are for the use of their own producers only". (4)

Yet, advocates of the "home colony" and the municipal workshops had always insisted that such institutions would be economically interlinked, supplying not only basic necessities, but playing an increasingly significant role in providing goods and services. Dissent also appeared within the ILP. Hardie continued to assert the values of the proposal in parliament. As he put it in February 1895,

> "Experiments should be tried on the lines of making the land of England produce the food of its people. Whether that was impossible remained to be seen. We might, at all events, find out whether a thousand men could not, under ordinary conditions, provide themselves and their dependents with the necessaries of life". (5)

He had clear support from some sections of the party. Ramsay Macdonald, for instance, seems to have firmly supported the proposal for the "home colony" in what appears to be his first publication;

> "These colonies would be their own markets, so that their produce would not interfere with the produce of ordinary labour". (6)

1. *"The Labour Elector" 11th May 1889.*
2. *ibid. 21st January 1893.*
3. *ibid. 25th March 1893.*
4. *ibid.*
5. *H. C. Deb. vol XXX 7th February 1895 col. 248.*
6. *J. R. Macdonald (n.d. but 1892) "The New Charter: a programme of working class politics". (unpaginated)*

However, at the same time, there was also opposition. A considerable number of delegates voted against proposals linked to "home colonisation" at the 1895 conference. (1) As a consequence of this division, ILP resolutions tended towards avoidance of the question, merely calling in somewhat vacuous terms, for schemes of work. A proposal from the London district of the party, taken to the NAC in November 1893 by Peter Curran and Edward Aveling is typical. It simply urged ILP branches to bring pressure to bear upon all public bodies,

> "...with a view to finding useful work at a living rate of wages for the unemployed". (2)

The division within the Scottish Labour Party was not discussed in this way. At its conference in January 1894, an amendment was moved,

> "recognising that the unemployed problem can only be solved by restoring to the people full and free use of the land.." (3)

This was however lost, and a resolution was passed instead merely calling on local and national governmental bodies to organise schemes of work.

Criticism of the "home colony" was not limited to this particular aspect. The other line of attack rested on the economics of the proposal. It was suggested that a partial clearance of the labour market would merely prompt the increased employment of improved technology, and, as a consequence, renewed unemployment. (4) Other criticisms were made. By the 1900s, land reform, and proposals associated with it, were increasingly tinged with the taste of anachronistic eccentricity. Even Hyndman tacitly admitted as much. In reiterating the call for the "home colony", along with other SDF demands, he conceded that,

> "...here the economic difficulties are far greater, the divorce of the people from the land having gone further in Great Britain than in any other country". (5)

At the same time, there were still those who saw the proposal as an irrelevance and diversion. The "home colonies" would be mere pockets, and would be compelled to yield to the logic and dynamism of capitalism;

> "Even if every man and woman out of work to-day could be employed by the state to-morrow, yet the essential principle on which our capitalist system with all its misery rests, would not have been touched". (6)

Such points proved a running sore in the side of the "home colony", and contributed to its erosion as the dominant theme in socialist thinking.

1. *see ILP (1895) Report of the Third Annual Conference. p.26.*
2. *NAC minutes 18th November 1893. (National Administrative Council)*
3. *"The Labour Leader" 5th January 1894.*
4. *see e.g. Thomas Binning (1886) Organised Labour p.89.*
5. *H. M. Hyndman (1904) Social-Democracy: The basis of its principles, and the cause of its success. p.24.*
6. *"The Commonweal" March 1886. vol 2. No. 14.*

Fablanism however provided a rather more persuasive and coherent critique. The Fabian approach owed much to the "home colony" but adapted the scheme to its own theoretical framework. In this, it contributed much to the discrediting of the "home colony" as an answer to unemployment. In March 1886, the Society established a committee to examine every aspect of the question. It reported back in June, where it was agreed that the findings should be published, but issued to members only. (1) In other words, the suggestions contained in the report were regarded as tentative and exploratory. Nevertheless, they laid the basis for later Fabian recommendations and proposals, and were, in certain instances advanced with vigour. The report is significant if only as an early attempt to classify the unemployed. Three classes are identified; the skilled, hit by the "temporary interruption" in industrial production; those dependent upon the seasonal trades (or affected by shifts in fashion); and those permanently displaced by say, the decline of a particular industry. This scheme was clearly drawn from the experience of the metropolis. The primary causes of unemployment were seen as the proliferation and indiscriminate distribution of private charitable funds which were viewed as a fetter on rational reform; the system of casual employment endemic most obviously in the docks; and the influx of rural and foreign immigrants into the Capital. In other words, the urban proletariat, particularly the unskilled, with

"...nothing to see but their thews and sinews..."

were

"...being constantly dragged down by the competition of fresh arrivals from the country districts and from Ireland, and by the influx into London of destitute foreign refugees". (2)

Yet, despite the evident metropolitan bias of this analysis, the report advanced recommendations which were clearly national in character. It acknowledged, albeit rather indiscriminately, schemes for rural regeneration.

"...we welcome the various proposals which have been made for settling a larger number of people on the land". (3)

At the same time, the report was sceptical about the introduction of relief works, stressing instead the importance of education and training;

"We are indeed inclined to think that the most really "remunerative" form of "relief" works for the unemployed would often be a course of instruction in some trade or handicraft..." (4)

1. *Fabian Society meetings minutes - File C36 (Nuffield College)*, (4|6|86).
2. *Fabian Society (1886) The Government Organisation of Unemployed Labour. p.7.*
3. *ibid. p.8.*
4. *ibid p.9/10.*

This was to be complemented by the eradication of the "dead-edd" trades; that is those employing only boys who were dismissed on reaching adulthood. Compulsory half-time education would, it was argued, end this system of employment. Labour mobility was stressed in other ways. The report called for a Government labour bureau organised through local branches of the Post Office. (1) However, unemployment was not simply a question of increasing levels of mobility, and removing "artificial" blockages. A sector of state employment was also required. Yet, as in the conceptual framework posed by the "home colony" interference with the capitalist market was seen as a considerable danger. However, for Fabianism, the fear was not so much that such interference would crush the state sector, (or lead to its absorption through the pressures of competition) but rather that it would rob either land, capital, or labour from elsewhere, thereby leading to a loss in terms of production and employment equal to that gained in launching state enterprise. Government industry was therefore only conceivable in ... "comparatively rare.." situations. (2) J. S. Mill was cited as an authority to suggest that such instances arose in the case of an entirely new industry or in areas where private enterprise was reluctant to invest or develop. It was argued that tobacco culture fulfilled these requirements. Such work would be undertaken by a semi-militarised labour force working under a discipline which would produce;

> "...in place of the lawless Ishmael of modern civilisation, a disciplined and responsible citizen, capable of being a unit in a social state, and worthy to be a father of the generation to come". (3)

These projects would be supplemented by limited forms of relief works, although these would again be conducted under the strictest of conditions and terms, both so as to maintain the "self-respect" of those employed, and to ensure that such schemes did not interfere with the workings of the market.

The report is of considerable significance, not only for its impact on the course of Fabian thinking, but also for its more immediate impact on other sections of the left. Fabianism was in a strong position to influence other socialist organisations. Its meetings were attended by a diverse set of prominent thinkers and activists, and its membership included such figures as John Burns and Tom Mann of the SDF. (4) The

1. *Fabian Society (1886) The Government Organisation of Unemployed Labour. p.9/10.*
2. *ibid p.11.*
3. *ibid p.13.*
4. *ibid. p.19/20.*

Society, and its report on unemployment, appear to have been an important influence in shifting socialist thought away from the essentials of the "home colony". This can be seen in a number of ways. Firstly, Fabian policies rested on a strict divorce between the ultimate, socialist re-organisation of society, and those reforms that could be achieved in immediate terms. As the report took care to stress; the,

> "...suggestions and recommendations have application only to the existing state of society, and that they must be understood as put forward merely as practical temporary palliatives of evil conditions which can be thoroughly altered only by radical change in the whole basis of our social organisation". (1)

This split between the present and the future stands in sharp contrast with the "home colony" and the proposals linked to it, which united immediate steps and a relief programme with its long-term goal. Fabian ideas played a not inconsiderable role in distancing social reorganisation from demands for "palliatives". The second area of discernable influence lies in the report's strengthening and reinforcement of social-democratic hostility to the sub-proletariat, and possibly the addition of a certain eugenicist tinge. Fabian insistence on clear classification and segregation was echoed by Champion and his colleages:

> "Nothing whatever can be done until the "loafers, cadgers, and thieves"...are s ifted from the great mass of working men in distress". (2)

This was tied to increasing caution towards the distribution of charitable funds. Burns complained in January 1888;

> "We have had too much charity of late..." (3)

Similarly, Annie Besant was given space in "Justice" to question the impact of ad hoc relief schemes:

> "Relief schemes which are manufactured on the spur of the moment.. and which are only a kind of limping and shamefaced charity - these are mischievous". (4)

More importantly, however, Fabianism based its policies for unemployment on the belief that the labour market could be fundamentally reorganised within the framework of the capitalist mode of production, and that, therefore, labour mobility presented the most pressing and urgent problem. In turn, this drew much of the left towards the idea of the labour bureau. Other factors were also of importance in making this a question of some importance, most notably, the successful agitation of the Parti Ouvrier to win an exchange in Paris. This met severe anarchist criticism;

1. *Fabian Society (1886) op cit. p.2.*
2. *Circular from Champion (30th November 1887) (TUC Library ref. L139(41) 32.19).*
3. *John Burns (1888) Trafalgar Square: speech for the defence. p.8.*
4. *"Justice" 12th January 1889.*

> "It cannot create employment or raise wages in an overstocked labour market, and it will afford a splendid opportunity for ambitious leaders and politicians to get hold of the various workmen's associations; for every man dreading the days when he may be out of a job will fear to offend the managers of the Exchange". (1)

Finally, the Fabian report strengthened the left's fear and caution towards any kind of "interference" with market operations. It added to the idea that any steps taken to lessen unemployment levels must take a form lying outside of capitalist economic channels.

All this represented a marked shift away from the original projection of the "home colony", and a turning towards far more pragmatic concerns. It led to a dilution of earlier ideas and concepts. Supporters of "The Clarion" even toyed with a proposal for small holdings as an answer to unemployment;

> "...the small holding of five acres can make a man independent of working for wages - clear him out of the labour market". (2)

Most importantly, however, the erosion of the "home colony" as the dominant theme in socialist thinking, laid the concept open and vulnerable to the challenge pos ed by underconsumptionist theories in providing an alternative theoretical answer to the question of unemployment. (3)

1. *"Freedom" September 1887.*
2. *"The Scout" vol. 2. No. 1. (January 1896)*
3. *see below.*

INFLUENCE AND LEGACY

Despite the widespread adoption of underconsumption theories, "home colonisation" remained an important theme for the left, at least up until 1914. The SDF clung tenaciously to its main features. However, while it survived the war, and certainly could not be regarded as a mere eccentricity, it became an idea increasingly peripheral to socialist thought.

In the immediate aftermath of the war, variants on the "home colony" proposal won support from the ex-servicemen's organisations. The National Union of Ex-Servicemen, a revolutionary grouping, attached particular importance to the nationalisation and cultivation of the land, emphasising this in a draft Bill, aimed at alleviating unemployment, submitted to the government in the autumn of 1920. (1) At the same time, the SDF (now merely the Hyndmanite rump, affiliated to the Labour Party) continued to argue for the idea, although rather in the fashion of a ritual incantation. (2) At Labour's special conference on unemployment, held in January 1921, Federation members firmly reiterated the call for the "home colony" in which,

> "...the goods co-operatively produced could be exchanged by a system of bartering within our own borders". (3)

The SDF was however now more or less insignificant. Certainly its practical activity around unemployment appears to have been limited to the raising of demands for a Labour executive inquiry, -

> "...into the alleged Bolshevist agitation in connection with the Unemployment...Movements". (4)

Such calls were ignored by the Labour leadership. However, certain efforts were made by sections of the Labour Party to support the call for the settlement of former servicemen on the land, although there was a rather unenthusiastic basis. (5) Yet, even as late as 1928, Ben Turner, giving his presidential address to the TUC conference, re-iterated the traditional arguments;

> "There is one natural way of dealing with unemployment, and that is to use our State resources to utilise our own land to employ the men who can use the mattock and spade. I do not flinch from the old cry of Hardie and his colleagues in the nineties." (6)

1. *"The Fighter" September 11th 1920. No. 1.*
2. *see e.g. letter from H. M. Hyndman "The Times" 1st January 1920.*
3. *"The Times" 28th January 1921.*
4. *Labour Party executive minutes. 16th February 1921.*
5. *see e.g. speech by G. Edwards. H.C. Deb 133 21st October 1920 col.1131*
6. *T.U.C. (1928) Report of Proceedings at the 60th annual TUC p.67. Later suggestions of this type were made. See e.g. T. S. Hoyland (1936) Digging for a new England: The Co-operative Farm for Unemployed Men.*

Similarly, an ILP member insisted that,

"Hundreds of thousands now unemployed ought to be able to get a good living on the soil of Britain". (1)

However, such calls were not only isolated, but in general a very diluted variant on the "home colony". Agricultural policy was now seen as a distinct and separate question, only peripherally related to unemployment. Why then did the "home colony" disappear? What were the reasons for its final demise? Firstly, the wartime government had adopted a much adulterated version of the original proposal, robbed of its revolutionary implications. The Departmental Committee on Settlement or Employment on the Land in England and Wales of Discharged Sailors and Soldiers had proposed a form of "home colony" based on tenant communities of a hundred families. Its motivation was not entirely dissimilar to arguments earlier employed by socialists. Firstly, the resultant increase in domestic food production was seen as being of military importance. Secondly, the proposal was more generally viewed as a means of promoting;

"...a strong and healthy race". (2)

However, ideas of a "home colony" lying outside the mechanisms of capitalism were clearly forgotten. This adoption, and in a sense, perversion of the original concept robbed it of its attractions for the left. It appeared as yet another weapon in the capitalist armoury. There were other reasons for the "home colony's" declining level of support. The war dramatically changed the economic perspectives of the entire left. Socialist attention, already orientated towards the trade cycle, was thrown in the direction of other questions and problems, far removed from the original concerns, which had rested solely on an apparently overstocked labour market, that had allowed "home colonisation" to flourish. Not only this, the scheme had always been closely associated with the SDF. Yet, after the split of 1916, the Federation was completely discredited with the Marxist-influenced left, and regarded as irrelevant by mainstream Labour currents. (3) Finally the proposal was clearly an anachronism in an advanced industrial nation, as a number of observers remarked. (4)

Did "home colonisation" leave a legacy? Did it make any form of mark on later socialist thinking? In general terms, it must be conceded that the legacy was lost and dissipated. Only vaguely discernable traces were

1. *"Labour Leader" 2nd March 1922.*
2. *Parliamentary papers Cd. 8182 Final report p.6.*
3. *see e.g. W. Kendall (1969) The Revolutionary Movement in Britain.*
4. *e.g. the speech of P. T. Dollan to the 1921 ILP conference. see ILP (1921) Report of the 29th Annual Conference p.141.*

left. The prominence of demands for such projects as afforestation and reclamation, despite the drastically different context in which they were placed, is one sign of this. Their significance is not limited to their overtones of rural regeneration. They were also, and more importantly, unambiguously outside the range of existing capitalist enterprise. Yet, at the same time, they were of obvious social value. These were essential criteria for advocates of the "home colony". Yet, they were also, of course, the basis of arguments employed in the 1920s by Labour upholders of the "Treasury view". They too, although for different reasons, saw interference with market forces as a perilous exercise. Schemes of work could only be devised in areas where capitalist interests were uninvolved. As Philip Snowden put it, in discussing projects for afforestation and land reclamation:

> "...this unanimity and persistence with which those writing and speaking upon the unemployed question harp on these three strings is a striking proof of the smallness of the area in which it is possible to work unemployment schemes". (1)

There was a fear of robbing land, capital, or labour from other channels should state schemes be initiated. In other words, the consequences of the "home colony" and the "Treasury view" coincided on this point. They both stand in sharp contrast to the underconsumptionist argument, which, although adopting, amongst others, broadly similar demands, presented them in a markedly different context. In other words, there is a certain coincidence between the "home colony" and the "Treasury view" at a theoretical level. For both, schemes for the unemployed initiated within the market presented serious dangers. This was spelt out by Hunter Watts of the SDF:

> "If the State throws on the market the products of the labour it organises, it will either be beaten in the struggle for markets by private enterprise or vanquish it at the expense of displacing as much labour, now organised by private enterprise, as it employs to gain the victory". (2)

Such an analysis was strikingly similar to the arguments later employed by Snowden, who complained that;

> "Many of the crude suggestions put forward for dealing with the unemployed amount to no more than giving work to the unemployed by taking it from the men who are in employment". (3)

It seems likely, then, that the theory of "home colonisation" played a part in engendering the widespread fear among socialists of "interference"

1. *Philip Snowden (1924 orig. 1921) Labour and the New World. p.186.*
2. *J. Hunter Watts - The Unemployment Evil from "The Social-Democrat" (May 1909) vol. XIII No. 5. p.195.*
3. *Philip Snowden. op.cit. p.182*

with market forces. This would appear to be its primary legacy, although it is perhaps ironic that the arguments employed to demonstrate the necessity of revolutionary transformation become the property of those opposing and resisting systematic change.

