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NEVILLE CHAMBERLAIN AND BRITISH SOCIAL LEGISLATION, 1923-1929

DISSERTATION

Presented in Partial Fulfillment of the Requirements for
the Degree Doctor of Philosophy in the Graduate
School of The Ohio State University

By

John Woodmansee Leland, B.A., M.A.

* * * * * *

The Ohio State University,
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CHAPTER I
THE CHAMBERLAIN TRADITION AND THE THIRD CHAMBERLAIN

Arthur Neville Chamberlain is not a revered figure in British history. No twentieth-century British statesman's memory is more maligned than his. Appeasement, Godesberg, the Munich Conference, Heston airfield, "peace in our time," the rape of Czechoslovakia, and the Norwegian fiasco are all associated with his last three years in public life, and each recalls a particular phase of a controversial premiership which brought Britain to war in 1939.

Misadventures in foreign policy have obscured an otherwise distinguished career of national service. Neville Chamberlain's work as a social reformer, most evident when he was Minister of Health, for five months in 1923, and from November 1924 to June 1929 had earned him the right by 1931 to be recognized as Stanley Baldwin's heir apparent to the leadership of the Conservative Party. By tradition, temperament, experience, and training, his overriding interests as a politician lay in the drafting and enacting of constructive social legislation. "He hated war," the leading Conservative daily of northern England commented sadly at his death in 1940, "because it obstructed social progress and social reform. He loathed the necessity of spending on instruments of destruction vast sums which might have gone to bettering
his country's conditions of life.\footnote{Yorkshire Post, 11 November 1940.} Only days before the general election of 1929 which drove the Conservatives from Office, Chamberlain in an article for the \textit{Evening Standard} explained that his special task as Minister of Health had been to effect schemes "designed to improve the conditions of the people" according to Disraeli's third principle of Tory Democracy.\footnote{3 May 1929.}

Chamberlain's heritage as a social reformer came from his own experience in the municipal government of Birmingham and from the example of his father, Joseph Chamberlain, whose views on social legislation had made the Conservative Party more aware of working-class aspirations in the closing years of the nineteenth century. Birmingham was already the greatest industrial city in Britain at the time of Neville Chamberlain's birth, and it still remains a microcosm of the country's industrial and social problems. When he entered Birmingham's service as a councilman in 1911, the great industrial hub of the Midlands was England's second largest city with a population of 840,000.\footnote{Sir Keith Feiling, \textit{Life of Neville Chamberlain} (London, 1946), 51.}

It was anticipated by the elder Chamberlain that one of his sons would follow his example and pursue a political career. However, Joseph Chamberlain selected not Neville, but his older half brother
Austen for a life of public service. To the leader of the Liberal Unionists, his youngest son showed not even latent political aptitude. Consequently, Austen took a Cambridge degree, helped Joseph Chamberlain in the election of 1886, and entered Parliament in 1892 to serve continuously as a member of the Commons until his death in 1937. Meanwhile, Neville prepared for a business career by studying metallurgy and engineering at Mason College, which became the University of Birmingham in 1900.

Although Joseph Chamberlain had chosen Austen to carry the family name into national councils, not all observers later believed that he had made the wisest decision. Both brothers were enjoying considerable Parliamentary reputations when in 1926 Beatrice Webb in her diary passed harsh judgment upon Austen, then Foreign Secretary in Stanley Baldwin's second government.

...he is undoubtedly a man of experience in affairs, with certain gifts and accomplishments, and he is personally disinterested. But he is dull and close-minded and in his outlook on public as distinguished from private affairs, he is morally as well as intellectually dense and equally unaware of the subtler nuances of right and wrong and of truth and untruth.5

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4 Austin Chamberlain's mother, Harriet Kenrick, died at his birth in 1863. In 1868 Joseph Chamberlain had married Florence Kenrick, his former wife's first cousin, and Neville, born 18 March 1869, was the first child of the union. Florence Kenrick Chamberlain died in childbirth in 1875. The Kenrick family were successful ironmongers at West Bromwich and, like the Chamberlains, were nonconformists and much occupied with philanthropy, civic duty, and social reform. Joseph Chamberlain's brother Arthur married Louise Kenrick, the twin sister of Neville's mother. Sir Keith Feiling, Life of Neville Chamberlain, 1-5. Iain Macleod, Neville Chamberlain (New York, 1962), 19-20.

Moral density could not be attributed to Neville Chamberlain. Like his father, Neville felt a genuinely deep concern for the industrious poor. Only a man of sincerity could have painted so vividly for the House of Commons on the second reading of the Widows', Orphans', and Old Age Contributory Pensions Act of 1925, the tragedy of those who had become helpless and dependent through no fault of their own. "Every one of us can recollect scenes like this," he reflected, "and everyone can recall the feelings of pity and sympathy which they aroused in us, and the longing that we had to do something to relieve sufferings which were so acute and so unnecessary."

Soon after his initial election to the House of Commons in December 1918, Neville Chamberlain described the fundamental differences between Austen and himself.

The fact is I always said that if I went into the House we should differ and we are bound to do so because our minds are differently trained. He thinks me wild and I think him unprogressive and prejudiced.

During the debate on Chamberlain's housing act in 1923, Fred W. Jowett, a leading member of the Independent Labour Party and member for

6Debates, Commons, 5s, CIXXXIV (18 May 1925), 73.

7Neville Chamberlain to Ida Chamberlain, 4 January 1919, quoted in Iain Macleod, Neville Chamberlain, 79. Nearly every week during his public career from 1916 to 1940, Neville Chamberlain wrote a lengthy letter to either one of his maiden sisters, Ida (1870-1942) or Hilda (1872-1963), who lived together in Hampshire. The letters number several pages each and in them he speaks most candidly about affairs of State. Ida served as a Hampshire county councilor in the 1920's and was an active member of its housing committee when her brother was Minister of Health. Chamberlain frequently consulted his sister on housing policy and listened carefully to her advice.
Bradford, concluded that the Minister of Health was more able than his older brother.