UNDERCONSUMPTION THEORY

Underconsumptionist ideas, in other words, the belief that trade depressions can be ironed out, or at the very least, significantly alleviated through the conscious raising of consumer demand levels, have a long, if rather diffuse history among both critics of industrialisation and opponents of the capitalist market system. (1) By the 1880s, they had been adopted by some prominent members of the trade union hierarchy. As George Howell, perhaps their foremost exponent during this period, told the Mansion House conference on the condition of the unemployed;

> "I have thought over this matter a great deal and perhaps I am going to express a somewhat heterodox opinion. I think the only chance we shall have will be of increasing the power of consumption for our people at home, and that will have to be done not by....lessening men's wages". (2)

Levels of consumption, Howell argued, had to match productive output rather more evenly:

> "...the means of the masses of the working people are such that their purchasing powers are too limited to give that healthy tone to trade which it would have, were they enabled to consume more largely the manufactured articles which they are perpetually engaged in producing". (3)

However, despite this vigorous advocacy, the underconsumptionist case did not win widespredd support during the 1880s. Trade union energy around the unemployment question was focussed on the restoration of 'normal' forms of economic competition, and the removal of apparently artificial barriers to free trade and commercial intercourse. As a delegate from the Newcastle boilermakers, a member of a deputation, told Lord Salisbury in July 1887;

> "All we ask is - let us have fair competition, and then, if it is to be found, we are willing to submit to foreign superiority". (4)

It is only with the emergence of the Eight Hours Movement that underconsumption theories won significance as a powerful and important argument. It is important to trace the course of this development. Restrictions in the length of the working day, as a means of absorbing the unemployed had been argued for since the days of the Land and Labour League. A resolution was for example, moved at the 1869 TUC

1. *see M. Bleaney (1976) Underconsumption Theories. p.9.*
2. *Mansion House conference on the Conditions of the Unemployed (1886) evidence of G. Howell.* (cont. p.8).
3. *G. Howell M.P. - Fluctuations in Trade and Wages for "The Fortnightly Review" (1887). p.545.*
4. *London Trades' Council (1887) Report. Workmen's deputation to the Marquis of Salisbury. (22.7.87) p.5.*

claiming that a shortened working day would,

"...assist in finding employment for the unemployed." (1)

By 1889 this argument had won considerable support and credibility in the socialist movement. Robert Frost's claim would have been accepted by most shades of socialist opinion;

"The limiting the hours of labour would greatly increase the opportunities of employment". (2)

The demand for an eight hour day was however immediately countered. Opponents claimed that any such step would place Britain's trading position within the world market in jeopardy. The left, in turn, responded with a number of, sometimes conflicting, arguments. Firstly, it was said that the proposed law, implementing an eight hour day, should only be effected in those industries and trades unaffected by the foreign competition. In a debate with Bradlaugh, for instance, Hyndman was at pains to stress that,

"...there is an enormous host of people who would not be affected at all by this foreign competition in any shape or way. There is the Government employment, railways, tramways, omnibuses, bakehouses, gas-works, municipal employment, dressmaking, domestic servants, servants in hotels, largely agricultural, and coal miners to a very great extent, shopmen, and shop girls, who would not be affected in any way by foreign competition". (3)

Alternatively, it could be and was suggested that the implementation of an eight hour day should be dependent and conditional on foreign governments taking similar steps. Sections of the SDF, most particularly H. H. Champion, (while he was still a member) generally adopted this line of argument;

"...the establishment of communications with foreign countries in order that an international agreement may be arrived at for curtailing in each State, the hours of labour in manufactures and industries which are affected by international competition". (4)

Increasingly though, by the end of the 1880s, such arguments were superseded by a stress on the need to develop the home market. If, it was claimed, commodity prices rose as a consequence of an eight hour law, and foreign buyers were lost, so be it. The entrepreneur would have to look elsewhere for a market. However, a new market was available. The strengthened bargaining position of the British working classes as a result of the measure, and resultant wage increases, would provide an alternative domestic market for the producer. The raising of demand levels would thus provide a new source of industrial prosperity.

1. *cited in S. Webb and H. Cox (1891) The Eight Hour Day p.18.*
2. *R. P. B. Frost The Unemployed 'Today' vol. III. (March 1885)p.136.*
3. *(1890) Eight Hours Movement. Verbatim report of a debate between Mr. H. M. Hyndman and Mr. C. Bradlaugh. p.15.*
4. *Anon (H.H.C.) (1886) 'The facts about the Unemployed' by 'One of the Middle Class' p.10.*

This would offer a bulwark against trade depression. This argument provided a foundation stone upon which theorists, most obviously Hobson, were able to build.

The adoption of underconsumptionist arguments took traits, already evident within British radicalism, one step further. The idea of an autarchic and more or less insulated economy took a more explicit form. If British industry was to develop on the basis of home demand, then it had to be protected from the threat of being swamped by cheap imported goods. A number of advocates of underconsumptionism acknowledged this. As Champion told a demonstration in Glasgow, some years after leaving the SDF:

> "Either you must be content to let the trade disappear as a British industry, or if you want to keep the trade, you must seek in tariffs for the foreign article the same protection against the competition of foreign "blackleg" labour embodied in that article, as you seek in Trade Unionism against the competition of home "blacklegs". (1)

Champion's paper, 'The Labour Elector', chief advocate of the eight hour day as a method of absorbing the unemployed, fully embra ced and supported protectionism. Development of the domestic market was energetically argued;

> "The transformation of the unemployed into wage-receivers means a great expansion of the home market. Higher wages to those now in work again means an increase in the demand for goods". (2)

There must be, it was argued by Champion and his associates, a clean break with Free Trade. The working classes had been,

> "....humbugged...by the Cobden Club and the Manchester School." (3)

Two other features of this argument require emphasis. Firstly, it was assumed that there was a direct and unproblematic relationship between hours worked and numbers employed;

> "...since the working day in this country now averages about twelve hours, the immediate effect of its reduction by one-third would be not only to absorb the workmen now seeking employment, but to make vacancies for tens of thousands of able-bodied paupers, and of men, who, though hardly past their prime, have almost given up the hope of obtaining regular work". (4)

Tom Mann, one of the most active proponents of the campaign for the eight hour day, similarly argued his case in this way, claiming that the unemployed be rapidly absorbed through the implementation of the measure.(5)

1. *H. H. Champion (1890) The Parliamentary Eight Hours Day. p.11.*
2. *H. H. Champion - 'An Eight Hour Law' in 'The Nineteenth Century'. (1889) vol. XXVI p.516.*
3. *'The Labour Elector'. November 1893.*
4. *H. H. Champion 'An Eight Hour Law' op cit. p.513.*
5. *T. Mann (1889) The Eight Hours Movement. p.5.*

There is a second feature of the underconsumptionist case which requires consideration. In the context of raising working-class demand levels, the call for public works assumes a new meaning. Rather than appearing as instrumental in forging the nucleus of a future society, their role was increasingly seen as a means of increasing living standards, thereby supplementing the effects of the eight hour day. (1)

Despite the marked break that underconsumption represented, certain features and characteristics of "home colonisation" were perpetuated. Both theories were associated with the idea that the intensity of competition within the labour market was an essential source of working-class ills. As one writer graphically put it:

> "The cause lies upon the surface: it is the competition of his fellow worker. The supply of labour power in the world market is in excess of the demand". (2)

Underconsumption theory was therefore similarly open to many of the potentially right-wing claims deducible from this premise. "The Labour Elector" noted the advocacy of female employment by Isabella Ford, although, the paper said,

> "...their so working resulted in throwing their husbands, fathers and brothers altogether out of employment". (3)

Although it was conceded that the Jewish presence was only evident in a few industries,

> "...what actually takes place is that a portion of these workers when squeezed out of one industry by the pauper alien, fling themselves upon the flank of another industry, out of which they in turn squeeze a number of the old workess, and so the block, or body of surplus labour works its way up to the very highest grade". (4)

Even 'The Labour Leader', paper of the ILP, the current on the left which was perhaps most closely identified with the traditions of Liberalism, offered a platform to those who claimed that immigration increased unemployment levels. (5) Maltman Barry, an associate of Champion, took the argument further, and told Aberdeen Trades Council that,

> "...Society and the employer, by importing and using the destitute foreigners, are laying the foundations of the ruin of the British people..." (6)

These are not isolated examples, but at the same time, they are not, of course, characteristic of the socialist movement as a whole. Nevertheless, fear of immigration and female employment did at least partially stem from the economic concepts adopted by the left.

1. *e.g. see the proposals outlined in "The Labour Elector" 4th February 1893.*
2. *M. Maltman Barry (1905 alt. orig. 1890) The Labour Day. p.8.*
3. *"The Labour Elector" July 1893.*
4. *ibid. 14th January 1893.*
5. *Colin Holmes (1979) Anti-Semitism in British Society. 1876-1939. p.23.*
6. *M. Maltman Barry (1905) The Labour Day. p.36.*

Although it is important to note this element of continuity in socialist thinking, underconsumption theories did in other respects mark a significant departure from the ideas of "home colonisation". Most importantly of all, their adoption represented an abandonment of what might be termed the "revolutionary hegemonic" stance implicit within the "home colony" in favour of a rather more "corporate" outlook. The progress towards socialism lost its clarity in the hands of the under-consumptionist perspective, and appeared as a rather more gradual, problematic and undefined process. Certainly the solution to the unemployment question now appeared to be quite clearly distinct from the overturn of capitalism. In other words, this development laid much of the ideological basis for what has been termed 'labourism". (1) The eight hour day, socialists increasingly claimed, was not in itself a challenge to the capitalist order. Rather, it was an attempt to improve working-class conditions, which would inflict little damage on the interests of the employing class. It would, in other words, avert class conflict. Champion argued for legislation to implement the eight hour day, on the grounds that he did not,

> "...want to see Great Britain turned into a cock-pit for employers and employed to fight in". (2)

Similarly Tom Mann was keen to stress that,

> "...not only would the Eight Hour Day cause a rise in the wages and purchasing power of the working-class...it would also, in the majority of instances, cause a rise in the aggregate of employers' profits". (3)

Another writer was keen to assure the producer that,

> "...an eight hour day, by bringing into work a number of workless and wageless people, would create a new body of customers on whose patronage our manufacturers might with some safety rely". (4)

By robbing the solution of unemployment of its revolutionary implications in this way, scope was created for new sympathisers and alliances. Champion, 'The Labour Elector', and to some extent, Blatchford's "The Clarion", swung increasingly towards elements of rightist populism and working-class Conservatism. They extended the call for protectionism, and advocacy of a domestically-orientated economy by demanding further autarkic measures;

> "While our unemployed are starving and asking for work, while millions of our people lack decent houses, decent clothes, and decent furniture, WE, that is, a few rich men, are investing capital abroad TO FIND WORK FOR FOREIGNERS...If

1. *J. Saville 'The ideology of Labourism' from R. Benewick et al (eds) (1973) 'Knowledge and Belief in Politics' p.216.*
2. *H. H. Champion (1890) The Parliamentary Eight Hours Day. p.15.*
3. *T. Mann (1889) The Eight Hours Movement. p.5.*
4. *Harold Cox - The Eight Hours Question "The Nineteenth Century" vol. XXVI (1889) p.26/27.*

> the export of capital to foreign countries were stopped, that capital would have to be invested in this country". (1)

At the same time, other socialists were able to move rather more closely towards radical and Liberal circles. Hobson's theoretical studies received a welcome from much of the left. His "Evolution of Modern Capitalism" was seen as a confirmation of socialist arguments. At last, commented a local ILP paper,

> "...we do find economists of the unemotional, unsympathetic, scientific type enunciating, soberly and sagely, the truths socialists have long been preaching in the highways and market places." (2)

Socialist pamphlets adopted Hobson's arguments almost verbatim in a number of cases. (3)

Underconsumption theories did not win popularity and adherence solely as a consequence of the eight hours movement. Other factors were of importance. The United States had already received attention as an alleged example of a domestically-orientated 'high wage' economy. (4) Although the trade union leadership as a whole was not at this stage prepared to coherently employ underconsumptionist arguments, it was, having campaigned against the sale of goods produced by prison labour, in no mood to contemplate any scheme, however dissimilar, that bore the slightest taint of anything comparable. (5) "Home colonisation" was therefore never adopted by prominent trade unionists. However, in contrast, the corporate implications of underconsumptionist theory corresponded closely with the aspirations of trade unions, in so far as both were based on the notion of bargaining within the capitalist order. The idea that significant gains could be won prior to any fundamental shift in society had already won greater credence through the victory of the 1889 dock strike.

Further developments should be considered. "The iron law of wages", associated with "home colonisation" hardly matched rising real wage levels. More importantly, underconsumption theories provided the basis for an appeal to both unemployed and employed. It offered an opportunity to take the campaign for 'the right to labour' beyond mere appeals to those out of work. It was felt that this latter strategy had clearly failed. It seemed that the unemployed alone could not

1. *R. B. Suthers (1907) My Right to Work. p.72/3.*
2. *"The Labour Chronicle" (Edinburgh) 1st March 1895.*
3. *e.g. see Anon (n.d. alt. 1895) The Right to Work.*
4. *see Howell evidence op. cit. p.7.*
5. *G. Howell (1877) Waste Land and Prison Labour.*

act as a coherent and effective political force. "The Labour Elector" expressed this sense of frustration;

> "For four winters the policy of meetings and demonstrations about the Unemployed has been tried. It leaves the question in rather a worse position than it found it". (1)

Murray Macdonald was even more pessimistic about the possibilities of winning reform through the actions of the unemployed;

> "...a combination only of the unemployed throughout the country must always be hopeless. It is of the essence of their position that they lack the means necessary to sustain a great organisation. Besides, men who are forced together by poverty can have neither the patience nor the loyalty to each other required for the successful pursuit of an end more or less remote". (2)

Underconsumption theories, then, provided a basis for taking the unemployment question beyond this. They directly and unambiguously offered benefit to both unemployed and employed, promising increased wage levels, job stability, as well as full employment.

Yet, perhaps the most important reason for the emergence of the underconsumptionist case was the apparently increasing centrality of the trade cycle as the primary explanation of unemployment crises. Socialists had always referred to the cyclical nature of the capitalist economy, taking their cue, at least in part, from Marx. However, despite the prominence of this in socialist writings, it remained almost as a religious icon. Tribute was ritually paid, but it was always secondary in the left's overall analysis of unemployment. For advocates of the "home colony", attention was instead focussed on the mechanization of production, on agricultural decline, and other sources of an over-stocked labour market. Although, as has been seen, advocates of underconsumptionism still partially held on to the notion of an over-stocked labour market, they did depend on a new form of emphasis - on the movements of the trade cycle. The contrast between the two approaches requires consideration.

A handbill issued by the SDF in February 1886 drew attention to the influx of rural labour into urban centres,

> "...where there is no demand for it, causing much misering and suffering, not always to the men themselves, but to the town labourer.." (3)

1. *'The Labour Elector' September 1888.*
2. *J. A. Murray Macdonald - The case for an Eight Hour Day 'The Nineteenth Century'. vol. XXVII (1890) p.562.*
3. *quoted in J. Burgess (1911) 'John Burns: The Rise and Progress of a Rt. Honourable.' p.49.*

To this was added technological innovation which directly, through displacement, and indirectly through the acceleration of commercial crises, led to increased unemployment levels,

> "Improved machinery gives greater wealth to the employing class, but renders employment for the workers more uncertain, substituting in many departments, women's and children's low-priced labour for that of men, and brings about the periods of universal crisis such as that we are now suffering, from - over-production, over-population, and the rest of it - more often, and renders them more severe". (1)

Halliday Sparling drew more or less the same conclusions, though with greater rhetorical flourish, stressing the creeping impact of mechanization;

> "By slow degrees we have become accustomed to an immense army of unemployed...formed...by an infinite number of changes towards automatism...The full displacing power of machinery is hardly sufficiently realized by many. The displacement has in most cases been so gradual, and therefore the starvation so gradual, that the starvelings have gradually become accustomed to it, and quietly submitted". (2)

The effects of the trade cycle were acknowledged, but only as an essentially subordinate factor;

> "...this mass of unemployed has a continuous tendency to increase as machinery and the organisation of the factory grow towards perfection, the complement to this phenomenon being the cycles of inflation and depression, which are also a necessary consequence of the great machine industry, and the world-market which it feeds". (3)

It can be tentatively suggested that this outlook loosely reflected the fears and concerns of the artisan and the skilled, whose livelihood was increasingly threatened by the development of technology. This can be taken further through the use of example. A relatively large number of activists in the socialist movement were employed in the printing trade, most particularly as compositors. Threatened by recruitment from the provinces, attempts to break down apprenticeship traditions, and, above all, mechanization, it seems possible that the outlook of the left during the 1880s, closely paralleled the immediate perception of such workers. (4)

However, by the end of the 1880s, the importance of the trade cycle could not be simply relegated to a subordinate category. Pamphlets, papers, articles and polemics increasingly began to stress the rhythmic pattern of prosperity and depression as a central feature of the capitalist

1. *H. M. Hyndman "Something better than emigration" "The Nineteenth Century". vol. XVI (1884) p.995.*
2. *H. H. Sparling (1888) Men versus Machinery. p.11.*
3. *W. Morris and E. Belfort Bax (1896) Socialism: Its growth and outcome.* p272
4. *for a description see Charles Booth (1903) Life and Labour in London. p.202/213.*

order. As George Howell put it;

> "The partial stagnation in trade is neither exceptional nor abnormal. We have had periodical visitations of the same thing during the last 80 years. Every decade seems but a repetition of the preceding decade. We have in each a period of commercial activity, then reaction, then depression". (1)

He went on to claim that,

> "...the recurrent fluctuations in trade are so regular as to become calculable". (2)

This shift in emphasis among socialists paved the way for the widespread adoption of the underconsumptionist argument.