Compared with Austen Neville is quick-witted and free of speech. He is not eloquent, however, as his father was. Biting satire and moving perorations are not among his gifts. But he is competent and sure of his ground, and one wonders if the brothers will become rivals. If they do Neville surely is the better man. Joseph Chamberlain selected badly when he chose Austen in preference to Neville to wear his mantle. 8

In 1890 when only twenty years of age, Neville Chamberlain left England for Andros Island in the Bahamas to manage a twenty-thousand acre sisal plantation which his father had purchased; the governor of the Bahamas, Sir Ambrose Shea, whom Joseph Chamberlain had met in Canada that same year had persuaded him to make the investment. 9 For nearly seven years the youngest Chamberlain lived there in isolation trying to grow sisal in soil which was too thin for the crop; in 1897 the venture was abandoned at a loss of £50,000. "We must conclude," writes Neville Chamberlain's biographer Sir Keith Feiling that "Andros over-sharpened some sides of his virtue, giving him a dislike of anything untidy, over-darkening for him the incompetence of humanity en masse, and imparting to his energy an unreflective turn, so that a day without incessant action seemed a day wasted." 10

9Sir Keith Feiling, Life of Neville Chamberlain, 17.
10Ibid., 30.
With a burdensome sense of failure Neville Chamberlain returned to England. For the next twelve years his bachelor life in the city of his birth typified his background and training. At Highbury, Joseph Chamberlain's ostentatious Victorian-Gothic home in western Birmingham, he associated with the leading political figures of the day—among them Alfred Milner, champion of British imperialism and governor of Cape Colony; the youthful William A. S. Hewins, professor of economics at the University of Manchester and adviser to Joseph Chamberlain and his followers on tariff reform; and Leo Maxse, a leading radical, the Unionist editor of the *National Review* and only five years Neville's senior.

In the same year that Neville Chamberlain returned to England, he began a business career to establish an independent financial position and to redeem the failure of Andros. He soon became one of the outstanding figures in the civic life of Birmingham and was an active participant in the influential Chamber of Commerce and as the chairman of the city's General Hospital. With the backing of his uncles, Arthur and Walter Chamberlain, he joined the metal-finishing firm of Elliotts', of which his great-uncle John Arthur Kenrick had been a director since 1863. On the eve of the First World War, Chamberlain was the company's chairman and largest shareholder; Imperial Chemical Industries absorbed Elliotts' in 1928.11

11 *Imperial Chemical Industries* to the author, 19 September 1969, extract from the *Imperial Chemical Industries Magazine*, May 1929.
Also in 1897 Chamberlain purchased the Hoskins* Company on Lower Trinity Street in Birmingham. Typical of that city's many small family firms at the turn of the century, there was a close relationship between owner and employees at Hoskins'. The young industrialist retained the traditional name for this business which produced folding berths for ships. Holding the American patent for the berths used on emigrant ships, the company was a profitable one. Hoskins' survives today as a family enterprise, with hospital beds having replaced folding berths as its main product. Chamberlain's son-in-law, Stephen Lloyd, is chairman today and his only son Frank, who died in December 1965, was a director for many years.

Chamberlain's years as an industrialist greatly influenced his political style; he did not abandon the practical, commonsense techniques of a Birmingham manufacturer after becoming a Minister of the Crown. Said Churchill in eulogizing his discredited colleague in November 1940: "He had a precision of mind and an aptitude for business which raised him far above the ordinary levels of our generation," while Clement Attlee, leader of the Labour Party and one who had never liked Chamberlain personally, summarized even better the qualities which made the Midland industrialist a great reforming minister.

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12 Iain Macleod, Neville Chamberlain, 39.

13 Debates, Commons, 5s, COCLXV (12 November 1940), 1618.
Neville Chamberlain brought to the service of this House most remarkable qualities—great industry, an orderly mind, clarity of exposition and readiness in debate, backed by great tenacity and determination. It was always obvious when he spoke that he had not just read a brief but had mastered his subject. Rarely, if ever, was he found wanting in knowledge. Few Ministers were more skillful in piloting through Committee a difficult and complicated Measure, and he was a great administrator.14

Sir John Simon, Liberal Foreign Secretary in the National Government, observed, "He would go into the matter as though it was his personal problem, test it at every point, listen in a business fashion ...and then state his conclusion with the finality of a General Manager conducting a company's affairs."15 Writing at the centenary of Chamberlain's birth in March 1969, a contemporary journalist has noted too harshly perhaps, "If anyone wants to know what the chairman of Great Britain Ltd. would probably be like they have only to go back to Neville Chamberlain."16 As a Birmingham industrialist Chamberlain acquired habits of precision, exactness, and concentration on the task at hand. While Minister of Health in Baldwin's first two governments, these habits helped him to achieve successful reforms in housing, social security, the poor law, and the reorganization of local government, even though the bills providing for these reforms were often tedious, technical measures of unusual length. It was when Joseph

14 Ibid., 1620-1621.
Chamberlain's compassionate radical spirit combined with an almost severe practicality that allowed Neville Chamberlain to become the outstanding domestic statesman of the interwar period.

In January 1911 when Neville Chamberlain was forty-two years of age, he married Anne Vere Cole, who was nearly fifteen years his junior. She was the daughter of Major William Cole, 3rd Draggon Guards, of West Woodhay, Wiltshire, and Mary de Vere, of Curragh Chase, County Limerick. The Chamberlains made their home in Edgbaston, a fashionable Birmingham suburb, which Neville Chamberlain represented in Parliament from 1929 until his death in 1940. Since the marriage was an extremely happy one, Chamberlain later attributed much credit to his wife for his rapid rise to the Premiership. In a letter written shortly after becoming Prime Minister in May 1937, he said of her:

I should never have become P. M. if I hadn't had Annie to help me....She has kept many who might have left me if I had been alone, but are devoted to her. But besides all this she has softened and smoothed my natural impatience and dislike of anything with a whiff of humbug about it, and I know she has saved me often from making an impression of harshness that was not intended.17

Chamberlain made his first entrance into politics in November 1911, when he became a member of Birmingham's 120 member city council, elected as second of three councilors, from the All Saints ward. Within three years the council made him an alderman and, in 1915, it elected him Lord Mayor. Three years as a councilman and one as an

17Quoted in Sir Keith Feiling, Life of Neville Chamberlain, 124.
alderman equaled Joseph Chamberlain's rapid rise to the Lord Mayoral
ty.\textsuperscript{18} Chamberlain took a leading part in all facets of municipal ad-
ministration. The committees he joined were those concerned with town
planning and public health; he was the first chairman of the town
planning committee, created in 1911 to deal with the city's housing
shortage. The Birmingham apprenticeship furnished invaluable knowledge
when less than a decade later as Minister of Health Chamberlain faced
many issues concerned with housing and local government. He understood
and appreciated the problems of the local authorities and held the con-
viction that the strength of Britain's democratic tradition lay in the
efficiency and adaptation of local government institutions to changing
conditions. This experience in municipal government enabled him "to do
more to improve it than any other man in the twentieth century."\textsuperscript{19}

To be Lord Mayor in wartime meant that special duties were added
to the office, and Chamberlain was unable to implement many of his
broader plans for housing and civic improvement. Recruitment, the en-
tertainment of forces, tribunals for exemptions, and labour for muni-
tion factories were problems to which he devoted all of his energies.
"The lasting memorial to his time as Lord Mayor" was the creation of
the Birmingham Municipal Savings Bank in 1916.\textsuperscript{20} Recognizing the need

\textsuperscript{18}Iain Macleod, \textit{Neville Chamberlain}, 47.

256.

\textsuperscript{20}Sir Keith Feiling, \textit{Life of Neville Chamberlain}, 59–60.
to discourage the waste of the high wages earned in war industries and knowing that labour had never been attracted to the postal savings system, his answer to the problem was to create a municipal savings bank. It was Chamberlain's personal scheme which he carried over the opposition of the nation's joint stock banks. By an act of Parliament in 1916 only boroughs with a population of at least one quarter million population could establish such banks which were to close out within three months after the war's end.21 In 1918, however, a special act of Parliament gave permanency to the Birmingham bank which was the largest and most successful of its kind in the country. By 1927 the Birmingham Municipal Bank had thirty-six branches and over £7,000,000 in deposits,22 and to the present day it remains the only municipal bank in Britain.

On 6 December 1916 Lloyd George, Minister of War, forced H. H. Asquith to resign as leader of the wartime Coalition; the Welshman then became Prime Minister and set up a small war cabinet of five members. In an effort to deal more adequately with the chaotic problem of manpower recruitment and allocation, Lloyd George established both a reorganized Ministry of Labour and a new Department of National Service. Parliament soon created the post of Director General to head National Service, and the new office was first offered to Edwin Montagu, who had succeeded Lloyd George as Minister of Munitions when

21 Ibid.

the latter went to the War Office in July 1916. Montagu refused, either because he was reluctant to serve under Lloyd George or because he had foreseen the hopelessness of the task. Austen Chamberlain, as the Secretary of State for India, used his influence with those closest to Lloyd George to secure the department for his brother by suggesting Neville's name to Lord Milner, Minister Without Portfolio, and to Lord Curzon, the Lord President of the Council, both members of the War Cabinet. They in turn spoke to Lloyd George who announced Chamberlain's appointment in the House of Commons on 19 December 1916.\(^{23}\)

From the beginning Neville Chamberlain's new task was an impossible one. He did not even possess a seat in the House from which he could defend policy. The former Lord Mayor had been reluctant to leave Birmingham, and further adding to his frustration, Whitehall circles treated him as an outsider. Only civil servants of mediocre ability were allocated to him. Lloyd George intended that the new department supervise both the military and civil side of manpower allocation, and men not required for war production would be made available for military service.\(^{24}\) Unhappily, rivalry among the departments involved in the war effort prevented cooperation with the Ministry of National Service. Failure shrouded this work, and on Christmas Day, 1916, Chamberlain lamented never having received even a scrap of paper

\(^{23}\text{Iain Macleod, }\textit{Neville Chamberlain, }\text{56.}\)

\(^{24}\text{Debates, Commons, 5a, LXXXVII (19 December 1916), 1352.}\)
appointing him or giving him any idea of where his duties began. When Lloyd George had replaced the Department's Parliamentary Secretary without the consent of its head, Chamberlain believed resignation to be his only course; likewise, Lloyd George had determined already to force him from office. Chamberlain cited lack of support from the Prime Minister and the Cabinet as the motive for his decision to step down. Lloyd George denied the charge, but this created a hostility between the two men which lasted for the remainder of their years in public life.

Lloyd George used little restraint in castigating Chamberlain's work at the Ministry of National Service.

There was a general feeling amongst all who were sent to investigate the cause of the failure of the new Dept. that it was being run in a narrow spirit of unimaginative officialism and that its limbs were bound in a tangle of red tape which kept it from getting ahead with its job. Constant attempts were made by me and others to infuse a new spirit into the Department by the introduction of men of a more suitable type into the work, especially on the publicity side. Mr. Chamberlain...stubbornly resisted every proposal made to him for improving and strengthening the Department in certain directions where it was patently deficient.