In explaining the adoption of underconsumption theories, one final factor should be considered. Local government reform and the steady rise in socialist representation on local bodies during the 1890s is of importance. High hopes had initially been entertained. Annie Besant had for example seen the County Council as an instrument of economic transformation. Although socialists assigned primary responsibility to the central state for economic reform and the solution of the unemployment question, it was generally felt that local institutions could play a significant role. Advocates of the "home colony" had looked towards the Vestry as an initial vehicle in the promotion of change. Under SDF inspiration, the Unemployed Organisation Committee passed a resolution, typical of this viewpoint, in November 1892,

> "That the committee call upon the local bodies in London to make application to the Government for laws in order to acquire land for the purpose of settling the unemployed to work upon at once". (3)

Yet, self-evidently for a local authority, this immediately prompted the question of finance. With a close eye on the ratepayer, the inauguration of self-supporting schemes, independent of the market, even if only on the basis of a loan, was a clearly unattractive prospect. Inevitably, the participation of socialists in local bodies, led to a reappraisal. It was insisted that any municipal scheme must be financially sound and revenue producing. As Leonard Hall, President of Manchester and Salford ILP put it;

> "Every genuine advance towards democratic collectivism is grist to our mill and the best of good business for the general ratepayers.. Finance, instead of being our weakness, is our ace of trumps... our tip to the over-burdened ratepayers is that the sphere of the municipal services should be continually and indefinitely enlarged".(4)

1. *G. Howell - Fluctuations in Trade and Wages "The Fortnightly Review". (1887) p.536.*
2. *ibid. p.538.*
3. *"Justice" 3rd December 1892.*
4. *"The Clarion" 14th October 1893.*

All these ideas should be drawn together. Underconsumptionism established itself as a major theme in socialist thought by the early 1890s. While this was primarily a product of the eight hours movement, other factors and developments were of importance. This shift in thinking had profound consequences affecting both the 'right to work' and the left's approach towards social reorganisation more generally. It left an ideological impact on socialist thought that was to last for decades to come.

FABIANISM AND THE MINORITY REPORT ON THE POOR LAWS

The "right to work" was proclaimed in its most strident form during the early years of this century, to the apparent alarm of the orthodox, although they reassured themselves that such agitation could only be temporary. The laws of political economy, complained one,

> "...have been consigned to a planetary exile. I have no apprehension that the exile will be permanent, and the more it is prolonged the more signal, I am convinced, will be the ultimate revenge of the "dismal science" " (1)

A significant campaign was mounted, largely based around the Labour Party's "Right to Work Bill", twenty thousand copies of the Bill itself being published and distributed for mass circulation. (2) The Minority Report on the Poor Laws, and the discussion around the Liberals' Development Bill, maintained the question in the political forefront.

The period is then, at first sight, dominated by the dramatic forms taken by the "unemployed agitation". Nevertheless, this should not be allowed to obscure the temporary triumph of the Fabian critique, over other strands of thought, in the formation of socialist policy towards unemployment. The Fabian analysis rested on a number of pillars. It integrated the "home colony" into its thinking, and presented it, with increasing vigour, as simply a coercive institution designed to "rehabilitate" the "loafer", and the "unemployable", so as to return him, reformed, to the labour market. (3) Partly, of course, this was simply an extension of earlier tendencies, already noted during the 1880s and 1890s, strengthened and reinvigorated through the influence of "social imperialist" ideas and concepts. At the same time, however, it was also a response to the example set by the semi-penal "colonies" pioneered in continental Europe.

A distorted and much weakened reflection of "home colonisation" was also evident in another respect, a consequence perhaps of SDF hegemony within the "agitation" of the period. A Fabian report put considerable stress on the need to drain the urban labour market;

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1. *J. A. R. Marriott - The Right to Work from "The Nineteenth Century and After" (June 1908) Vol LXIII p.1008.*
2. *K. D. Brown (1971) Labour and Unemployment, 1900-14. p.87.*
3. *Fabian Society (1904) Memorandum on methods of Assisting the Unemployed. (unpaginated.)*

> "Even in the worst of times nowadays the farmers want labour while the towns are crowded with unemployed. Measures (not very easy to devise) for attracting labour to the agricultural districts and for keeping the population already there from migrating into towns, will tend to decrease unemployment". (1)

However, generally, established socialist remedies were criticised as irrelevant and ineffective. The "municipal workshop" was dismissed. The eight hour day was similarly rejected, except possibly in the service occupations, most notably in the transport trades:

> "In other trades it is generally believed that a moderate reduction of hours would not decrease the output per man, and would not therefore increase the number employed." (2)

Instead, considerable emphasis was put on increasing the level of labour mobility; in other words, echoing the tone of the proposals advanced in 1886. (3) This was reflected in the importance attached to forms of work-spreading;

> "...the arrangement by local authorities of their regular work so as to provide employment in winter, that is, in the worst season. Every local authority has bridges and other iron-works which must be periodically painted, streets which require relaying or repairing, and other work, all of which should be promptly put in hand when exceptional distress is imminent". (4)

The emphasis on mobility was reinforced by a call for the establishment and development of labour bureaux;

> "Even in the worst of times there are some employers who cannot get the men they want whilst there are men only too willing to work who are idle because they cannot find employment". (5)

Such ideas reappeared in a more systematic and vigorous form in the Minority Report on the Poor Laws, where they were advanced for adoption by central government.

Although, as will be seen, such proposals marked an important departure from established forms of socialist thought, their relationship to underconsumptionism should not be overlooked. In the first place, as Sidney Webb made clear, Fabianism was, by this time, based firmly on the belief that the trade cycle lay at the root of the unemployment problem. A response could not simply call for the draining of the labour market;

> "...it is scarcely too much to say we recreate every eight or ten years our whole army of paupers. If, by some miracle, we could get rid of the present million of paupers, we should, if we made no other change, simply have an equal number on our hands within a decade". (6)

1. *Fabian Society (1904) Memorandum on methods of Assisting the Unemployed. (unpaginated)*
2. *ibid.*
3. Fabian Society (1886) The Government Organisation of Unemployed Labour. p 11.
4. *Fabian Society (1904) op cit.*
5. *ibid.*
6. *Royal Commission on the Poor Laws (1910) Vol. IX (minutes of evidence) evidence of S. Webb, p.183.*

The nature of the relationship between underconsumptionism and Fabianism is further indicated by the more or less painless integration of the proposals advanced in the Minority Report into socialist thinking. No contradiction was perceived between the proposals and underconsumptionist ideas. Indeed Hobson himself uncritically welcomed the report. Its recommendation, he argued, formed,

> "...a unified scheme of proposals which would do more than any other practical proposals which he had seen to put an end to the congestion of trade and the depression and unemployment which ensued." (1)

However, there is an important area of difference which cannot be overlooked. This appears to have been ignored by Hobson in his reception of the report. He claimed that the primary effect of its implementation would be to,

> "...stimulate the demand for commodites through taxing the superfluous wealth of the rich and spending it in the name of the state in supplying work and wages". (2)

This account was however misleading. The Minority Report in fact edged towards a form of proto-Keynesianism. In it, the concept of "saving" was advanced, not as investment in the means of production, as Hobson had always insisted, but in its modern sense. From this, it was a short step to the conclusion that labour was not alone, amongst the factors of production, in suffering from unemployment and under-employment;

> "...capital is unemployed and under-employed to at least as great an extent as labour. It is in the lean years of the trade cycle, when business is depressed, that most capital is unemployed, and the Bank rate is at its lowest". (3)

The argument was followed through. Schemes of work, such as afforestation and reclamation, supplementing the spreading of government orders over a ten year period, would not be financed through redistributive taxation, but on the basis of a loan. This expenditure would not represent a diversion of production and employment from elsewhere;

> "...in the years of trade depression, if the Government.... sets the machine in motion, it may use, not the proceeds of taxes, but unemployed floating capital, and mills and plants that are temporarily underemployed to employ the labour". (4)

This has important repercussions. The redistributive aspects of underconsumption theory, by which working-class demand levels were raised, relative to the expenditure of the wealthy, gave the theory its

1. *(1910) The Abolition of Destitution and Unemployment. p.23.*
2. *ibid.*
3. *Royal Commission on the Poor Laws and Relief of Distress. (1909) separate report by Rev. Wakefield et al. p.1198.*
4. *ibid.*

radical implications. Although the revolutionary context of "home colonisation" had been abandoned, the alleviation of unemployment was still tied to a fundamental restructuring of both economy and society. If, however, redistribution, and the dramatic shift in class relationships which it entailed, became unnecessary in the provision of a remedy for unemployment, through the raising of a commercial loan from capital otherwise lying idle, then unemployment could become a mere malady capable of localized cure;

> "Unemployment can be prevented in the same sense and probably to the same extent as we have already prevented cholera and typhus. If it continues, it is because Parliament and the Government have not chosen to prevent it". (1)

Yet, this important area of difference was barely acknowledged. The proposals advanced in the Minority Report were presented as a simple extension of earlier Labour ideas. The reception accorded to the report is indicative. The 1909 ILP conference hailed the proposals as,

> "...the last word on unemployed legislation". (2)

Similarly, Macdonald told the House of Commons that,

> "In practically every respect the Minority report supports the proposals we have been making here from time to time". (3)

He concluded that the impact of the report would be such that,

> "...backed up by the agitation that the Labour Party has conducted in the country, (it) has made it absolutely impossible for this or any other government to neglect the case of the unemployed any more". (4)

Only the SDF stood aside from the clamour of enthusiasm for the report. (5) This attempt to prove a direct continuity between the Minority report and earlier statements is however misleading. The Labour Party had previously limited itself to a vacuous acceptance of the underconsumptionist case, occasionally tinged with advocacy of "home colonisation". Labour propaganda argued that,

> "...Our people are Unemployed...because National Wealth does not find its way into the pockets of the industrious...That alone is the road out of the slough of unemployment". (6)

Schemes of work for the unemployed were advanced as a means of directly raising working-class demand levels; as one Labour M.P. put it,

> "...wages obtained for work of the character he had indicated would inevitably increase the general prosperity of the country, because these men would want clothes, furniture and house-room". (7)

1. *National Committee to Promote the Break-up of the Poor Law (1909). "How the Minority Report deals with Unemployment' p.4.*
2. *ILP (1909) Report of the Annual Conference. p.72.*
3. *5 H. C. Deb. 19th April 1909 col. 494.*
4. *ibid col. 498.*
5. *(1910) The Poor Law Minority Report. Report of debate...*
6. *LRC leaflet No. 18 (1906) Unemployment.*
7. *169 H. C. Deb. 20th February 1907 col. 933.*

In similar vein, Snowden argued that there was a direct and unproblematic relationship between working-class demand for commodities and employment levels;

> "...any proposal which in its result would add to the amount of wealth at the disposal of the working-class population would increase the volume of employment". (1)

This co-existed with arguments tied to "home colonisation" put forward in particular by Keir Hardie. Increasingly however, the ideological remnants of the "home colony" were argued for in identifiably underconsumptionist terms. Labour's "Right to Work Bill" called for small holding and "farm colonies" which, it was claimed, would play an important role in,

> "...broadening the basis of our industry, in creating a home market, in making national consumption greater and steadier, and in putting national resources, now running to waste, to a new use." (2)

How then can the sudden conversion to, and widespread acceptance of, the Minority report be explained? The German example played a part in this. During 1907, a Labour Party delegation, including leading figures such as Barnes and Henderson had visited Germany, and examined the country's response to unemployment. It was noted that the German municipal authorities had apparently been able to increase employment levels,

> "...by regularizing their requirements". (3)

At the same time, the collapse of the "unemployed agitation" provoked disillusionment and another search for fresh thinking on the subject. As a delegate told the 1909 ILP conference;

> "...it was impossible for the unemployed to do anything to help themselves; they were worn out". (4)

More importantly, the Unemployed Workman's Act and its subsequent working, had an impact on the left. The Act was attacked by Labour as;

> "...totally inadequate as a measure for even temporarily alleviating the suffering arising from unemployment". (5)

Indeed, the left went further and argued that its effects were essentially counterproductive. Its relief schemes were seen as a fetter on the process of reducing unemployment levels. They merely placed the unemployed,

> "...back in the industrial ranks by some means more or less artificial. The result is that a vicious circle is established by the fact that as workmen are placed back to compete with their fellows, others are squeezed out". (6)

1. *183 H. C. Deb. 30th January 1908 col. 326.*
2. *Labour Party (1909) Report of the Annual Conference. p.92.*
3. *G. N. Barnes and A. Henderson (1907) Unemployment in Germany.*
4. *ILP (1910) Report of the Annual Conference. p.72.*
5. *Labour Party (1906) Report of the Annual Conference. p.55.*
6. *(June 1907) Report of the Joint Board on Unemployment (unpaginated).*

In other words, Labour drew the lesson from their experience of the Act that indiscriminate calls for the introduction of public works, simply, on the grounds that they would increase working-class levels of consumption were inadequate. The Minority report corresponded with this feeling. Relief works, advocates of the Report claimed, would be,

> "...always of the nature of "doing other men out of their jobs", either contemporaneously, or when the regular Corporation labourers are dismissed, because the work is to be given to "the unemployed" (this actually happens): or prospectively, by the forestalling, in order to employ distressed tailors and clerks, of works which would otherwise have been done next year by navvies in the regular course". (1)

This leads on to a more general observation. Despite Labour's commitment to underconsumption theory, many Fabian concepts were more or less commonplace on the left, prior to the publication of the Minority report in 1909. In January 1908, Beatrice Webb had circulated an outline of the proposals on unemployed to the Labour Party leadership. She noted that she met,

> "...with quite an unexpected response - almost a promise of active support".

She perhaps should have not been so surprised. Ideas of work-spreading, although not presented in the systematized form outlined in 1909, were current in Labour circles some years earlier. Indeed by 1909, one observer claimed,

> "It is now regarded as an axiomatic truth that Government demand for labour....should vary inversely as the market demand. The work generally can and should be deferred to periods of distress". (3)

Other ideas, prominent in the Minority report, were evident during preceding years. The idea of the "home" or "farm colony" as a semi-penal institution designed to return the recalcitrant to the labour market had gained ground amongst all shades of socialist opinion. Will Crooks expressed this in January 1908, in discussing the "unemployable":

> "I would turn them out on to the land. I say it (the State) should take them by physical force, it should put them into a barracks, if you like. It should cleanse them, give them clean clothes and feed them, treat them as though they were hospital patients for a little while; and when the doctor affirmed...that they were in a physical condition to work, then I would make them work. But I see that army (i.e. the "unemployable" E.A.) always dragging the rest of them down; and I am prepared to face them, and I am prepared to argue about the liberty of the subject, and all the rest of it. There it is. You have got to face it, and the unemployed are always held back, and any attempt to deal with them is kept back by this army. They say, what are you going to do with them? That is what I would do with them". (4)

1. *National Committee to Promote the Break-up of the Poor Law. (1909) "How the Minority Report deals with Unemployment." p.5.*
3. *J. H. Jones - "The Unemployed Workmen's Bill of the Labour Party" from "Transactions of the Liverpool Economical and Statistical Society" Vol. XX (1908) p.15.*
4. *Royal Commission on the Poor Laws and Relief of Distress (1910) Vol. IX Appendix (January 1908) evidence of W. Crooks. p.103.*

Barnes, speaking for the TUC, made less of an outburst, but still emphasised that Labour's "Right to Work Bill" would,

> "..deal drastically with the man who will not work". (1)

This was to be effected through a specific section of the Bill which provided for the segregation of the "culpable" unemployed from those who were considered "honest".

As had been seen, the Minority report rapidly established itself as the dominant mode of thinking among socialists on the unemployment question. The Liberals' Development Bill, which allowed for certain schemes such as afforestation was seen as a significant concession to the spirit of the report. Its introduction into Parliament was hailed as a fundamental change of course by the government;

> "...it does not only propose to deal with sores upon the surface, but it proposes to prevent new sores from breaking out...it aims at preventing fluctuations and organising industrial activity in such a way as to prevent those fluctuations breaking out." (2)

The Act was seen to require emulation. Delegates at the 1910 ILP conference urged its full implementation and extension to other industries.(3) Nevertheless, as has been argued, the Minority report and the response to the Development Bill were not, despite the apparent contrast with past practice, an entirely new departure. However, the arguments advanced in the report retained their hegemony over socialist thought for over a decade. Rising employment levels, the diversion of attention towards questions posed by industrial militancy and syndicalism, and war itself, ensured that, in the absence of any form of systematic theoretical challenge, the report's proposals, more or less word for word, were reiterated on at least an annual basis. "Labour and the New Social Order" did little, despite changed assumptions, when it came to unemployment but restate the ideas of 1909. (4)

1. *Royal Commission on the Poor Laws and Relief of Distress. (1910) (Appendix) November 1907 evidence of G. N. Barnes. p.244.*
2. *10 H. C. Deb. 6th September 1909 col. 984.*
3. *ILP (1910) Report of the Annual Conference. p.84.*
4. *The new programme was however based on the assumption that war had effected fundamental economic and social change. War had led, it was argued, to,*
   "...the culmination and collapse of a distinctive industrial civilisation, which the workers will not seek to reconstruct". E. Wertheimer (1929) Portrait of the Labour Party. p.55.

POST-WAR THINKING

Underconsumption theories emerged from the war as an undercurrent. Certainly, they received scant attention in official Labour Party policy statements. "Labour and the New Social Order" merely reiterated the conclusions of the Minority Report on the Poor Law;

> "It is now known that the Government can, if it chooses, arrange the public works and the orders of National Departments and Local Authorities in such a way as to maintain the aggregate demand for labour...approximately at a uniform level from year to year". (1)

All sections of the party appear to have echoed this. "Labour Leader", for the ILP, hailed the new programme uncritically;

> "The ILP teaching of the last twenty five years is bearing fruit today. The plans for social salvation laid down today in the name of the whole Labour movement are those preached by the little band of Socialist men and women who helped to found the ILP in 1893". (2)

Nevertheless, underconsumptionism retained a place in the thinking of the Labour movement. Trade Union representation on the Provisional Joint Committee, established for the industrial Conference of 1919, compelled the committee to draw the conclusion that questions of purchasing power had

> "...a most important bearing on the problem" (of unemployment - E.A.) (3)

A separate memorandum submitted by the trade union leaders saw inadequate demand levels as "a primary cause" of unemployment. Employment, they argued, could be increasd;

> "...by bring consumption up to something more like equilibrium with production". (4)

However, the politics and economics of the immediate post-war conjuncture did not provide a particularly favourable atmosphere for fruitful discussion around the question of unemployment. During the short-lived boom, unemployment appeared simply as a problem of dislocation arising from demobilisation or industrial inefficiency. Such difficulties could, it seemed, be met with ad hoc and pragmatic solutions.