Mr. Neville Chamberlain is a man of rigid competency. Such men have their uses in conventional times or in conventional positions, and are indispensable for filling subordinate posts at all times. But they are lost in an emergency or in creative tasks... 

It was not surprising that Lloyd George and he could not pull together. Chamberlain's "demand for precision and his patient working out of details seemed to the Prime Minister to indicate a lack of imaginative treatment, while Chamberlain at no time had any use for wizardry."  

Other observers levied similar criticisms in later years when Neville Chamberlain held offices of Cabinet rank. There is much evidence to suggest that Lloyd George was not totally incorrect in viewing him as a man of "rigid competency." In the 1920's civil servants who liked and respected Chamberlain attributed his failure at the Ministry of National Service to "his mayoral habit of treating a department in Whitehall as the affair of himself and one town clerk."

That his work as a domestic reformer received so little acclaim when Chamberlain was Minister of Health owes much to the fact that an ingrained shyness, aloofness, and an intolerance for men of lesser ability and different temperaments often obscured a sensitive nature and genuine concern for the industrious poor. Ernest Bevin, respected General Secretary of the Transport and General Workers Union, 1921-1940, and later Minister of

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28Ibid., 284.

29Viscount Simon, Retrospect, 277.

Labour in Churchill's War Cabinet, saw in Neville Chamberlain the "embo
diment of the narrow-minded, self-righteous middle-class attitude
towards the working class which had, at every stage, refused to take
bold measures in attacking the problems of unemployment...." And
Lord Snell, Labour member for East Woolwich in the twenties and promi-
nent figure in London municipal government, remembered Neville Chamber-
lain's "Brahmanical aloofness from the lower political castes on the
Labour benches." If he were respected for his lucidity, intelligence,
and straightforwardness, "he nevertheless conveyed the impression that
he had been 'weaned on a pickle.'" Aneurin Bevan, a miner at thirteen years of age and left-wing
Labour M. P. for Ebbw Vale from 1929 until his death in 1960, acidly
attacked Chamberlain as Minister of Health for substituting his own
nominees for the elected guardians of certain poor law unions where an
excessive rate of relief had been paid. Bevan, who after the Second
World War served as Minister of Health for a longer period than had
Chamberlain, expressed only contempt for the Midland statesman, at-
tributing to him the "lucidity which is the by-product of a funda-
mentally sterile mind." "He does not," declared Bevan, "have to strug-
gle, like Churchill...with the crowded pulsations of a fecund imagina-

The judgments of Chamberlain's Conservative allies and personal friends were frequently as severe as were Labour's criticisms. Robert Boothby, Parliamentary Secretary to Churchill at the Exchequer from 1926 to 1929, admitted that Chamberlain was "aloof, arrogant, obstinate and limited" in public life, even though he was affectionate and sensitive with family and friends. Although he only knew Neville Chamberlain from the backbenches, Harold Macmillan, Conservative Prime Minister from 1957 to 1964, readily realized the "strength of his convictions and the determination with which he pursued his politics.

However, "he did not wear his heart upon his sleeve; on the contrary, he kept it so closely buttoned up behind his formal morning-coat that he was not suspected of anything except a desire for efficiency." At Chamberlain's death in 1940, Ernest William Barnes, Bishop of Birmingham and long-time friend of the Chamberlain family, used the occasion of a nondenominational memorial service at St. Martin's Church, Birmingham, to give evidence of Neville Chamberlain's lack of superficial cordiality. "I remember my own surprise," said Barnes, "in talking to him soon after Asquith's death in 1927, when he told me he had never spoken to Asquith; they might have passed in the lobbies—that was all."

Sir Samuel Hoare, Minister for Home Affairs during Chamberlain's Premiership and probably his closest friend among the

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36 Birmingham Post, 14 November 1940.
Tory politicians, remembered his chief as a man little tolerant of divergent opinions. Labour members of Parliament rebelled against his analytical accuracy, even though in actual practice "he was a pronounced radical reformer far to the left of many of them and most of his own party."  Even his friends," complained the Fabian New Statesman while Neville Chamberlain was Minister of Health, "say he is inhumanly cold and aloof. He does not advise, he admonishes; he does not criticise, he reproves." Therefore, it is not surprising that continual animosity existed between Chamberlain and the Labour Party during the years he piloted Conservative social legislation.

I had a weary day on Tuesday listening to the Labour members steady stream of irrelevant sobstuff mingled with abuse of the Minister of Health. Their gross exaggerations, their dishonesty in slurring over facts that tell against them, and their utter inability to appreciate a reasonable argument do bitter my soul sometimes & if I seem hard and unsympathetic of them it is the reaction brought about by their own attitude.

Harry Boardman, a highly regarded political and Parliamentary correspondent for the Manchester Guardian from 1929 until his death in 1958, carefully analyzed the paradox of Chamberlain's personality in May 1937 when the Birmingham politician became Prime Minister.


38 XXVII (7 August 1926), 460.

39 Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain, 18 March 1928.
It is remarkable that Mr. Chamberlain should have been so long in public life and so little known. He is withdrawn, has few friends, and, which is more a sign of strength than weakness, shuns society. He has never allowed himself to be dandled or manipulated by either the aristocratic or the plutocratic figures of the Tory party. He is upper middle class to the backbone and at its best. He has all its high intelligence; the intelligence that fills the upper reaches of the professions and the Civil Service. And there, it may be, will be found his limitations.40

Boardman then asked, "Has he more than this expert or Civil Service type of mind?"

During Neville Chamberlain's seven years as Minister of Health, he initiated social legislation and exhibited much more than simply the civil service mentality described by Boardman. The fact that he displayed efficiency, lucidity, and attention to detail cannot be denied, and apologies should not be made for the very qualities which made him an unusually effective Minister. At a time when the Conservative Party, led by Stanley Baldwin, was pursuing policies geared almost entirely to political expediency,41 Neville Chamberlain prodded an unimaginative Cabinet to endorse reluctantly measures of social reform which were in the best tradition of enlightened Conservatism. During the twenties he was the only member of the two Conservative governments who could be described in any way as a social reformer.


41Samuel H. Beer, British Politics in the Collectivist Age (New York, 1965), 285.
If Chamberlain had shown little patience with the ordinary, emotional oratory of partisan politics, it was largely because he was not politically ambitious. He did not even bother to join the Carlton Club until 1922, in his fourth year as a Conservative member of Parliament and, in the weighed judgment of the Liberal Manchester Guardian at his death in 1940, "no statesman was freer from the ambiguities, reservations, and half-truth that even the best politicians will sometimes yield to." In 1927 with contributory pensions and successful housing legislation already to the Minister of Health's credit, E. C. Roberto, a regular contributor to the independent Outlook, said of Neville Chamberlain, "I do not believe he is politically ambitious at all, in the sense in which ambition is understood in Parliament." He is "first and foremost, a constructive social reformer and not a politician." And Chamberlain seemed sincere when he recalled to his constituents in the economically deprived Ladywood Division of Birmingham his slim victory there in the general election of November 1924 over Oswald Mosley, one of Labour's most brilliant and dynamic candidates.

I have never been able to bring myself to contemplate the representation of a constituency in which I should be a stranger.... I am not so enamoured of politics, that I am prepared to go scouring Scotland or Wales to find a seat.... If my own city, in which I was born and where I have passed the greater part of my active career, and where I am known, does not want my services, then I say I do not desire to go elsewhere.

42 11 November 1940.


44 Birmingham Post, 25 April 1925.
He did not renege on this pledge. After becoming Minister of Health for the second time in 1924, Chamberlain lacked the time to give Ladywood the attention which the underprivileged, marginal constituency required. Therefore, in 1928 with a view to the next general election, he adopted Edgbaston, the comfortable, middle-class, Tory stronghold, as a new base and represented it from the election in 1929 until his death.

Like his father, Neville Chamberlain was a constructive radical, a pragmatist, more concerned with getting things done than with theoretical considerations or party loyalties. While still Director General of National Service, Neville reminded his brother that postwar domestic legislation would have to be realistic rather than utopian to be effective.

I quite see Bob Cecil's point and agree that Ill. G. is not a possible bed fellow for long. But it seems likely that after the war everyone will have approximately the same programme whether they come to work it or not. Then we shall see wide disagreement between the views of moderate men and sentimental extremists like Ill. G.45

He had forecasted correctly the difficulties which arose between his own pragmatic solutions for Britain's domestic dilemmas and the emotional rhetoric of extremists, which, during his seven years as Minister of Health, proved to originate more with the Labour Party than with Lloyd George.

45 Austen Chamberlain Papers, Neville Chamberlain to Austen Chamberlain, 26 September 1917. AC 35/1/27.
Ideological labels and sentimental slogans were not characteristic of his style of speech making. After he had opened a branch of Birmingham's Municipal Bank at Rotton Park in 1923, Birmingham's Socialist Labour weekly, the Town Crier, reported with chuckling delight a glowing reference the Minister had made to Socialism. "You may call it Socialism if you like," Chamberlain told his Midland audience, "I have never been frightened by a name. I do not care whether it is Socialism or not so long as it is a good thing." And addressing the Conservative Society at the London School of Economics on the problem of slums in 1926, he endorsed State intervention if private resources should fail to improve this degrading condition. "I am all for private enterprise," boldly asserted the Minister of Health, "except where I think that private enterprise cannot function so well as communal enterprise. I want the best whatever it is, and I do not care what name it is called by." Joseph Chamberlain had echoed Disraeli when he proclaimed proudly at Glasgow in 1885, "Politics is the science of human happiness and the business of a statesman...is to find out how he can raise the general condition of the people." To this ideal his youngest son remained true. When speaking to a Birmingham audience, Neville Chamberlain always revealed his thoughts most freely. In 1927 to a Unionist

46 Town Crier, 22 June 1923.

47 The Times, 20 February 1926.

meeting at Edgbaston, he reaffirmed his motive for public service in words which expressed the philosophical foundations of the "unauthorised programme" for social reform which Joseph Chamberlain had proclaimed in 1885. He did not believe in encouraging people to think it was the duty of the State to keep in idleness any of its citizens who did not choose to work. Rather, he would use the available resources of the State to help those persons willing to help themselves.49 And at Cardiff during a visit to promote the National Savings Movement, Chamberlain sounded a great deal like the "First Tory Democrat" at the Crystal Palace in 1872.

We as a nation have built up our great place in the world more perhaps on character than anything else. It is up to us to preserve those national characteristics. Sometimes people begin to have doubts that we have the fibre in the nation that we used to have. The National Savings Movement is combatting any tendency there might be in that direction, and will bring out the independence and rugged strength of our people that has made them what they are today.50

And during an interview with the popular author and journalist, Harold Begbie, Chamberlain, while Minister of Health, laid bare the principles motivating his interest in social reform.