The collapse of the post-war boom did not initially change this framework of analysis. It was in certain ways, reinforced. Attention

1. *Labour Party (1918) Labour and the New Social Order p.10.*
2. *"Labour Leader" 10th January 1918.*
3. *Cd. 139 (1919) Industrial Conference. Report of Provisional Joint Committee. p.11.*
4. *ibid. Appendix 1. p.viii.*

turned to the restoration of European trading links and patterns, shattered by the war, and underconsumptionist ideas remained on the sidelines. However, the attraction of the underconsumptionist case, as a credible and relevant argument, was strengthened by a number of developments during the early 1920s. The imposition of wage-cuts, highlighted by "Black Friday", gave the reduction of working-class demand levels, and the whole deflationary process a clearly visible form. G. D. H. Cole was not alone when he summarized the impact of this spiral;

> "There is a vicious circle of under-consumption and under-production. The circle of unemployment and semi-starvation widens". (1)

Secondly, the all-too evident failure of the British export trades, and the growing realization that they could not regain their pre-war position in the home market, pointed towards a renewed emphasis on home development.

Other factors were also at work in ensuring not only a revival in underconsumptionist thinking, but leading it towards a more sophisticated form. The Douglas "social-credit" proposals made a significant impact on the socialist movement. "Social-credit" directly challenged those who saw the restoration of pre-war markets, particularly in Europe, as the primary means by which unemployment levels could be reduced. An observer drew attention to this:

> "The cry of 'Export or perish' has gone forth from what may be termed the 'blue-water' school of Socialists, to be instantly countered by the cry of 'Export and perish' - unless you alter your system of industrial finance". (2)

"Social-credit" did not, of course, merely challenge the essentially Cobdenite assumptions made by many socialists during this period. It brought the question of demand levels into play, and although its ideas and proposals were firmly rejected, discussion was, to some extent, forced. (3) Not only this, but the issue of finance was put on the agenda. Other developments also raised the link between credit mechanisms and employment levels, particularly within the Labour leadership and in its intellectual circles. Most obviously, the experience of wartime control, had firmly exposed the idea of an 'automatic' financial system. Moreover, experiments in municipal banking, warmly supported by the labour movement, again led to the related questions of credit, demand, and employment. In November 1921, Labour's executive established a committee to examine the currency system, its membership including such figures as Sidney Webb, Hugh Dalton, and J. A. Hobson (4). Although it was primarily concerned

1. *G. D. H. Cole (1923) Out of Work p.16.*
2. *"Labour Leader" 3rd November 1921.*
3. *see ibid.*
4. *Labour Party (1921) 'Labour and Social Credit - a report on the proposals of Major Douglas and the 'New Age'.'*

with the problem of the fluctuating exchange rates, it did serve to draw attention to the wider issues of financial power and control. At the same time, some trade union leaders, most particularly Ernest Bevin, saw finance and credit as being of critical importance in any discussion of unemployment. He told the 1921 TUC:

> "Sometimes we are driven to attack the actual manufacturer. That is wrong. The real fundamental cause of the present disorder is finance. The leading men of the country responsible for unemployment have been appointed as a financial committee to advise the Government on unemployment." (1)

At a more theoretical level, Pethick-Lawrence discussed the use of credit manipulation as a means of modifying cyclical oscillations, although he drew a cautious, and ambiguous conclusion;

> "...as the ideal to be aimed at as regards credit, it should be carefully considered". (2)

G. D. H. Cole was rather more open, accepting the links between financial policy, purchasing power, and employment levels;

> "If the bank lends less, he (the industrialist) can trade less, and therefore employ less workers, and the workers in turn can get less wages". (3)

However, Cole was also keen to qualify the significance of this as a cause of depression;

> "Deflation determined the time at which the slump began: it did not cause the slump". (4)

Barbara Wootton also contributed to the discussion in a review of Keynes' 'Tract on Monetary Reform'. She drew the conclusion that,

> "...there is no doubt that we ought to try and use our credit machine to promote stability of prices and employment.." (5)

In certain respects, she went beyond Keynes. In calling for the public control of credit mechanisms, she argued that Keynes had,

> "...not indicated how he will prevent the superior political influence of the debtor class, 'and the impecuniarity of Governments' from wrecking the most self-conscious scheme. It is difficult to teach the Government that it must borrow, and the Bank that it must lend, not as much or as little as it wants, but as much as, and no more than, is likely to keep prices steady". (6)

At the same time, however, she went along with Cole in distancing socialists from all the claims made for monetary reform;

> "Finally, let us above all keep our sense of proportion. Money and credit are important, but they are not everything...The implication that, given a stable standard of value, anticipated real profit would prove a satisfaction regulator of production cannot be accepted". (7)

1. *1921 TUC Conference Report. p.248.*
2. *F. W. Pethick-Lawrence (1922) Unemployment p.53.*
3. *G. D. H. Cole (1923) Out of Work. p.56.*
4. *ibid. p.57/8.*
5. *B. Wootton 'Money: Master or Servant' "The Labour Magazine" vol. 2. p.470.*
6. *ibid.*
7. *ibid.*

In other words, by the end of 1923, not only traditional forms of underconsumption theory, but also questions of prices, credit, and currency were being discussed in socialist circles. Three further developments were of importance in promoting this. The Russian revolution and the Bolshevik regime had provided an example of economic planning which was seen as demanding emulation. More importantly, a rather mythologised interpretation of economic policy in the United States developed. Oswald Mosley, to take the foremost example, has stressed the importance of the American technocrat in the formation of his own thinking;

> "I would roughly assess my debt on economic thinking about equally, fifty-fifty to Keynes and to the staff of the Federal Reserve Board in those early days". (1)

Although Mosley is the most obvious example, the influence of American financial techniques on sections of the British left should not be underestimated. Finally, J. A. Hobson's increasingly close alignment with, and then membership of, the Labour Party is of importance. It ensured that his theoretical advocacy of the underconsumptionst case received a sympathetic and ready audience.

His 'Economics of Unemployment' appeared in 1922. Observing the futility of attempts to restore the pre-1914 pattern of trade, he pointed out that,

> "...there is not enough world market for both Germany and us to buy the numerous manufactured goods we are both equipped to produce." (2)

In the post-war world, he argued, a postponed cyclical crisis, exaggerated by its very postponement, had been further deepened by monetary instability and the growth of trusts. Such combines, he claimed, had a vested interest in cutting back on production levels in periods of slump;

> "Combination for restriction of output is the capitalist alternative to over-production, congestion and stoppage". (3)

The past 1921 slump gave Hobson's arguments, more or less unchanged since 1889, a fresh relevance. It had, he claimed, exaggerated still further the imbalance between saving and spending. The interest rate provided an inadequate answer to this problem, leaving the bulk of savings unaffected. At the same time, credit expansion would not solve the difficulty. Such a move would merely increase the rate of production in the non-consumable sector of the economy, a category tied to Hobson's

1. *Sir Oswald Mosley (1968) My Life. p.207.*
2. *J. A. Hobson (1924 orig. 1922) The Economics of Unemployment. p.14.*
3. *Ibid. p.17.*

concept of 'saving". He spelt this out;

> "For a time free credit does put more money into the workers' pockets. But it does not proportionately raise consumption... this means...a larger proportion of saving to spending, of production to consumption, in a word, a quickening of the process of over-production and depression". (1)

Rather, the answer lay in the raising of working-class living standards, particularly through the use of redistributive taxation on the monopolies. This would,

> "...be efficacious in checking depressions and unemployment in proportion as, by expanding private and public consumption, it furnishes a regular effective demand for the maximum out of the industrial system." (2)

Hobson's theoretical work coincided with the increasing use of openly and unambiguously underconsumptionist arguments by activists in the labour movement. Hopes of regaining foreign markets increasingly appeared utopian. (3) A delegate from Norwich at the 1923 ILP conference emphasised that,

> "If they were thinking of finding the remedy by getting their trade back again they were under a delusion. It could not be done". (4)

This approach was consolidated by the ILP during the year. In October 1923, the National Administrative Council (NAC) of the party issued a manifesto on the unemployment question. It contained a clear call;

> "Scientific and necessary production must be stimulated by improving the wages of the workers. The nation is menaced by a plague of under-consumption". (5)

Such ideas were, at least partly, taken up by the Labour Party as a whole. The 1924 government's economic and fiscal record was defended in openly underconsumptionist terms;

> "By his gift of £30 million to the housewives of the country under the Budget, Mr. Snowden has increased their spending power to this extent, and has thus stimulated employment by this amount of expenditure." (6)

By 1925, the ILP could legitimately claim that, within the labour movement,

> "Probably the most widely accepted explanation of the trade cycle, is that the alternative of boom and slump is due to under-consumption'...(7)

However, despite the probable accuracy of this assertion, under-consumption had been only an undercurrent in socialist thinking until the previous year. From the collapse of the post-war boom until the demise of the 1924 Labour government, most of the left looked primarily towards the

1. J. A. Hobson (1924 orig. 1922) The Economics of Unemployment. p.79 80.
2. ibid. p.74.
3. although the demand for the restoration of trade with Soviet Russia, and for the ending of the Dawes plan represent a partial exception to this.
4. ILP (1923) Report of the Annual Conference. p.120.
5. ILP (1924) Report of the Annual Conference. p.62.
6. Labour Party (1924) Labour finds work for the workless. (unpag)
7. S. Smith (n.d. although 1925) Unemployment under capitalism.

restoration of trade links for an answer to the unemployment crisis. The solution for the workless lay in governmental foreign policy. "Unemployment. A Labour Policy' published in 1921, the party's most definitive statement on the question, complained that,

> "...the many complex strands of foreign trade linking one country to another, which were snapped by the war, have not yet been placed together". (1)

Overseas commerce represented, the report argued, "the root problem". (2) However, restoration had to take place on a normal basis. The 'artificial' promotion of trade was considered counter-productive;

> "More harm than good would in the end be produced by using British government credits and guarantees to bolster up schemes for assisting manufacturers in this country to unload on insolvent Continental countries goods which under normal circumstances those countries would be making for themselves." (3)

In other words, Labour sought to re-establish the pre-war pattern and balance of trade. This was to be achieved through a number of steps. The German indemnity had to be fixed; currencies stabilized; and credits offered to foreign customers. The government's Export Credit Scheme was regarded as ineffective and its conditions as too restrictive. This was to be supplemented by the rationalisation of the European transport network and the use of co-operative trading. The solution, then, lay in the removal of artificial political impediments to trade;

> "Our present industrial misfortunes are largely owing to the international policy which our Government has been pursuing, particularly as regards Russia and Central Europe." (4)

A German settlement and the recognition of Soviet Russia were then, not merely political questions, but of crucial economic significance.

Although the report tacitly acknowledged the underconsumptionist case, and arguments for forms of work-spreading, its primary emphasis was trade restoration. Between 1921 and 1924 this was widely accepted by almost every section of the labour movement. The ILP took considerable pains to demonstrate that Britain and Russia were economically complementary. (5) The 1921 report itself was signed by a broad spectrum of Labour opinion from Robert Williams, then associated with the Communist Party, to Arthur Henderson and Sidney Webb. Indeed, the belief that British industrial prosperity rested on the re-establishment of the pre-war

1. *Labour Party (1921) Unemployment. A Labour Policy. p.6.*
2. *ibid. p.27.*
3. *ibid. p.28.*
4. *Labour Party - executive committee minutes. 8th December 1921.*
5. *ILP (1924) The Russian Loan means British work.*

export trade found support in unexpected quarters. In attacking government schemes of work, Colonel Malone of the Communist Party, jeered;

"You cannot export roads..." (1)

Critics of the official policy were then, generally, on the extreme political fringe. The SDF, for example, commented;

"One would think, to hear some of the things talked...that if only we could get back to a pre-war state of affairs we should have gone nine-tenths along the road to a solution of the unemployment problem". (2)

An advocate of 'social-credit' made a similar complaint. Enquiry into Labour's unemployment policy, she claimed, would be met initially by evasion;

"On pressing your question, you will be answered as befits Liberalism". (3)

Even the ILP, which, as has been seen, accepted the official argument, was clearly unhappy about the extent of the emphasis on foreign trade which,

"...gave the impression that Labour's programme for dealing with unemployment both begins and ends in a change of foreign policy"(4)

Two points need to be made about Labour's outlook. Firstly, as press commentators observed, it did not in principle differ from that of the government. On the issue of reparations and their consequences, it was reported that Lloyd George,

"...thought there was really no serious difference of opinion between the Labour Party and anybody else on the subject". (5)

'The Times' went so far as to suggest, in discussing Labour unemployment proposals more generally, that,

"...both the object and the means appear to be identical with those of the Government scheme. The results claimed for the Labour plan might also be placed verbatim into a speech advocating the Government's proposals". (6)

A second feature of the Labour outlook also required consideration. As has been seen, 'Unemployment: A Labour Policy', and other statements attempted to emphasise the commitment to regain foreign markets, and, at the same time, acknowledge the underconsumptionist case. Yet, the two lines of argument were essentially incompatible. As Labour representatives rather reluctantly acknowledged, the former strategy required the reduction of production costs. As J. R. Clynes put it;

1. *H. C. Deb. vol. 133. 21st October 1920. col. 1178.*
2. *"Justice" 15th December 1921.*
3. *Hilderic Cousins (1921) A New Policy for Labour. p.2.*
4. *"Labour Leader" 15th December 1921.*
5. *"Daily Telgraph" 16th December 1921.*
6. *"The Times" 24th September 1921.*

> "I agree that we must cheapen commodities, for it is true that we must produce our commodities at a price within the capacity of other people to buy them. If we do not do that, we do not do trade". (1)

He followed this argument to its conclusion;

> "But I recognise that though wages are not the whole element in determining prices, they are a considerable element, and I do not say that under no circumstances should there be no reduction of wages...." (2)

Acceptance of wage reductions could hardly match any form, however nominal, of commitment to the underconsumptionist theme.

However, despite its close similarities to government strategy, and its incompatibility with schemes for the development of the domestic market, the Labour approach, outlined in 1921, was remarkably persuasive. It was echoed by the TUC, including its left-wing members, such as A. A. Purcell. He told the 1923 TUC that lack of demand in Central Europe was,

> "...responsible for the mass of unemployment that exists in this country". (3)

Similarly, Pethick-Lawrence, in his discussion of the subject, drew the conclusion that,

> "...upon the recovery of Europe depends the resumption of British prosperity". (4)

Why, then, did the approach win dominance in Labour thinking during the early 1920s? Why were other approaches forced into the ideological background? A number of reasons can be suggested. Firstly, traditional underconsumptionist thought, as advocated during the 1890s, and the early years of this century, had collapsed before the Minority Report on the Poor Law. The report incorporated most other forms of thought. Yet, such work-spreading proposals were readily seen as inapplicable to the post-war world. The depression hardly matched the report's tidily predictable trade cycles. Its recommendations could be assigned to an afterthought in 1921. Secondly, changes in the Labour Party, most particularly the influx of former Liberals, served to concentrate attention on foreign policy issues. It was a straightforward step to subordinate and link other questions to this one political and electoral focal point. Finally, as has been

1. *H. C. Deb. vol. 147 19th October 1921. col. 108.*
2. *ibid. col. 109.*
3. *TUC (1923) 55th Annual conference report. p.348.*
4. *F. W. Pethick-Lawrence (1922) Unemployment. p.64.*

indicated, the nature of unemployment immediately following the war pointed to pragmatic answers. In a sense this appears to have laid the basis for the years after 1921. It certainly drew the labour movement in the direction of the ad hoc response.

The Labour government of 1924 ended hopes for economic success through the pursuit of foreign policy objectives. Despite "treaty-making", unemployment levels appeared unaffected. Together with the developments already outlined, recognition of this drew the movement back into the underconsumptionist camp.

THE LIVING WAGE

"The Living Wage", published by the ILP in the spring of 1926, was a programmatic systematization of the developments and discussions which took place during the early 1920s, most particularly after the fall of the 1924 Labour government. In other words, the document was the product of very considerable debate. The extent of its debt to Hobson, one of its authors is, however, clear from the programme's opening pages, which rested on his economic and moral indictment of the alleged irresponsibility of Britain's ruling classes;

> "The owning class has misused the advantage of its position. Too much, proportionately, of the product of industry, has been accumulated and applied to the creation of fresh instruments of production: too little, proportionately, has gone in wages to make a market for the products of these new machines'. (1)

"The Living Wage" reiterated the feeling that nationalisation was, in certain senses, no longer appropriate;

> "...to nationalise important industries in conditions which resemble those which prevail today would be a disappointing and even perilous proceeding". (2)

Yet the programme was not merely an echo of Hobson's traditional themes and the result of wartime experience. It also reflected the growing influence of monetary theories, and their increasing impact upon socialists. Credit manipulation was to play a central role in alleviating the impact of the trade cycle. Credit mechanisms were to ensure price stability, and thereby, it was argued, maintain a constant level of production and employment. Such steps would, the report argued,

> "...abolish the Trade Cycle, or at least limit it to harmless and barely perceptible oscillations". (3)

This was to be complemented by the planned raising of working-class living standards, in line with already established underconsumptionist thought, through the payment of a "living wage", to be assessed by statutory bodies, and through the introduction of generous family allowances. (4) The proposed campaign for the "living wage", it was claimed, would capture the imagination of the trade unions,

> "We believe that a struggle conducted for a purpose so manifestly just, would give a new sense of unity and direction to the whole Labour Movement. The argument over this claim would soon dominate public life, and focus political and economic discussion". (5)

Yet the programme is significant not merely in its drawing together of

1. *H. N. Brailsford et al. (1926) The Living Wage. p.8.*
2. *ibid. p.3.*
3. *ibid. p.13.*
4. *ibid. p.24 /30.*
5. *ibid. p.30.*

socialist and radical economic opinions. It also represented the systematisation of other aspects of the movement's thinking. The idea of the "living wage" was not, after all, original. It had been traditionally advocated on moral and humanitarian grounds. Moreover, the call for family allowances corresponded closely to long-standing demands for the "endowment of motherhood". (1)

Nevertheless, despite high hopes for the programme and its roots in labour traditions, "The Living Wage" retained the ambiguities of earlier underconsumptionist arguments. In certain respects, the report marked a retreat from positions advanced in ILP discussion during previous years. Although a number of leading members criticised the original decision to return to the Gold Standard at pre-war parity, the ILP as a whole conspecuously failed to come to terms with this question. Fred Tait, a prominent ILP figure, had hailed McKenna's statement committing Britain to the return as:

> "...a declaration of war on the working-class of this country". (2)

Yet, "The Living Wage" lacked this clarity. The report merely acknowledged that its proposals:

> "...would be more easily carried into effect if this country had never returned to the Gold Standard, or had stabilised at a lower level". (3)

The conclusions drawn from this marked a further retreat;

> "...even with the Gold Standard in force, the adoption of a more enlightened policy by the Bank of England....would suffice for the ends we have in view". (4)

The "enlightened policy" in view, however, despite hints as to possible adjustments in the Bank rate, rested on what was termed "international understanding". This is important for two reasons. Firstly, it threw the ILP, in one sense, back into the camp of mainstream labour thinking - employment policy as an aspect of foreign policy. Secondly, it perhaps shows that the ILP was rather reluctant to follow the logic of its own arguments. "The Living Wage" argued for a domestically orientated economy based on the conscious and planned raising of working-class living standards. Yet, the ILP was reluctant to protect the envisaged economy from the alleged "anarchy" of the world market.