Fundamental to my politics is the conviction that it is the duty of a great State to help its individual citizens to help themselves; and fundamental to all my thinking is the knowledge, gained

49 Birmingham Post, 15 January 1927.

50 Birmingham Post, 21 October 1925.
from experience and observation, that anything which tends to slacken the fibres of self-help and to dope the natural self-respect of a self-relying man is bad for that man, physically and morally, and bad for the State.\footnote{51}

Although not successful at the Ministry of National Service, Neville Chamberlain's contact with Whitehall heightened his awareness of the power which lay at Westminster, and he became eager to enter the House of Commons. Only days after having resigned as head of National Service, he decided to seek a seat in Parliament but only from Birmingham. His wait was not a long one because polling day for the Khaki Election came on 14 December 1918. Still an alderman, Chamberlain fought the Ladywood Division for the Unionists, a new constituency created out of Birmingham's central and West Birmingham Divisions, the latter of which Joseph Chamberlain had once represented. Lloyd George and Andrew Bonar Law, the Conservative leader since 1911, sent their endorsement, but it was not needed. Chamberlain's Labour opponent, J. W. Kneeshaw, had called for peace negotiations only three months before and, as a result, his party refused to support him in the first postwar election. Mrs. Corbett Ashby, an Asquithian Liberal, ran last in the three-cornered contest, and Chamberlain carried the day by a margin of over 6,600 votes.\footnote{52}

\footnote{51}{Harold Begbie, \textit{The Conservative Mind} (London, 1924), 67-68, based upon an interview with Neville Chamberlain sometime in 1923 but otherwise undated.}

\footnote{52}{Sir Keith Feiling, \textit{Life of Neville Chamberlain}, 76-81; Iain Macleod, \textit{Neville Chamberlain}, 70-77.}
During the next four years Chamberlain's career was a distinguished one for a back-bencher, although he was nearly fifty years of age when the House heard his maiden speech in March 1919. He did not speak often, but his occasional participation in debate demonstrated a keen insight into those subjects on which his experience in the governing of Birmingham had provided special knowledge. That he became a Minister only four years after entering Parliament when already at middle age attests to his ability as well as to his family name which opened many doors at Westminster. Sir Keith Feiling has observed wisely that Neville Chamberlain was never a back-bencher in the usual sense, since his months as Director General of National Service, his administrative record in Birmingham, and the relationship to Austen, then Chancellor of the Exchequer, set him apart.

As a member of the Unionist reconstruction committee after his election to the Commons, Neville Chamberlain was a strong supporter of tariff reform. Like his father, he looked to Empire and colonial preference as the surest way to improve the condition of the British people. "Without a growing trade," he remarked in 1923, "there can be no money for social reform...Until democracy grasps this elemental fact of economics, it cannot have even the social reforms it deserves, much

53 Iain Macleod, Neville Chamberlain, 78.

54 Sir Keith Feiling, Life of Neville Chamberlain, 83.
less the millennial perfection promised to it by the cranks of poli-
tics." He became the chairman of a subcommittee on unhealthy areas
in 1920, and later as Minister of Health he strived to implement in
the reconditioning of slums the solutions that he had explored while
serving in this post.

Returning from a Canadian holiday in 1922 Chamberlain was aboard
ship when the cables told of the 19 October Carlton Club meeting at
which the Conservative Party had debated the advantages of continuing
the wartime Coalition with Lloyd George. At the meeting Austen Cham­
berlain, the Tory leader since the resignation of the ailing Bonar Law
in March 1921, urged his party to continue the union as the best de­
fense against the rising strength of the Labour Party. But a majority
of Unionists sensed the Prime Minister's popularity on the wane and
voted to terminate their alliance with the war leader. Austin Cham­
berlain's plea rejected, Bonar Law's second election as the Conserva­
tive leader followed on 23 October; Lloyd George resigned and Bonar Law
formed a Cabinet at once. Law's task, however, was not an easy one
after the Carlton showdown, and many of the most able Conservatives
who had remained true to the Coalition were unwilling to serve in the

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new ministry. With the Party's most prominent candidates for the front bench now in absentia, the strength of the family name, along with his recognized ability, enabled the younger Chamberlain to enter the newly constructed government. Leopold Amery, Birmingham Unionist M. P. and First Lord of the Admiralty under Bonar Law, suggested including Neville Chamberlain in the government to the Prime Minister. Law then offered to make Chamberlain Postmaster General, a post of Cabinet rank, although he was not to be a member of the Cabinet. To the Prime Minister's surprise he accepted.

Since 1911, Austen Chamberlain had been Bonar Law's rival for the leadership of the Conservative Party and, especially after the Carlton episode, it was painful to see his younger brother serving in a government led by his rival. Neville, however, believed that the acceptance of Law's offer would furnish a link between Austen and the new government and would facilitate his brother's recognition as one of the Tory leaders should the Prime Minister's uncertain state of health.

56 Only four Conservatives from the late Cabinet were ready to join Bonar Law. These were Lord Curzon, a highly effective Viceroy of India at the turn of the century and Foreign Secretary to the Coalition since 1919; Stanley Baldwin, launched on his official career by Law as Financial Secretary to the Treasury in 1917, and President of the Board of Trade since 1921; Arthur Griffith-Boscawen, a party regular appointed Minister of Agriculture and Fisheries in 1921; and Viscount Peel, Secretary of State for India at the time of the Carlton meeting. Of the four, only Curzon had shown more than mediocre ability.

57 Lord Beaverbrook, *The Decline and Fall of Lloyd George* (New York, 1963), 210-211.
prevent him from carrying on. Loyalty was strong between the brothers.

Having overcome his reservations about the appointment, Austen wrote of the episode:

I was not surprised by Neville's decision but it hurt awfully. But we both cared more for one another than for anything that politics could bring. When he found that I could not say that I wished him to join Bonar or that by joining he would help me, he said that he should refuse but that having thus refused to serve under both Ill. G. and Bonar he would feel that he had no future.... I could not accept such a sacrifice, so I changed my attitude and said 'accept'.... 