1. *see A. Davin - Imperialism and Motherhood "History Workshop" No. 5. (Spring 1978).*
2. *"The Labour Leader" 1st December 1921.*
3. *H. N. Brailsford et al. (1926) The Living Wage. p.17.*
4. *ibid. p.17.*

Another area of ambiguity in the report requires consideration. An aim of "The Living Wage" was to promote the "rationalisation" of the traditional industries. The enforcement of a "living wage" was to be an instrument in pursuing this policy:

> "The procedure might be to set up an Industrial Commission with large powers of re-organisation, which would take under its survey and control every industry which sought its assistance, on the application either of masters of men, or the ground that it was unable to pay the minimum wage defined in the resolution of the House of Commons". (1)

The ILP's apparent acceptance that rationalisation and re-organisation should take place within the capitalist framework, left it in a precarious political position. As the Communist Party was quick to observe;

> "What Rationalisation means to the working-class had been shown all too clearly in Germany and other countries, where unemployment has increased and the strength of the workers' organisations weakened". (2)

This leads on to a more general observation. It is never entirely clear whether the proposals advanced can be implemented within the framework of capitalism, or whether, alternatively, they would in themselves effect a transition to socialism. As the report put it, once the "living wage" has been established;

> "the community would have escaped from the anarchy and waste of laissez-faire". (3)

In other words, the question was left open, leading to considerable misgivings amongst rank and file members of the party. "The Living Wage" they argued, merely offered the prospect of a rationalised form of capitalism. One complained that,

> "Capitalism bound and fettered...is certainly better than Capitalism rampant, but our freedom and our happiness will never be safe while this dragon lives'. (4)

Members were also suspicious about the governmental bodies to be established if the proposals were implemented. They reiterated the libertarian passions engendered by wartime experience;

> "We may simply exchange the Capitalist for the Servile State". (5)

The mechanisms by which the "living wage" was to come into force, also came under fire;

> "Have we not had enough of Commissions and enquiries to know how utterly futile they are?" (6)

1. *quoted in J. R. Campbell The ILP and Mondism from "The Communist" vol. 3. No. 8 (August 1928) p.436.*
2. *ibid. p.436.*
3. *H. N. Brailsford et al. (1926) "The Living Wage" p.52.*
4. *Margaret Matherson - Living Wage or Socialism . "The Socialist Review" vol. 25 No. 140. p.244.*
5. *'Verax' - The Problem of Unemployment . "Socialist Review" vol. 26 No. 141 p.31.*
6. *M. Matherson op cit. p.243.*

Other members even attempted a return to the call for home colonisation, as an alternative to the proposals. The only answer to unemployment, it was argued, was to reduce the urban labour market;

> "We have to reduce our urban and increase our rural population. We have got to regard this country as a new land which has to be colonised". (1)

Nevertheless, despite these criticisms and doubts, and continuing debates within the ILP, "The Living Wage" won the overwhelming support of the ILP membership. At least, at a rhetorical level, Mosley and Strachey's proposals; "Revolution by Reason", posed an alternative. However, they failed to win either the publicity or the support attracted by "The Living Wage". Similarly the Communist Party, in a specifically commissioned book, attempted both to challenge the credibility of "The Living Wage" and to advance a revolutionary alternative.(2) Although it led to a debate in the pages of the ILP monthly journal, it failed to seriously dent the political strength of the proposals.

Although the ILP's campaign in support of "The Living Wage" failed to assume the proportions originally envisaged, it did make a significant impact upon the labour movement. Labour women's organisations took up the call for family allowance with renewed vigour, and although these were perhaps partially guided by a resurgence of ideas associated with the promotion of'motherhood', it was, more importantly, determined by the feeling that such allowances had an economic as well as a social rationale. The ILP, despite its declining influence within the labour movement, was given four representatives on the drafting committee for 'Labour and the Nation', the party's programme, who were able to advance the ideas of "The Living Wage" at a number of opportunities. Most importantly, however, "The Living Wage" and the debate around it, helped shift the focus of debate within the labour movement, away from questions of unemployment insurance and relief, which had in certain respects been predominant since 1921, and return the issue of unemployment prevention to the front of the political stage.

1. 'Verax' - *The Problem of Unemployment*. *"Socialist Review"*. *Vol. 26. No. 141 p.34.*

2. R. Palme Dutt (1927) Socialism and the Living Wage

THE 1929 ELECTION

The Labour Party contested the 1929 election, and formed a government, on the basis of its programme, "Labour and the Nation" published during the previous year. It was the product of the debates, divisions, and developments of the previous decade, and, at the same time, an attempt to provide a comprehensive political and economic alternative to an apparently resurgent form of Liberalism.

The programme's debt to the ILP and "The Living Wage" is immediately obvious. The solution to unemployment and depression did not lie in a policy of wage-reduction;

> "It is not to curtail the purchasing power of the population of Great Britain, which offers to British producers what is overwhelmingly their most important market". (1)

"Labour and the Nation" strengthened those aspects of the party's "Prevention of Unemployment Bill" which called for the state direction of the economy. The programme demanded;

> " ...permanent machinery to avert the onset and minimise the effects of trade depression by the application of a considered and comprehensive policy". (2)

An Economic Development Board was to be established, financed by a Treasury grant, which would supervise projects for the unemployed, including such schemes as the construction of "satellite towns". (3) A Labour government would also, at the same time, conduct a "searching inquiry" into credit policies:

> "The prosperity of industry, as the experience of recent years has clearly revealed, is intimately connected with the policy pursued in matters of credit and finance". (4)

Underconsumption theory was, then, the foundation-stone of the programme. Labour looked to a direct increase in working-class purchasing power, and the "discouragement of luxury spending" for its primary answer to unemployment. Liberalism was dismissed. Lloyd George had seized a number of Labour proposals, robbed them of their socialist context, yet would still be incapable of ensuring their implementation;

> "The ostentatious coldness with which its industrial programme, hesitating though it is, has been received by influential Liberals, is a sufficient proof that the Party as a whole does not share the new-found enthusiasm of the sponsors of the

1. *Labour Party (1928) Labour and the Nation . p.15.*
2. *ibid. p.21*
3. *ibid.* p 21
4. *ibid. p.20.*

Report. The workers of the country will be wise to reflect that, as long as the influences at present in control of Liberal policy continue to inspire it, Britain's Industrial Future will bear a somewhat unattractively close resemblance to Britain's Industrial Past ". (1)

In contrast, Labour offered fundamental structural reform; "Labour and the Nation" proposed,

"...not merely to patch the house, but methodically and patiently to rebuild it". (2)

Nevertheless, despite the programme's vigorous assertion of the essential tenets of underconsumption theory, ILP thinking had not been accepted and integrated into Labour thinking. It had been clearly diluted. The supreme body in economic affairs, the proposed National Economic Committee, directly responsible to the Prime Minister, would only have an advisory stature. It would be,

"...his eyes and ears on economic questions, and keep both him and the country informed as to the economic situation and its tendencies". (3)

Moreover, despite the emphasis placed on the need for the absolute expansion of both production and employment, through underconsumptionist methods, considerable importance was still attached to the planned contraction of the labour market. The ambiguities surrounding this aspect of the programme suggest that Labour had its eyes on women workers;

"Labour would reduce the supply of workers competing for jobs in an overcrowded labour market by the withdrawal of those whose services can best be spared, or who for social reasons should be demobilised from industrial employment". (4)

More importantly ambiguity still surrounded the extent to which the home market should be developed. Importance was still attached to foreign trade; the programme called for,

"...the establishment of stable peace and the expansion of overseas markets'. (5)

The ending of the 1924 trading agreement with Soviet Russia was condemned as a direct blow to employment levels. (6) Despite these points, the presence of the four ILP representatives on the drafting committee for "Labour and the Nation" had however clearly borne fruit. The ILP leadership was proud of its influence;

1. *Labour Party (1928) Labour and the Nation. pp.12/13.*
2. *ibid. p.22.*
3. *Labour Party (1928) Labour and the Nation p.21.*
4. *ibid. p.19.*
5. *ibid. p 19*
6. *ibid. p.43.*

> "There is no doubt, however, that the constant efforts of our comrades on the Labour Party executive, and the influence of our outside agitation, had their effect in securing a number of important changes in the document which considerably strengthened it." (1)

Nevertheless, the limits of that influence were also demonstrated. Amendments attempting to clarify a commitment to the "Living Wage" or "Income" were defeated. In particular, efforts to secure a firm acceptance of the family allowance, a cornerstone of the policy, were also rejected. (2) In other words, despite its formal acceptance of underconsumption theory, "Labour and the Nation" employed ambiguity to escape from the initial criteria laid down by the ILP:

> "...the Labour programme should have two supreme objects: one, the immediate raising of the standard of the working-classes above poverty; and two, the transference of the key sources of power within capitalism to the community". (3)

The last phrase was clearly a reference to financial and credit mechanisms. Yet, "Labour and the Nation" had merely promised an inquiry.

However, if Labour's programme reflected, albeit in a diluted form, the main props of "The Living Wage", it also reflected its weaknesses. This is seen primarily in the ILP's response to Lloyd George. The idea of drawing upon "idle balances", to finance schemes of work for the unemployed, was seriously misunderstood. As Maxton told the 1929 conference;

> "The point of real interest in the scheme was the statement that it was possible to spend £100,000,000 and still throw no burden on the community. This was a lying suggestion. If the Government borrowed £100,000,000 it imposed a burden of £100,000,000 on the community. From that conclusion there was no escape". (4)

The ILP was trapped by the outer limits of Hobson's thinking, most obviously, his concept of "savings". In responding to the Liberal proposals, they were compelled, on this point, to join hands with advocates of the "Treasury view". The proto-Keynesian insights of the Minority Report on the Poor Law were not utilised or followed through. It was claimed instead that the raising of a loan for schemes of work would merely take production and employment from elsewhere. The ILP stuck to its view that public works must be financed directly through taxation on the employing class, thus transferring demand from luxury to consumer goods, and thereby boosting the economy. Lloyd George, it was argued, although stealing certain socialist clothes, had held back from advocacy of this course through his own political timidity;

1. *ILP (1929) Report of the Annual Conference. p.12.*
2. *ibid. p.34.*
3. *National Administrative Council resolution - 30th June 1929, quoted in ibid. p.37.*
4. *ibid. p.57.*

> "There was only one reason for the proposal to borrow the necessary money rather than take it by taxation, and that was that the man who voiced it was afraid of the great financial vested interest of the country". (1)

The ILP's adherence to Hobsonian orthodoxy is of considerable importance. Essentially, the ILP was arguing, and this was adopted by implication in "Labour and the Nation", and in Labour's electoral response to Lloyd George, that unemployment could only be cured through a direct political challenge to vested interests and the employing class. The implementation of underconsumption theory necessitated, despite its ambiguities, a radical redistribution of income, necessarily entailing dramatic forms of class confrontation.

This partially explains Labour's failure to implement its own programme. Other factors were, however, of importance. Firstly, as "Labour and the Nation" partially revealed, the Labour leadership was obliged to perform a balancing act between differing lines of thought within the party. An influential grouping had taken Labour's earlier emphasis on the restoration of foreign trade markets to a logical conclusion, calling for what was termed, "Empire Socialism". They, however, as implied, saw the Empire, rather than Europe, as the potential source of trade expansion and development:

> "The Empire markets are enormously more valuable to us than any other country at the present time...you may say that wherever there is a British colony or a British Dominion or British territory of any kind over which the British flag flies there you are certain of having not less than 50 per cent of the trade, whereas in other countries they will endeavour to keep as much trade as they can for themselves..." (2)

Yet, this clearly required the abrupt abandonment of Labour's commitment to free trade. In the inter-war world, markets could, as was recognised, only be firmly secured through the use of tariffs and protection;

> "You cannot feed the army of the unemployed on Free Trade pamphlets; you cannot feed them on the hopes of a revival of world trade... we want a vigorous policy of development of the resources of the British Commonwealth of Nations..." (3)

Such ideas were, of course, strengthened by the prevalence of support for the maintenance of a reformed Empire for political reasons. As J. H. Thomas put it;

> "...in the opinion of Labour, the Empire should be...a trustee for the well-being of the natives". (4)

1. *ILP (1929) Report of the Annual Conference. p.57.*
2. *184 H. C. Deb. 12th June 1925 col. 2405.*
3. *180 H. C. Deb. 16th February 1925 col. 798.*
4. *J. H. Thomas (1926) Labour and the Empire . p.3.*

Significantly, during January 1926, some Labour members met up with Tory supporters of protectionism in an attempt to draw up a new programme which would unite,

> "...all political parties...in a great national effort to reduce unemployment" (1)

This was to be based on empire development. Even George Lansbury placed considerable emphasis on imperial trading links. (2) The ILP Agricultural Committee allegedly toyed with similar ideas. (3) The Labour Party, as a whole, did not accept "Empire Socialism". Nevertheless, its advocates were able to maintain the party's orientation to foreign trade, as an alternative response to unemployment, and this appears to have played a significant role in shaping the policies of the 1929-31 administration.

A second point is of importance in any consideration of Labour's orthodoxy in office. Both Labour and the ILP's thinking on a number of central questions, most obviously the gold standard, was riddled with ambiguity. This issue had been raised in discussions within the ILP. Even, however, outside their ranks, sections of the party expressed their disquiet at the manner of the return to gold. As Hugh Dalton later recalled;

> "I argued about this in the Finance Committee of the Parliamentary Party, urging, that it was premature and would be deflationary, and that we should wait and see how things went in the next year or two before returning to gold at any parity". (4)

Even Snowden acknowledged the necessity of attempting to maintain price stability;

> "...we are all agreed upon one thing, and that is the vital importance of a Currency and Credit policy to trade, industry, and employment...both inflation and deflation are bad for the stability of trade...it does not matter very much in the long run whether prices are high or low provided they are stable". (5)

He however went on to observe, if only by implication, the incompatibility between domestic credit control or reform, and the continued fixed pegging of sterling to the gold standard;

> "...this currency question is not one which it is within the province of any one country to settle as it likes. It is a world question, and it can only be settled by world co-operation". (6)

Yet, at the same time, he was compelled to acknowledge the force of

1. *quoted in P. S. Gupta (1975) Imperialism and the British Labour Movement . p.60.*
2. *"Lansbury's Labour Weekly". 26th September 1925.*
3. *R. Palme Dutt - Empire Socialism. "The Communist Review" vol. V No. 10 p.375*
4. *H. Dalton (1953) Call Back Yesterday. p.158.*
5. *Labour Party (1928) Report of the 28th Annual Conference. p.231.*
6. *ibid.*

attacks made by such figures as Maxton, who told the 1929 Labour Party conference;

> "In the interests of the community, something has to be done to co-ordinate financial power with productive power, and see to it that those who control the financial power may not use it for their own immediate selfish interests and thereby penalise the healthy state of national industry" (1)

In response to this argument, Snowden made a limited concession;

> "...still I think that gold is far too much worshipped as a fetish, and the Banks still have the old-fashioned idea that it is necessary for the maintenance of currency and credit to maintain a very heavy gold reserve. I do not think it is necessary at all." (2)

Nevertheless, despite both these reservations, and Maxton's forthright attacks on finance capital, the gold standard was accepted, albeit with varying degrees of enthusiasm, by all sections of the party. Proposals for credit control were of little relevance in the face of this commitment. Given their integral link with schemes for the planned raising of working-class living standards, this central ambiguity played a role in the rapid abandonment of proposals for radical reform, upon reaching office.

The most important factor in ensuring the Labour government's commitment to economic orthodoxy is however highlighted by the discussion around proposals for a family allowance. The idea was, as has been seen, a central feature of "The Living Wage". Its payment, together with increased unemployment benefits, was to supplement fixed minimum wages in the raising of working-class consumer demand levels. It drew, in part, on established calls for the acknowledgment and promotion of "motherhood". This had largely lost by the 1920s, the social-imperialist overtones attached to it during the pre-war years, and was vigorously argued for, most notably by the women's sections of the Labour Party. The 1921 Labour Women's Conference, for instance, claimed,

> "...that the time has come for considering legislation for the National Endowment of Motherhood, realising that motherhood is a State service, and should be acknowledged as such". (3)

These feelings were adopted by the ILP and incorporated into its demand for a "Living Income". There was a significant response. Following the 1927 Labour Party conference, a joint committee was established between the party and the TUC, its membership including such figures as

1. *Labour Party (1928) Report of the 28th Annual Conference. p.199.*
2. *ibid. p.231.*
3. *Labour Party (1921) Final Agenda for the National Conference of Labour Women. p.9.*

Margaret Bondfield and Arthur Henderson to discuss the ILP proposals, particularly their call for the family allowance. However, its progress was slow. In February 1928, there was disagreement over the level of endowment to be paid for children under fourteen. (1) This initially appeared to have been resolved in June when it was agreed,

> "...that the guiding principle shall be that of Family Allowances by cash payments from birth to the present school-leaving age, the principle to be applied as circumstances permit". (2)

Yet, by July, Margaret Bondfield reported that the committee,

> "...had come practically to a deadlock". (3)

In September, the TUC was informed that the matter had been referred back for twelve months by the General Council. (4) The reasons for this prevarication, and then the practical abandonment of the family allowance, become clear from Hugh Dalton's account;

> "Resistance to family allowances in the Party, and particularly among some of the older Trade Union leaders, was obstinate and formidable. The latter feared that these allowances might lead them to reduced wages - might deprive them of a useful argument in wage negotiations in terms of the cost of living of a man with a wife and several children, and might lessen the attractiveness of Trade Union membership. And Snowden hated the idea like hell." (5)

It seems likely then, that the trade union leadership, on a rightward leaning defensive course after the defeat of the General Strike, was an important bulwark against the implementation of underconsumptionist policies. There is, of course, an irony in this. The trade unions had argued strongly for such a policy in earlier years, and were to do so again, particularly through such figures as Bevin, in years to come. Nevertheless, it appears that in the specific context of this period, they had set their face against radical reform which might challenge or in some way affect their role as a bargaining agency.

All these factors acted, then, to hold the 1929-31 government to a path of orthodoxy. They ensured the dissipation of the radical, reforming calls advanced throughout much of the decade, and reduced the ILP to political marginality.

1. *Labour Party - executive minutes - 6th February 1928.*
2. *ibid. 27th June 1928.*
3. *26th July 1928.*
4. *TUC (1928) Report of Proceedings at the 60th Annual TUC. p.397.*
5. *Hugh Dalton (1953) Call back yesterday. p.181.*

"REVOLUTION BY REASON"

Oswald Mosley has claimed that the "Birmingham proposals", published in 1925 as "Revolution by Reason", produced by himself and John Strachey were of fundamental importance. They were, he argued, a decisive break with past radical and socialist economic thought, most particularly, Hobson's form of underconsumption theory;

> "Snowden, before my arrival, had nothing more serious to knock over than the living wage policy of the ILP. He did not find this difficult..." (1)

Yet, how far is this claim justified? Should "Revolution by Reason" be viewed as a credible challenge to either mainstream Labourism, or "The Living Wage"?

There is a problem in making such an assessment. Although the two sets of proposals were produced within months of each other, and, as will be seen, shared a very considerable amount of common ground, direct comparison is difficult. The reasons for this are fairly clear. The advocates of both programmes appear to have been keen not only to avert confrontation, but to shy away from any form of systematic debate and discussion. "The New Leader", although edited by H. N. Brailsford, perhaps the most sympathetic member of the ILP leadership towards credit proposals, paid remarkably little attention to Mosley and Strachey's contribution. Indeed, "The Times" devoted considerably more space to Mosley's speeches arguing the Birmingham case. The only detailed coverage provided by the ILP newspaper was a review by J. A. Hobson of Strachey's exposition of the argument, prompting a brief and rather inconclusive debate between them on the letters page. Mosley's contributions to the ILP Summer Schools were similarly rather cursorily discussed. It is perhaps significant that other Labour publications paid rather more attention. "The Labour Magazine" permitted a full debate between Strachey and Hugh Dalton in its pages. "Lansbury's Labour Weekly" greeted the Birmingham proposals as,

> "...not merely sound, but a vital and certain addition to Socialist strategy." (2)

Yet it was not solely the ILP leadership who chose to play down the differences involved. Clearly, neither Mosley nor Strachey wanted to face allegations of factionalism. Strachey conspicuously failed to use

1. *Sir Oswald Mosley (1968) My Life. p.220.*
2. *"Lansbury's Labour Weekly" 21st November 1925.*

his editorship of "The Socialist Review", the monthly ILP magazine, to initiate any form of debate. At the 1926 ILP conference, Strachey (presumably with Mosley's consent) withdrew his amendment to the proposals put forward by the National Administrative Committee. This fear of explicit division within the ILP is comprehensible in the light of the firm opposition of the Labour Party leadership, most especially Macdonald and Snowden, despite their later concessions, to any form of radical economic programme. Fenner Brockway later summarized their response to "The Living Wage":

> "...Macdonald didn't even pretend to have read it; it was enough for him to catch sight of headlines in the newspaper of a fellow-straphanger in a London tube to ridicule it...Macdonald could not find gibes too scathing to apply to the Report." (1)

Differences were not,however, merely obscured by the self-restraint of those involved. There was also a considerable area of ambiguity and doubt surrounding both sets of proposals. Mosley's retrospective claim that his programme was first advanced at the ILP Summer school in August 1925 must be qualified. (2) As reported by Strachey, he argued for a scheme based on credits for the producer rather than the consumer;

> "Employers who could not pay minimum rates (of wages - E.A.), which would become compulsory, must be allowed overdrafts. This would lead to a Socialist penetration of the whole industrial system, similar to the penetration of that system by private financial interests at the present time". (3)

Yet, in their finished form, and for that matter in earlier statements, the "Birmingham proposals" clearly differed from this, placing primary emphasis on direct consumer credits to provide a market for the industrialist. (4) "The Living Wage" was also, as has been seen, clouded by ambiguity. This was even more pronounced in the ILP's interim report, "Socialism in our Time". Brailsford's role in its drafting had encouraged the belief that detailed proposals for credit manipulation would be produced. However, the report merely called, somewhat vacuously, for,

> "...the establishment of a national banking system, with the control of currency and credit for national purposes." (5)

"The Living Wage" was, of course, considerably more comprehensive, but it still left major areas of doubt. (6) Fear of factionalism and pragmatic ambiguity dampened down discussion. Differences must therefore be seen in terms of emphasis and implication, and can only be identified after the wide area of agreement has been examined.

The similarities between the "Birmingham proposals" and "The Living Wage" are inescapable. Both claimed inspiration from the same sources in

1. *F. Brockway (1942) Inside the Left. p.148/9*
2. *Oswald Mosley (1968) My Life. p.179.*
3. *"The New Leader" 14th August 1925*
4. *Sir Oswald Mosley (1968) op cit.180*
5. *ILP (1926) Report of the Annual Conference (Appendix) p.76.*
6. *see above.*

attempts to establish their legitimacy and a place within the socialist and radical tradition. As Strachey emphasised in advancing the "Birmingham proposals":

> "...no particular originality need be claimed for our economics... Thus we owe the very best account of the Socialist conception of the rational planning and organisation of our productive resources to our leader, Mr. Ramsay Macdonald himself. Again it is Mr. Keynes, and his Cambridge economists who have brilliantly developed the purely monetary aspect. Again, the conception of working-class purchasing power...has of recent years been pressed with characteristic vigour by the Scottish labour movement". (1)

Both programmes were a response to the same pressures, experiences and traditions. (2) "Revolution by Reason" and "The Living Wage" shared common roots. Inevitably then, both programmes shared a common framework of assumptions. At a political level, both were a reaction to the alleged fatalism which had hitherto characterised opposition to mainstream Labourism. It was not enough, the programmes argued, to wait for the inexorable downfall of capitalism as the result of its own internal contraditions. A coherent strategy was required;

> "We may blow, like Joshua, the triumphant trumpet call of destructive analysis. But a hundred, a thousand exceptions, special cases, subsidiary factors, new scientific discoveries, eccentricities of human conduct which had not been taken into account, may, and indeed have, put off the day of collapse." (3)

Advocates of "The Living Wage" similarly opposed any form of fatalism. The Communist Party was castigated. Communists, it was argued;

> "...build up a religion which is based on the assumption of the speedy and catastrophic collapse of the whole capitalist system, the unemployment and mass starvation of millions, followed by barricade fighting, etc. etc.
>
> This is not the materialist conception of history, but the religion of catastrophe". (4)

In opposition to this scenario, "The Living Wage" demanded a forceful campaign;

> "We believe that a struggle conducted for a purpose so manifestly just would give a new sense of unity and direction to the whole Labour Movement. The argument over this claim would soon dominate public life, and focus political and economic discussion". (5)

Agreement over political philosophy went further. It was, in contrast to Communist claims, to be an essentially peaceful transition from capitalism to socialism. In other words, both programmes were advanced as alternatives to civil strife. (6)

"The Living Wage" and the "Birmingham proposals" were a response to

1. *John Strachey (1925) Revolution by Reason. p.x.*
2. *The factors promoting discussion around underconsumptionist themes and credit control have been outlined above.*
3. *J. Strachey (1925) op cit. p.88.*
4. *M. Phillips Price - The Religion of Catastrophe "The Socialist Review" (October 1926) p.18.*
5. *H. N. Brailsford et al. (1926) The Living Wage p.30*
6. *see e.g. J. Strachey (1925) Revolution by Reason p.121.*

Communist arguments in another sense. Marxist analysis of economic crisis were rejected by both in favour of the traditional underconsumptionist explanation, with all its attendant implications. Strachey repeated Carlyle's famous indictment of capitalist irrationality;

> "What is the use of your spun shirts? They hang there by the million unsaleable; and here, by the million, are diligent bare backs that can get no hold on them". (1)

Mosley was later to claim that his Keynesian-influenced conceptions of credit manipulation were the cornerstone of his break with underconsumption theories. However, the authors of "The Living Wage" also sought a means to ensure price stability whilst the structural changes they advocated were put into operation;

> "...If we assume that the credit policy of the Bank (of England - E.A.) keeps prices and employment stable, the whole question of credit and currency becomes almost irrelevant to...the problem of the living wage". (2)

In other words, financial reform had to go hand in hand with industrial and economic change. Strachey made a broadly similar point;

> "...if the currency and credit system is left rigid, so soon as producers begin to translate into action their increased capacity to produce, prices must begin to fall". (3)

Both programmes based their assessments on the Quantity theory of Money. They emphasised the need for a currency and credit system geared and linked to the level of industrial production. Both adopted, as a central axis, a firm opposition to the policy of deflation inaugurated by the Cunliffe report. The interests of both employer and employee, it was argued, had been sacrificed through this policy, to a small but influential financial and rentier elite. As "The Living Wage" had emphasised:

> "Since it adopted its policy of deflation in the winter of 1920, it (the government) has seemed to serve the interests rather of the rentier class than of active industry". (4)

Traditional socialist hostility to finance capital, whose role had always been depicted as considerably more parasitic than that of the industrialist, appeared confirmed by the deflationary spiral. Nationalisation of the Bank of England flowed from this as an essential priority.(5)

Other features, common to both programmes, can be identified. Firstly, the proposed reforms demanded a centralised and interventionist state machine. Although partially modelled on wartime bodies such as the control boards, both sets of proposals necessitated, at least by

1. *see e.g. J. Strachey (1925) Revolution by Reason p.23.*
2. *H. N. Brailsford et al. (1926) The Living Wage p.17.*
3. *J. Strachey (1925) op cit. p.51.*
4. *H. N. Brailsford (1926) op cit. p.18.*
5. *ibid p.19 and J. Strachey (1925) op cit.p.160.*

implication, a dramatic departure from the liberal-democratic view of government. The "living wage" was, in its implementation, to be supervised by an Industrial Commission. Strachey similarly projected that the "Birmingham proposals" should come into operation under the control of an Economic Council. It would have wide-ranging powers to order the payment of minimum wage levels, enforce re-organisation, and arrange the bulk buying of imported goods. It would be tied to the newly nationalised banking machanisms;

> "It would control production in the sense that a magnet "controls" steel filings; it would so direct the flow of purchasing power that the producer would have no option but to alter the character and volume of his production so as to meet the new demand". (1)

Concern with the re-organisation and rationalisation of industry formed a further theme common to both programmes, as Communist critics were quick to observe. To an extent it appeared that the arguments around this advanced by mainstream Labourism had been accepted;

> "The net result of rationalisation will, therefore, be increased competition between the leading capitalist countries, leading to increased scrambles for colonies and sources of raw materials, thereby increasing the danger of imperialist war. The results of rationalisation, in improving employment will be absolutely nil". (2)

This leads on to a further consideration. Both sets of proposals were marked by a clear, if at times hesitant, emphasis on the development of the home market, and an identifiable lack of enthusiasm for foreign trade operation. As Strachey put it;

> "Frankly, we are not so passionately internationalist as our City Editors or as our successful financiers. We should be content to regard the object of British industry and production as the humble and straightforward one of satisfying the needs of British men and women". (3)

The ILP had similarly acknowledged that hopes of re-gaining pre-war foreign markets were illusory. However, statements of this kind were, in both programmes, posed in guarded terms. Despite provision for the bulk buying of imports, any form of protectionism was rejected, although it would logically appear to flow from the primacy accorded to the needs of the domestic market. This may simply be a consequence of the political divisions and lobbies of the period. It may however have been another reflection of the authors' hesitancy in challenging the traditional tenets of British socialism. Despite the weight attached to the home market, Strachey argued that the "Birmingham proposals" would also increase the

1. *J. Strachey (1925) Revolution by Reason p.141.*
2. *J. R. Campbell - Only Communism can cure Unemployment "The Communist Review" (May 1929) p.257.*
3. *J. Strachey (1925) Revolution by Reason p.191.*

volume of foreign trade. (1) Moreover, the emphasis on rationalisation suggests a continued attachment to a foreign trade orientation. Strachey retained faith in the almost quasi-mystical nature of international trading relationships. If, he argued, the increase in working-class purchasing power went to the purchase of imports,

> "...you do increase the purchasing power of the foreigner by buying his goods. For then, with the money you have paid him, he can buy your goods in return. For trade is always, directly or indirectly, reciprocal". (2)

It followed from this that an "automatic" exchange rate should be maintained;

> "The truth is that a falling exchange is the only automatic and scientific form of tariff. Imports are discouraged, and home production stimulated. (3)

"The Living Wage" was less emphatic, but its acceptance of the gold standard was unambiguous.

Both programmes clearly share the same foundation stones. There is broad agreement over a range of philosophical, political and economic questions. Even certain ambiguities, such as the precise role of foreign trade, are to be found in both sets of proposals. All this, however, should not be allowed to obscure certain differences in approach. The significant differences and contrasts between the two programmes are generally rather submerged in rhetoric and ambiguity. This makes the process of identification difficult. It is easy, on the one hand, to ignore points that appear merely as verbal extravagance, and, on the other hand, to exaggerate the importance of questions that are, despite rhetorical flourishes, irrelevant. The first significant difference appears, at first sight, to fall into the former category, and yet, it has important implications. It rests on the respective analyses of twentieth century capitalism. Although both sets of proposals take the traditional underconsumptionist framework as a starting point, a contrast emerges around an elementary question; has the economic system undergone a fundamental change in its essential nature since the mid-nineteenth century? For Strachey, the answer is clearly in the affirmative. The development of monopolies and cartels provide capitalism with the opportunity of overcoming the haunting problem of underconsumption, that is, the limited market offered by working-class demand, ever holding back and restricting industrial progress and development. Strachey argues that the declining level of competition

1. *J. Strachey (1925) Revolution by Reason p.196.*
2. *ibid. p.197.*
3. *ibid. p.209.*

between rival manufacturers could allow wages to rise. They need no longer be forced down to subsistence level as companies fight for a share in the market. As "Revolution by Reason" puts it;

> "...under combination the crucial difficulty of the competitive system, namely, the tendency to depress wages to the subsistence level and so drain away purchasing power from the market is surmounted. If there is no rival firm competing with an employer he can, if he likes, pay his men much above a subsistence wage". (1)

The possibility exists then for capitalism to adopt a rationised form. The giant corporation offers an opportunity to eliminate the trade cycle and permit unfettered industrial expansion. However, this option seems unlikely for political reasons:

> "The truth is that although by trustification capitalism can overcome its most fatal defect, it does so at the cost of dropping its mark of respectability and of appearing openly as the naked tyranny it is...Democracy has gone too far, at any rate in Great Britain to allow non-competitive Capitalism to develop into a regularized system." (2)

This is of importance. If capitalism can be stabilised, then reforms assume a new meaning. Unemployment can be ended <u>within</u> the capitalist framework. "The Living Wage" lacks the precision of Strachey's argument. It is never clear whether the policy can be attained within the framework of capitalism or not. At best, society appears to be taking certain more or less undefined steps towards a transition;

> "The ILP sees in this living income a first demand for justice, with the power, if we follow its logic with courage, to carry us rapidly towards the realisation of a Socialist State". (3)

There are therefore, in these respects, clear differences between the two sets of proposals. "Revolution by Reason" set the pace. It represents an identifiable shift away from the ambiguities of the underconsumptionist framework towards the assumptions of Keynesianism.