The Post Office merely provided Neville Chamberlain with a stepping stone to full Cabinet rank. From October 1922 to March 1923, events evolved quickly to propel him to the Ministry of Health, the department from which he would mold British social legislation with little interruption for the remainder of the decade.

An editorial in the independent Sunday Times two days before Chamberlain became Minister of Health indicated that "the housing problem [was] as grave and urgent as the problem of unemployment." Arthur Griffith-Boscawen, Unionist stalwart and Bonar Law's appointee at the Ministry of Health, lost his seat at Taunton in the general election, 1922, and suffered defeat again in the by-election at Mitcham, Surrey, on 3 March 1923. In less than a week two additional


59 March 1923.
by-elections rejected prominent figures in the Conservative Party. The press attributed the upsets to the government's failure to formulate a coherent housing policy. The Nation, a consistent opponent of Conservative social policy, reported confidently that "never [had] a new Government sustained a political crash like that of the past fortnight." The New Statesman concluded that Bonar Law's only choice, "short of throwing up the sponge altogether," would be to reconstruct both his housing policy and his government, while in the opinion of the independent Economist, a concentrated electoral blow of such magnitude within four months of ascending power was "without precedent in the history of British Governments." Law offered the olive branch to the Chamberlainites by asking Robert Horne, Minister of Labour during the Coalition and Austen Chamberlain's successor at the Exchequer in 1921, to be Griffith-Boscawen's replacement at the Ministry of Health. From what appears to have been loyalty to the Coalitionists, Horne refused. The Prime Minister then asked Neville Chamberlain to take the

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60 Also on 3 March, Lieutenant-Colonel George P. Stanley, Under Secretary for Home Affairs lost East Willesden by over 5,000 votes to W. Harcourt Johnstone, the Liberal candidate. Only three days later on 6 March, Major J. W. Hills, the Financial Secretary to the Treasury, lost the Edge Hill Division of Liverpool. Both were Tory strongholds and were considered safe seats.

61 See the Daily Herald, the Manchester Guardian, and The Times, 4-8 March 1923.

62 XXXII (10 March 1923), 849.

63 XXVI (10 March 1923), 646.

64 LXXXVI (10 March 1923), 535.
post which brought with it a seat in the Cabinet. Chamberlain, however, accepted only when Bonar Law agreed to his condition for a free hand to formulate policy on housing and rent restrictions. His diary explains the circumstances of the appointment, a job for which a lifetime of experience had prepared him.

On Monday the bye election at Mitcham resulted in the defeat of Sir A. Griffith-Boscawen the Minister of Health and that evening Bonar told me that he was seeing Horne to offer him the post & if he wouldn't have it I should 'have to take it'.... I felt sure Horne would refuse but later B. told me he was going to consider it. However on Tuesday B. informed me Horne had declined on the ground that he was not free either out of loyalty to his late colleagues or because he was tied to his business and must consider it settled.

I then asked whether I should have a free hand to consider the policy on Bent Control and sufficient time to think out the subject. On receiving an affirmative reply I accepted and on Wednesday I finished up at the P.O.....and on Thursday (today) I went to Whitehall.65

On the day of Chamberlain's appointment a deputation of 33 out of the 43 London Unionist members of Parliament called upon Bonar Law to discuss the housing question. It unanimously suggested that rent control should end at a fixed date, not later than June 1925. In a reply noteworthy for its brevity, Law refused to predict government policy and replied only that "he could not tie the hands of the new Minister."66 The Tory leader's reserve suggested to the press that

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65 Chamberlain Papers, Diary, 8 March 1923.
66 The Times, 8 March 1923.
Chamberlain enjoyed the right to formulate a fresh housing policy. The Birmingham Post commented, "Much significance attaches to the Prime Minister's pointed intimation to the London Conservatives that discussion of the housing problem... had better be deferred until that problem [has] been considered by the new Minister of Health." Referring to "the stipulation that Bonar very handsomely put in The Times," Chamberlain expressed delight at the cooperation of his chief, and included as an afterthought, "Ill.G. would never have done that!"

The political press was pleased with Chamberlain's selection as Minister of Health, but it did not obscure the difficulty presented by arrears in housing construction. The Times noted that Chamberlain's selection was generally anticipated, was regarded as a foregone conclusion, and was generally welcomed, with the Birmingham Post adding that Chamberlain's appointment was overwhelmingly demanded by both Parliamentary and public opinion and had come as no surprise. Yet, in its leader of the same day, the great Midland daily pessimistically observed that "there is a general disposition to demand of the Ministry of Health more than any Department of State can possibly achieve." The Guardian would only quip, "Mr. Chamberlain is unlikely

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67 8 March 1923.

68 Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain, 8 March 1923.

69 8 March 1923.

70 8 March 1923.
to have a tranquil entry upon his new office." It seemed as if the press was already throwing Chamberlain rope ladders.

The new Minister of Health began his duties at the department in Whitehall on 7 March 1923. After four years in the House of Commons, Neville Chamberlain became a Minister of Cabinet rank just as his father had done. Between father and son there is a remarkable resemblance in their careers, not only in the rise from business to municipal government, to Parliament, and finally to the Cabinet but in the timing as well.

From the first day at the Ministry of Health the responsibilities seemed staggering. "I am being given no time," he wrote his sisters, "to prepare myself for I had to wind up for the Gov't tonight and have to speak again Monday, Tuesday and Wed. I have just got home and thankful to say that I got through my first ordeal successfully." And after only six weeks in office, he described the overpowering range of the Ministry.

I confess I am rather appalled at the amount of work before me. There seem to be so many odd jobs to be done as well as the really important ones and of course I shall now have to be constantly in the House taking an active part there. That was one of the reasons I liked the P.O. There was a sort of

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71 8 March 1923.