Discussions on the relationship between the "Birmingham proposals" and Keynesianism leads to a further consideration. It has already been suggested that there is a substantial area of agreement between the two programmes on the question of finance. However, the extent of this agreement should not be allowed to obscure important differences. Despite considerable discussions within the ILP, influenced by Keynes, "The Living Wage" relied on underconsumptionist methods for its implementation. Demand levels were to be increased through the payment of a minimum wage, and through the family allowance. All the other

1. *John Strachey (1925) Revolution by Reason p.77.*
2. *ibid. p.78/9*
3. *ILP (1925) Socialism in our Time . p.76.*

features of the programme flowed from this emphasis on redistributive reform. For Mosley and Strachey, credit played a rather more central role. As the "Birmingham proposals" stridently proclaimed;

"We propose first to expand credit in order to create demand". (1)

This would be done through the nationalised banking structures which would be,

> "...capable of giving such accommodation to industry as will enable it to increase the purchasing power of the workers, so that a new home market can absorb industry's real productive capacity..." (2)

The simple use of the Bank rate to promote investment and industrial activity was rejected. This, it was argued,

> "encouraged the least desirable kind of borrower..The new money would then be employed for definitely anti-social purposes...We propose, in fact, to expand credit in a novel, scientific and socialist manner, to send our new emission of money direct to the spot where it...will be used for the greatest economic and social advantage..we select for our medium of credit expansion the necessitous areas of poverty, and propose to emit our new money in the shape of consumers' credits. These credits are an emergency measure to break the vicious circle of destitution and unemployment..Consumers' credits are a special expedient in time of industrial stagnation and collapse to stimulate effective demand in the right quarter and to restart the dormant mechanism of production". (3)

In other words, the credit system was required to do more than merely provide price stability. Unlike the ILP leadership, and for that matter, Keynes at this time, Mosley and Strachey saw credit mechanisms as more than a subordinate lever;

> "For, ironically enough, this centralised banking system, this latest and most vaunted creation of triumphant capitalism, seems destined to serve as an apt instrument in the hands of the working-classes, when at length they set about the task of transforming society into a workers' commonwealth. Credit is the key which can unlock the door of the new age. It and it alone can break the fetters of industrial paralysis, absolve the twice-cursed sin of poverty, and answer the riddle of co-existing destitution and unemployment." (4)

In contrast to this rhetoric, "The Living Wage" was considerably more cautious. This was despite the earlier work of H. N. Brailsford who had, in turn, acknowledged his debt to the "brilliant analysis" of Keynes' "Tract on Monetary Reform" (5) He spelt out his thinking in 1924;

1. *Sir Oswald Mosley (1968) My Life . p.180.*
2. *John Strachey (1925) Revolution by Reason . p.128/9.*
3. *Sir Oswald Mosley (1968) op cit. p.181.*
4. *John Strachey (1925) op cit. p.159.*
5. *H. N. Brailsford (n.d.) Socialism for Today p.120n.*

> "If the amount of credit is slightly restricted, and its price (the Bank rate) raised at the first signs of a coming boom; if credit is slightly expanded and its price lowered at the first distant symptoms of a depression, the general price-level will escape serious fluctuations, and employment will be constant and steady". (1)

Yet, "The Living Wage" marked a retreat on this. Credit and currency questions remained subordinate to the established re-distributive approach. The task of the monetary system was to ensure that such redistribution took place conditions of stability and to avert the possibility of "economic sabotage". Not only this; the availability of credit was apparently limited to consideration of the Bank rate.

The prpposals for credit reform in Mosley and Strachey's programme do however raise a problem. Hobson and Keynes could not simply be "fused". Keynes' emphasis on the importance of entrepreneurial psychology was partially acknowledged. Deflation, Strachey emphasised;

> "...acts as the strongest possible deterrent upon production". (2)

Similarly, inflation,

> "...imposes a heavy fine on the man who leaves his capital idle". (3)

However, "Revolution by Reason" still relied at least in part on under-consumptionist methods. It called for,

> "...heavy direct taxation on large incomes...Such taxation would cause a transference of purchasing power from one section of the community to another". (4)

Yet, the relationship between the role of entrepreneurial expectations, to which it appears that significance was attached, and the systematic taxation of the wealthy was never explored. This was perhaps a consequence of a further unresolved difficulty. Was "saving" to be seen as investment in the means of production, as, of course, Hobson had suggested, or was it viewed in terms of "idle balances". At times, as in for instance, Strachey's characterisation of the impact of inflation, it appears that the latter is the case. Generally, however, the concept is employed as it was used by Hobson.

These points remained unresolved. Although, therefore, there was a shift away from the underconsumptionist framework, it was both hesitant and limited. Mosley's claims must, it appears, be qualified.

1. *H. N. Brailsford (n.d.) Socialism for Today p.98.*
2. *J. Strachey (1925) Revolution by Reason p.42.*
3. *ibid. p.43/4*
4. *ibid. p.172*

MARXISM AND UNEMPLOYMENT DURING THE 1920s

How far was British Marxism, represented primarily by the Communist Party, able to present an alternative theoretical answer to the unemployment question? The ground is unpromising. The relative insularity of Marxism in this country is now generally acknowledged. Certainly, at the turn of the century, the debates provoked by figures such as Bernstein around the concept of "capitalist breakdown" largely by-passed Britain. Indeed, comparatively little attention was paid to economic questions as such. Developments, for instance, increasing monopolisation, were noted, but made little impact on the overall socialist outlook.

The immediate aftermath of the war inevitably transformed this. Firstly, the wartime experience itself could not simply be explained in terms of the traditional categories employed by the left. Secondly, the more or less undisputed hegemony of Russian thinkers within the world communist movement compelled British marxism to acknowledge foreign concepts and analyses, for, perhaps, the first time. Soviet resolutions and publications were conscientiously reprinted in this country, and the positionsadvanced by figures such as Trotsky, Varga, and Bukharin rapidly became essential points of reference for British theoreticians. Moreover, the relatively late birth of the Communist Party in this country forced it to come to terms not merely with the war, but also with the ebb of revolutionary struggles, and the "relative stabilization" of capitalism. (1) As Trotsky and Varga emphasised in an address to members of the Communist International, the revolutionary wave had,

"...been temporarily halted and its tempo delayed". (2)

This was, however, difficult for British Marxism to accept. "Catastrophe" theories had abounded during the years immediately following the war, despite the temporary prosperity engendered by the short-lived boom. The American theorist, Herman Cahn had, for instance, made a considerable impact with his arguments, on the left in this country. Writing in 1918, he claimed:-

> "...that a new force has grown up which no longer leaves the downfall of capitalism to the vague future...but makes the coming of that great event a matter of figures and

1. *F. Claudin (1975) The Communist Movement. p.66.*
2. *L. Trotsky and E. Varga (1921) The International Situation. p.19.*

> entirely independent of even the collective will of men. The war has enormously hastened the development of this force, and the catastrophe is imminent.
>
> Therefore, godspeed to the blind tools of history, who are hastening the destruction of the war-breeding class state."(1)

The "blind tools" were the financiers who, through the expansion of credit and paper money, had ensured the forthcoming collapse of the entire economy. The Glasgow revolutionary, John Maclean drew attention to the impact of this analysis and sounded a warning;

> "Many comrades seem to have been carried away by Kahn's "Collapse of Capitalism"...and believe that under its vast accumulation of credit and paper money and bills capitalism is rapidly staggering to its doom. My impression is that capitalism is more vital today in Britain, Japan and America than ever was..."(2)

There were others who, like Maclean saw spontaneous economic collapse as unlikely. E. C. Fairchild was one, drawing attention to another feature of wartime experience - the intervention of the central state into forms of economic management. He argued,

> "..capitalism...had, by a definite partnership with the State, taken on a new lease of life. Firms that were tottering on the balance had been able, out of the untaxed wealth that the manufacture of munitions had brought them, to extend and develop..." (3)

Certainly, this argument stands out against the claims of imminent economic collapse, advanced by instance by Joe Vaughan, Mayor of Bethnal Green, who pitched the assertion in dramatic terms;

> "Capitalism had reached its last hour, but it was a terrible death. No social order had ever wanted to die, but Capitalism was mad with the lust to live and fighting Death with savage determination". (4)

Yet, even those who saw capitalism as strengthened and reinvigorated by wartime developments, saw this merely as preparation for an inevitable economic and military conflict between the major powers. Changed economic relationships, most notably the rise of the United States, engendered by the war, were seen as the essential cause. As the BSP executive warned in April 1920;

> "..the capitalists and the Governments of their respective countries are making unprecedented preparations for a world trade conflict...and a resultant world-war most costly and more bloody than that of 1914-1918." (5)

Similarly, Maclean saw apparent capitalist strength as an indication of impending war;

1. *H. Cahn (1918) The Collapse of Capitalism. p9/10.*
2. *"The Call" 28th August 1919.*
3. *British Socialist Party (May 1918) Report of the seventh annual conference. p.17/18.*
4. *BSP (April 1920) Report of the ninth annual conference. p.5.*
5. *BSP (April 1920) ibid. p.29.*

> "Britain's every economic preparation at present...is a vital preparation for the coming trade war with America....Never were the capitalists more lively, more aggressive." (1)

Thus, although the changes wrought by war provoked differing responses and analysis, all in fact shared the essential premise that capitalism had entered the final stages of its life. Certainly, within the British Socialist Party, there appears to have been consensus around the claim that, as one delegate put it,

> "Reconstruction within the limits of the existing social order was impossible..." (2)

Again, it was argued that the economy was,

> "...past all remedy under capitalism". (3)

Either total war or collapse through inexorable contradiction was a mere matter of months ahead.

During this period, arguments and theories were essentially ad hoc. Pre-war ideas had more or less been abandoned. Marxist theoretical concepts appeared only as an afterthought, and bore little relation to the analyses presented to explain any particular development. Marxist economic notions were certainly familiar to activists and polemicists, but appeared, particularly in the works of the Plebs League, as a rather abstract science. Systematic explanation of the British economic situation came, then, initially from the Communist International, most especially Trotsky and Varga. They were emphatic in their argument that the crash of 1920/1 was no mere return to the pre-war trade cycle, but rather,

> "..a profound reaction consequent upon the artificial stimulation that prevailed during the war and during the two years thereafter, and was based upon ruination and exhaustion..." (4)

In other words, the economic significance of the war could not be underestimated. Here they shared the British analysis - it was no mere interruption. Other features of wartime change were stressed. War had checked a worldwide cyclical crisis, the first signs of which had been evident in the United States in 1913. Paper money had been able to produce "a cloak of prosperity". State intervention and munitions manufactured had permitted,

> "...an artificially stimulated state of industry and commerce..."(5)

Yet, they emphasised that all this was artificial and therefore could not be but temporary. Rather than strengthening capitalism so as to

1. *"The Call" 29th August 1919.*
2. *BSP (May 1918) Report of the Seventh Annual Conference. p.19.*
3. *BSP (April 1920) op cit. p.4.*
4. *L. Trotsky and E. Varga (1921)* The International Situation p5/6.
5. *ibid.*

enable renewed war, as Maclean and Fairchild claimed, it had ensured that future slumps would be increasingly, "..hard and lasting..". Capitalism had entered a new and decisive stage. Rising long-term unemployment was the primary sympton of this;

> "The ebb and flow of the gigantic army of unemployed...form a striking illustration of the disintegration of capitalist production, and represent a constant menace to the bourgeois order".

Nevertheless, capitalism would not simply collapse as a consequence of its own contradictions. Booms, albeit of a short-lived and speculative nature, were quite conceivable. Stabilisation of a limited form was the most likely prospect. Systematic and comprehensive, as this influential analysis was, it still left considerable room for ambiguity. Its acknowledgment that state intervention had been able to induce some form of economic revival and recovery opened up unresolved questions, as did its references to the use of credit mechanisms. It was conspicuously vague in its forecasts for the coming period. Such ambiguities inevitably marred the pamphlet's potential impact, and thereby permitted the perpetuation of the doubts and contradictions which had characterised British Marxism.

Nevertheless, traditional nostrums had been discredited. Increased real wage levels both before and during the war could hardly be explained in terms of the "iron law". Technical advance and improvement clearly did not necessarily and unproblematically lead to an intensification of the trade cycle and rising unemployment. Other factors required consideration. One could not expect a straightforward pattern of ever-deepening crisis, ending, inevitably, in a final breakdown. Moreover, the state could no longer be simply regarded as the repressive arm of the dominant classes. Its role was evidently more complex.

All this was the inheritance of British Marxism. The formation and early growth of the Communist Party highlighted all its weaknesses and areas of ambiguity. Inevitably, when it came to an analysis of rising unemployment levels, theories and concepts flew in a number of directions. On the one hand, it was tempting to follow in its broad essentials, the theoretical framework adopted by the Labour leadership. The increasingly evident tendency within Marxism to look towards immediate, conjunctural factors opened up the way for this. Tom Bell's "thesis on unemployment" is an example;

> "The present crisis of unemployment, however, cannot be put down simply to the ordinary previous causes of "over-production", etc....the delicate and intricate fabric of international credit being broken by the war, the poverty-stricken countries are unable to purchase the things they need from the countries that can supply them. Industry is accordingly dislocated and millions of workers are suffering through unemployment, as a consequence of the folly and greed of capitalism". (1)

Inevitably, this analysis shared the problems inherent within the mainstream Labour approach. It was a subjectivist theory, implicitly looking towards capitalist "greed" or "blindness" as a source of crisis, rather than broad economic trends and patterns. Yet, it was taken further. The approach was echoed in the paper of the National Unemployed Workers' Committee Movement. The post-war treaties were seen as the root cause of unemployment, in further weakening an already damaged European market. The reparations policies agreed at Versailles were condemned;

> "This absurd policy has even more to do with the present unemployment than the war itself". (2)

This theme was developed. Referring again to the Versailles treaty, the NUWCM argued,

> "A child in the streets could have told them that if you tear a man's guts out he can't pay your debt, nevertheless, that, in practice, was what they proceeded to do". (3)

Yet, although they shared the essentials of the Labour critique, they did not, at least initially, draw the same conclusions. Their analysis was usually rather uncomfortably tied to the belief that only revolution could provide any form of answer to unemployment (4). However, this conclusion shifted. The increasing prominence of the political demand for the establishment of trading relations with Soviet Russia had consequences for the party's economic thinking. "The Communist" favourably reported local resolutions declaring that full peace with Russia was,

> "...the only way to alleviate...the distress caused by unemployment". (5)

This was later developed and expanded in the Communist journal, "Labour Monthly";

> "...the return of trade prosperity to this country is impossible except on the basis of the restoration of Russia and Germany as buying and selling nations". (6)

1. *T. Bell - Thesis on Unemployment "The Communist Review" vol. 2. No. 1 (November 1921) p.82.*
2. *"Out of Work" 9th April 1921.*
3. *"The Unemployed Worker" 8th December 1923.*
4. *e.g. T. Bell (n.d.) Why this unemployment,*
5. *"The Communist" 21st October 1920.*
6. *D. L. Buxton - Credits for Russia "The Labour Monthly" vol. 2. No. 1 (January 1922) p.39.*

Similarly, the NUWCM insisted that,

> "...as a means of finding employment for the unemployed in the trades with which they are associated, the British Government shall immediately grant complete recognition to Soviet Russia and financial assistance, by means of long-term credits, with a view to the improvement of trade relationships" (1)

Other Communist Party leaders, even those involved in the NUWCM were more modest in their claims. Hannington, for example, told the 1924 Labour Party conference that Russian trade would only,

> "...secure employment for a few" (2)

However, more importantly, the party also tended towards the use of underconsumptionist arguments. Initially, these were linked to the analysis stressing the collapse of foreign trading markets. The capitalist class had, it was argued,

> "..so reduced the purchasing power of the mass of the workers throughout the world as to make it impossible for them to buy". (3)

This fusion between an analysis based on the restoration of world trade, and the underconsumptionist argument was echoed by the Young Communist League. The slump, they argued, was due,

> "...to increased world production bringing about a restriction of the World Market. This unemployment caused by the slump in the export trade further restricts home consumption which in its turn means more unemployment." (4)

Underconsumption, in its traditional sense, was also adopted. At times, the party's arguments merely presented Hobson's claims in rather more vitriolic terms. Unbalanced production was the essential cause of unemployment, leading to inevitable glut;

> "While such shining lights as Thomas, Clynes, and Snowden were shrieking from every hoarding, "Produce More", there were some of us who realised that the more we produced, the more we should go short". (5)

Again, during the famous Woolwich by-election, the party's manifesto rested heavily on underconsumptionist arguments. (6). Stuart Macintyre has commented on the rather haphazard application of this approach;

> "British Marxists lacked consistency in their attitude to underconsumption theory. They condemned it explicitly but frequently employed underconsumptionist arguments in their own economic writings. In this respect their hostility seems to have been directed primarily towards the reformist political perspective of the popularizers of underconsumptionist theory rather than against the economic doctrine itself, with which they showed little familiarity". (7)

1. *NUWCM (n.d.) Questionnaire to candidates.*
2. *Labour Party (1924) Report of the 24th Annual Conference. p.157.*
3. *T. Bell (n.d.) "Why this Unemployment," p.5.*
4. *Y.C.L. (n.d.) Unemployment Campaign - speaker's notes.*
5. *"Out of Work"* 19th March 1921.
6. *"The Communist" 19th February 1921.*
7. *S.F. Macintyre (1975) Marxism in Britain, 1917-33 (unpublished Ph.D. thesis, University of Cambridge). p.146.*

This judgement seems to be largely confirmed. Certainly, proposals for schemes of work promulgated as an attempt to raise working-class consumption levels, were vigorously dismissed. In an open letter to the Labour Party, the Communists argued;

> "We see little material difference between your proposals and those of the capitalist parties. You propose schemes for afforestation, transport development, land reclamation, etc. So do the Liberal and Conservative Parties. The difference is only one of degree. You propose to spend more money, that is all. And at the best these are not proposals to abolish unemployment. They are merely relief schemes and leave the root of the problem untouched". (1)

They pointed to the patchwork nature of the Labour programme, and the increasing prominence of demand for the direct raising of working-class income levels;

> "...the fact is that higher wages, so far from challenging the policy of the Labour Party, is absorbed into this policy without anyone turning a hair". (2)

They asked Labour how their programme was to be achieved;

> "..the means to accomplish this are left to an attempt, or rather a pious aspiration, to change the sphere of economic demand. How far does this come within a hundred miles of touching the present crisis". (3)

Yet, criticism of the Labour and ILP approaches remained at this level. The underconsumptionist framework was never satisfactorily challenged. Indeed, during the 1923 election, Walton Newbold, a candidate for the Communist Party, advanced a programme of social reconstruction, demand the expenditure of £500 million over five years. (4) The theoretical differences between this, and Labour calls were simply not explained.

Only Maurice Dobb really began to take up and challenge under-consumptionist precepts. As an alternative, Dobb advanced a form of disproportionality theory, where he argued that maladjustments inherent within capitalism, primarily between the constructional sector and other industries, were the essential source of unemployment;

> "Mr. Hobson is wrong, therefore, in attributing unemployment to over-saving. It is not the absolute proportion of saving to direct spending which matters. It is the distribution of investments between various industries. However little may be saved and invested, if too much of it is invested in shipbuilding and engineering, and too little in the textile and leather industries, there will be maladjustment and crises just the same." (5)

1. *"The Unemployed Worker" 8th December 1923.*
2. *"The Workers' Weekly" 23rd November 1923.*
3. *ibid.*
4. *ibid. 30th November 1923.*
5. *M. Dobb - The Economics of Unemployment "The Plebs" (February 1923) p.54.*

For Dobb this was a crucial question. Unemployment, he argued, could not be solved through the lessening of inequality by legislative means. This was mere "liberal reformism". Unemployment could be cured only through the scientific distribution of economic resources. In other words, some unemployment was inevitable even during the early stages of socialism. Under capitalism, unemployment was necessarily unavoidable. Capitalist attempts to rationalise the economy, through trusts and combines, would merely lead to intensified acts of imperialism and war. Dobb's analysis represented one of the very few theoretical attempts to refute the underconsumptionist critique. Its influence was however limited, and it did little to end or resolve self-evident theoretical anarchy on the Marxist left. (1)

Without any form of independent theoretical guidance, the Communist policy of a "united front" with Labourism, often resulted in uncritical support for Labour's ideas, actions and politics. They were simply given a more militant tinge. At times, this was recognised within the Communist Party itself. Critics claimed that the Unemployed Workers' Charter, issued jointly by the NUWCM and the TUC marked the abandonment of an independent revolutionary position, and the acceptance of Labourism;

> "..it lacks a working-class consciousness: it is most vague and indefinite in its demands...Furthermore, placed side by side with the demands of the NUWCM, it becomes a simple electoral manifesto issued by Labour (and sometimes Liberal) to catch votes". (2)

This point was developed by the same critic in a detailed examination of the Charter's demands and programme. He took up the call for schemes of work, and the terms employed by the Charter to support his demand;

> ""Prosperity of the nation","mental and physical efficiency", "national asset" - these are bourgeois terms, and worthy of the support of the most reactionary Tory. It states that the schemes would be remunerative; but to whom?" (3)

The Communist dominated Metal Workers' Minority Movement had advanced, at its conference in March 1924, a programme of work, not dissimilar to Labour demands. This included railway electrification, power station development, and the expansion of inland waterways. (4) Similarly, in

1. *although the theme was taken up by the Plebs League. See Plebs Textbooks No. 3 (1923) An Outline of Economics.*
2. *E. Stanley - The Unemployed Workers' Charter: an examination "The Communist Review" vol IV No. 12 (April 1924) p.524.*
3. *E. Stanley - The Unemployed Charter leaflets "The Communist Review" Vol. 5. No. 4. (August 1924) p.192.*
4. *W. Hannington. The Unemployed Workers' Charter "The Communist Review" Vol. V No. 1 (May 1924) p.21.*

the Young Communist League, Labour economic thinking as such, did not come under attack. Labourism was only opposed at a political level. Thus, they argued;

> "Our demands cannot be reconciled with the Labour Party demand for the raising of the school leaving age to 16 years. This is merely a quack remedy and would mean the continuance of dope education in capitalist schools, calculated to turn out docile wage slaves." (1)

The Communist Party's lurch to the left, and the TUC's shift to the right, in the period following the defeat of the General Strike, broke up any idea of alliance between the NUWCM and the TUC General Council. In a number of respects, this led to a dramatic change in Communist economic perspectives. Labour was savagely attacked for its apparent adoption of the Mond-Turner memorandum and its recommendations for price-stabilization and rationalisation;

> "the only "alternative" policy that it can advance is in essentials the same "rationalization" policy as progressive industrialists among the capitalist class are advancing as a means to arrest capitalism's decline. In its forward policy, the complete and open transition of the Labour Party to the role of a "third party of the bourgeoisie" is abundantly shown". (2)

Talk of a "second industrial revolution", as suggested by figures such as Walton Newbold and John Strachey was a dangerous delusion. New industries, orientated towards the home market, were not really of economic significance;

> "...the parasitic phase of capitalism has less and less room for the workers thrown on the scrapheap by the decline of the basic industries. Fewer and fewer workers can be absorbed even by the industries based on "personal service"".(3)

The final stages of capitalism were to be marked by the hegemony of financial interests;

> "In British capitalism today, the absentee, passive rentier element has become predominant. Its influence, bound up with the financial activities of the City of London, has grown with the war, and its psychology now pervades the whole, like a heavy fog". (4)

Yet, this apparent retreat into what appears as Marxist orthodoxy should not be taken too far. Certainly, it does represent the application of categories to processes to which they were little suited. The party held, for instance, that industrial prosperity was

1. *Y.C.L. (n.d.) Unemployed Campaign. Speakers' notes.*
2. *"Economist" - Churchill's Budget "The Communist" vol. 3. No. 6. (June 1928) p.323.*
3. *Andrew Rothstein - British Capitalism in Decay "The Communist" vol 3. No. 1 (January 1928)*
4. *"Economist" - The Problems of the British National Debt "The Communist" vol. 3. No. 2 (February 1928) p.64.*

only conceivable on the basis of the traditional industries. (1) Hence, their decline represents the final crisis of British capitalism. In this context, rationalisation inevitably would be a mere papering over of cracks. Labourism, and the Liberal authors of "Britain's Industrial Future" must, thereby, be compelled to drift rightwards; (2)

> "No doubt if Great Britain were alone in rationalising industry, certain definite gains would result, but all other countries are also undertaking rationalisation, many of them being already far ahead of Great Britain...The net result of rationalisation will, therefore, be increased competition between the leading capitalist countries, leading to increased scrambles for colonies and sources of raw materials...The results of rationalisation in improving employment will be absolutely nil". (3)

The reduction of unemployment levels was dependent upon the re-establishment of the traditional industries at their former strength, requiring foreign buyers;

> "...British unemployment can only be reduced under capitalism by the re-conquest of the foreign market". (4)

Yet, although these assertions were made, Communist polemicists retained a striking respect for the laws of orthodox political economy. The Liberal scheme, most particularly its call for a loan to finance schemes of work, was dismissed in terms acceptable to proponents of the "Treasury view":

> "...we have got to remember that the raising of this sum means the diversion of capital from other industries and occupations, and therefore we have got to look not only at the figures of the unemployed who will be set to work under Lloyd George's scheme, but also at the diminution of employment in other industries and trades which will slacken down owing to the diversion of money to this purpose." (5)

Above all, any employment generated by the scheme would be "artificial, Thus,

> "All the Lloyd George scheme can do is to absorb some of the unemployed displaced by rationalisation. When the stimulus given to employment dies down, it will leave the unemployed army larger than ever." (6)

This theoretical hotch-potch presented difficulties, and essentially prevented Marxism from offering a coherent alternative to both mainstream Labourism and to the ILP. This is revealed in its most dramatic form by the Communist Party's inability to offer a coherent response to the authors of "The Living Wage". Palme Dutt's discussion of the policy

1. *although see the contribution by E. Varga, in ECCI (1928) "Communist Policy in Great Britain" for a differing view.*
2. *see J. T. Murphy - Liberalism and the Future of British Capitalism "The Communist" vol. 3 No. 4 (April 1928)*
3. *J. R. Campbell - Only Communism can cure Unemployment "The Communist Review" (May 1929) p.256-7.*
4. *ibid p.260*
5. *ibid p.259*
6. *ibid p.260*

[Note - ECCI - Executive Committee of the Communist International]

merely focussed on the alleged political repercussions of the proposed measures. As an analysis of crisis and depression, underconsumption theory itself was hardly questioned. (1)

1. R. Palme Dutt (1927) *Socialism and the Living Wage.*

CONCLUSION

This discussion has implicitly, and, at times, explicitly, gone far beyond coverage of attitudes, on the left, towards unemployment and the unemployed. The apparent inability of the dominant classes to provide full employment was almost invariably seen as merely the most visible symptom of capitalist decline. Socialist remedies for unemployment were therefore intimately linked to wider socio-economic analyses. Unemployment was never approached as such. The unemployed were rarely identified as a specific group demanding redress, separate from the claims of the working classes as a whole. Even "home colonisation", viewing the unemployed as the potential pioneers or vanguard of a new society, was tied and linked to wider forms of social re-organisation. It thereby attempted to offer benefits to employed and unemployed alike. Similarly, underconsumption and Fabian theories saw unemployment as one aspect of economic irrationality and poverty. Much the same can be said of the radical variants on underconsumptionist arguments advanced by Oswald Mosley and by the Communist Party during the 1920s.

It follows from this that each of the theories advanced to resolve the "unemployed question" was associated with and depended upon a particular analysis of the capitalist order and its mechanisms. "Home colonisation" presented the idea of an irredeemably overstocked labour market as the essential source of working class ills. The market itself could not be reformed, being subject to the laws of supply and demand and the only solution lay in the transference of excess labour into non-capitalist forms of production. In contrast with the assertions of later Marxist thought, the hand of the state was to be utilised to effect the change, and thereby introduce the "social revolution". In other words, the "home colony" rested on a certain respect for many of the laws of classical and neo-classical economics, rejecting interference in the market in favour of what might be termed a "by-passing operation". The other significant feature of the theory was its assertion that the ending of unemployment and poverty was inextricably tied to the erosion of capitalism. The progressive elimination of unemployment would be accompanied by the progressive weakening of the private sector of the economy.

Underconsumption theory similarly saw the state as an instrument of reform. Yet, in contrast with the premises underlying the "home colony", underconsumptionism rejected the apparent sanctity of economic laws. The labour market itself, it was argued, was open to change, reform, and expansion as a consequence of the planned raising of working-class demand

levels. However, the theory was, as has been seen, characterised by a central ambiguity. It never resolved whether these envisaged changes, inevitably entailing far reaching social and political implications, could be implemented within the framework of capitalism. In Hobson's hands, the answer is quite clearly in the affirmative, for he only partially acknowledged the existence of such implications. The question is however far more complex for I.L.P. writers, and the issue is more than often evaded through the employment of various rhetorical formulae. For Fabianism, as for other forms of proto-Keynesianism, entailing schemes of work resting on the raising of a state loan rather than redistributive taxation, the question becomes irrelevant as the radical implications are removed.

The history of socialist thinking around unemployment can therefore, in some senses, be considered as one of retreat. From one angle, then, the revolutionary content of the "home colony" gives way to a "corporative" concern with the family allowance, and those other benefits which were seen as instruments for the raising of working class living standards. However, approached from another angle, the changing analysis of unemployment can be seen as the abandonment of a certain utopianism. The revolutionary aspirations held by advocates of the "home colony" can be seen despite efforts to link the scheme to local demands for work, as rather abstract. Duncan C. Dallas almost appeared to welcome rising unemployment levels;

> "Yet, paradoxical as it may seem, it is an eminently hopeful fact. It marks the breaking-up of the accursed capitalistic system of production.... Ye social wrecks of brutal capitalism and selfish individualism, behold your redemption draweth nigh'."(1)

"Home colonisation" has further implications which require amplification. Its centrality to the overall thinking of the SDF has already been stressed. This has some important consequences for any assessment of the Federation's politics and activity. The organisation has had a notoriously bad press. This image has been reinforced by the memories and recollections of former members such as William Saunders. The SDF, he wrote, held to the idea of ever increasing immiseration. Therefore, it believed that the working classes could look forward only to a progressive deterioration in their lot;

1. *D. C. Dallas (1895) How to Solve the Unemployed Problem, p.3.*

> "If the theory of increasing misery was correct, what was the use of proposing reforms? So, when we were in severely logical moods, we spoke disdainfully of the proposed measures or palliatives, calculated only to produce for a time more efficient wage slaves, and to postpone the great day when capitalism would follow the example of the walls of Jericho and fall at the sound of the thundering revolutionary battle-cry of the multitudinous insurrectionary proletariat. At other times, especially during elections, we laid stress upon the value of the eight-hour day, the public feeding of school children, old-age pensions, and the like, as means to the permanent improvement of the lot of the worker, so that he might wax fat and kick his oppressors; we carefully closed our eyes to the inconsistency between this advocacy and our theoretical basis". (1)

Despite the lasting influence of such accounts, Saunders cannot be altogether regarded as a reliable witness. His recollections were inevitably coloured by later years as an official of the Fabian Society, and he appears to have left the SDF with recriminations and some bitterness. His description must be regarded as a rather savage caricature. Nevertheless, its essential features have been generally accepted as accurate. One purpose of this thesis has been to cast a question-mark over such assumptions.

In contrast with these usually deeply critical evaluations of the SDF, Henry Collins has stressed the value it attached to demands for "palliatives". However, despite this, he still considers that the Federation should be regarded, at least partially, a "sect". Much of its politics, Collins argued,

> "...stemmed from a too literal and inflexible interpretation of Marxist economics which led the party to entertain illusions about the inevitable and more or less automatic collapse of capitalism." (2)

This judgement however also perhaps requires qualification in the light of our discussion. As has been stressed, the SDF was not concerned to simply wait for the impending demise of capitalism, and merely seek, meanwhile, to palliate its most undesirable features. "Home colonisation" offered a coherent and systematised strategy for effecting the downfall of capitalism, and the introduction of a socialist order. It seems more likely, then, that the Federation's ambivalence, and, at times, almost open hostility to trade unionism, which is so often commented upon, stemmed not so much from some form of economic fatalism, but rather from the idea that all forms of working-class militancy should be subordinated to the pursuance of "social revolution" through the "home

1. *W. S. Saunders (1927) Early Socialist Days. p. 31.*
2. *H. Collins - The Marxism of the S.D.F. A. Briggs and J. Saville (1971) Essays in Labour History, 1880-1923. p.60.*

colony".

The "home colony" has, however, further implications which require discussion. It represents an identifiable link between Chartism, the socialist groupings originating in the 1880s, and still later formations. As has been seen, traces of its influence are evident even during the 1920s, and socialist proposals for co-operative agricultural experiments appear still later. It seems reasonable, then, to draw the conclusion that the influence of the "home colony" and its hold over dissenting thought, amongst critics of capitalism, can hardly be overestimated. The tie between O'Brienite radicalism and modern socialism is often seen solely in terms of the cadre involved, in the survival and continuity of a certain "political culture" or through the role of groupings such as the Land and Labour League at the end of the 1860s. However, the "home colony" provides a far more tenable link than these studies suggest.

The demise of the "home colony" has to be associated with the rise of "Labourism". There is a clear relationship between the emergence of distinctively Labour thought, with its insistence upon the development and maintenance of bargaining rights within the framework of capitalism, and the increasing acceptance of underconsumption analysis by the left. Although, as has been seen, the "home colony" made an occasional appearance during late years, it was as a side current, subordinate to other forms of thought. Underconsumptionism and Fabianism rose hand in hand with the emergence of the Labour Party. Both can, in some respects, be seen as aspects of "corporatism", Fabianism presenting this in its most evident form, postulating significant economic reform unambiguously within the framework of existing economic structures.

Post-war economic thought on the left is rather more complex. Its protracted failure to come to terms with changed reality is reflected initially in the reassertion of the principles of the Minority Report on the Poor Law, and then in the demand for the restoration of pre-war world trading relationships . Underconsumptionism only re-emerges at the fore after the collapse of the 1924 government. Yet, as a practical policy, it was rendered impotent by both the left's failure to explore the wider implications of the theory, most especially its repercussions for British adherence to the gold standard, and by the political peculiarities of the years immediately following the 1926 General Strike.

In this light, the claim that the self-evident failure of the 1929-31 government to seriously tackle the unemployment question is rooted in Labour's "utopianism" has to be questioned. It has been argued that it was,

> "...the party's commitment to a Utopian socialism which...prevented it from coming to terms with economic reality...The Labour Party's commitment to a nebulous Socialism made it regard the work of the "economic radicals" such as Keynes as mere "tinkering"..."(1)

This claim, that Labour suffered from a fixation with a romanticised post-capitalist future, blinding its members to immediate political and economic needs, requires reassessment. The party rarely, if ever, had its eyes on some "nebulous socialism". Through its attachment to under-consumptionist ideas, it was constantly advancing demands and proposals to meet contingencies. It was not merely prepared to contemplate and support reform within capitalism, its horizons rarely extended beyond it. Keynes' ideas and the 1929 Liberal programme were not rejected because they represented "mere tinkering", but because they were, for reasons suggested, politically unacceptable.

Other arguments around this question also require re-examination. It seems, for instance, an exaggeration to claim that,

> "By 1929, virtually everyone in the Labour world understood the links between the precarious gold standard and the Bank of England policy maintained for its sake, which limited credit and purchasing power and thereby cut output and unemployment". (2)

As has been suggested, socialist attitudes to the gold standard were shrouded in ambiguity. There was certainly little unanimity about its impact on employment levels. Was it such as to demand abandonment of gold? Few, if any, advocated such a course. Should it then be in some way accepted as an established fact? This was, as has been seen, the most widely advocated argument, surely reflecting a significant underestimation of the impact of the gold standard on employment and unemployment. It is certainly difficult to see what this would have meant in terms of practical policy, had this line of thought been seriously adopted by any government.

1. *R. Skidelsky (1967) Politicians and the Slump. p.xii.*
2. *S. Pollard - Trade Union Reactions to the Economic Crisis. Journal of Contemporary History vol. 4 No. 4 (1969) p.105.*

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