72 Chamberlain Papers, Neville Chamberlain to Hilda and Ida Chamberlain, 8 March 1923.
comfortable obscurity about it...But it seems my fate to be given the most dangerous and responsible position in the front line and probably the fate of this gov't will now depend upon...me. 73

The department which Chamberlain commanded in 1923 dealt with much more than simply matters of diseases and their control. Created by an act of Parliament in 1919, 74 the Ministry of Health absorbed the duties of the National Health Insurance Commission and the Local Government Board. 75 With the abolition of the latter, the Ministry of Health assumed general supervisory duties over all local government authorities.

73 Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain, 11 March 1923.

74 For the best account of the Ministry of Health's evolution see, Paul R. Wilding's, "The Genesis of the Ministry of Health," Public Administration (Summer, 1967), 149-168.

75 In 1919 the Ministry of Health had jurisdiction for England and Wales, and the Scottish Department of Health undertook the same functions for Scotland. The historical development of local government administration and social services greatly influenced the character of this new ministry. The Poor Law Commission established in 1834 was the first central authority to receive any supervisory power over local authorities' activities. Also in 1834 local Boards of Guardians were created to operate the new poor law in unions of parishes. A General Board of Health was established in 1848 to supervise health functions given partly to ad hoc local public health authorities and partly to borough corporations. This Board was abolished in 1858, and its functions were parceled out among the Privy Council Office, the Home Office, and other departments.

The Ministry of Health's town and country planning functions passed first to the Ministry of Works in 1942, then to a new Ministry of Town and Country Planning created in 1943, and eventually in 1951 to a Ministry of Housing and Local Government, which also took over from the Ministry of Health housing, rating and valuation, burials,
The annual reports of the Ministry of Health which appeared during Chamberlain's seven years as its head suggest the tremendous scope of its responsibilities which included all aspects of public welfare that could be applied in the broadest sense to "health." Loans to hospitals, inspection of food and drugs, smoke abatement, supervision of water supplies, and slaughterhouse by-laws all came under its jurisdiction. The office in Whitehall dispensed Exchequer grants to local authorities for the five public health services: tuberculosis; venereal disease; mental deficiency; maternity and child welfare; and welfare for the blind. After only four years of existence the young Ministry loomed as the planning authority for housing, poor law administration, health insurance, and pensions. Chamberlain, of course, was not indifferent to those responsibilities of his office which concerned the control of disease. Ably assisted by his Chief Medical Officer, Sir George Newman, he saw infant mortality significantly reduced and coast protection, and public health matters such as water supply and sewerage. In 1945 health insurance functions were given to the Ministry of National Insurance. Only in the early 1950's did the Ministry of Health really conform to what its name implies when its activities became confined entirely to the control of disease.

76 Sir George Newman (1870-1948) was the Chief Medical Officer of the Board of Education from 1907 to 1935 and of the Ministry of Health from its inception in 1919 until his retirement in 1935. Educated at the University of Edinburgh and King's College, London, he took the degree of M. D. at Edinburgh in 1895. As one of the foremost leaders of England's Society of Friends, he did much to broaden the outlook of that sect at the turn of the century. "Newman was appointed to office," said The Times' obituary, "at a time when the public health services of this country were being developed and unified. He brought great qualities to this task, having had experience of all aspects of public health and hygiene and being an able administrator and a forceful personality." The Times, 27 May 1948.
contagious disease controlled substantially during these years.\(^77\) It is, however, with the engineering of social reform that this study of Neville Chamberlain's career at the Ministry of Health is concerned.

The British permanent civil service works to preserve continuity through times of political change. Frequently, it is difficult to determine to what degree a policy is a Minister's or that of his permanent staff. But Neville Chamberlain was one of the few Ministers able to thrust greatness upon a department. "He could brief bills better than the experts,"\(^78\) and a glance at *Hansard* during the years of Baldwin's first two governments reveals Chamberlain as more interested in the problems of domestic politics than any of his colleagues. Chamberlain relied upon an excellent staff, and Sir Arthur Robinson,\(^79\)

\(^{77}\)See the Annual Reports of the Chief Medical Officer, Ministry of Health, 1923-1929; and, Sir George Newman, *The Building of a Nation's Health* (London, 1939), Chapters IV, IX, XII, and XIII.

\(^{78}\)Sir Keith Feiling, *Life of Neville Chamberlain*, 127-128.

\(^{79}\)Sir William Arthur Robinson (1874-1950), a classical scholar at Queen's College, Oxford, placed first in the Civil Service Examination in 1897. He was a First Class Clerk, 1905; Assistant Secretary Imperial Conferences, 1907 and 1911; Secretary Dominions Royal Commission, 1911-1912; Assistant Secretary Office of Works, 1912-1918; and Permanent Secretary at the Air Ministry, 1918-1920. In 1920, with his reputation as an administrator already secure, he succeeded Sir Robert Morant as Permanent Secretary to the Ministry of Health and remained in this post until 1935, when he became Chairman of the Supply Board, Committee of Imperial Defence. From 1939-1940 Robinson served as Secretary to the Committee and then retired from government service. Being a shy and reserved man, Robinson was never well known to his staff or to the public. He had a quick and logical mind, with a power of terse expression and is considered one of the most successful administrators of his generation. *The Times*, 24 April 1950.
his Permanent Secretary at the Ministry of Health, was a civil servant of exceptional ability; to Robinson's advice the Minister was always a willing listener. Chamberlain, however, was very much an innovator and an originator of policy. He "was too masterful a man to look much for policy to others." Although he drew upon and made excellent use of Royal Commissions and the information gathered by other special bodies, his own knowledge of the problems before his department and a thorough mastery of the tedious statistics they embodied enabled him to achieve practical compromises with special interest groups and with those factions of his own party which were too frequently their spokesmen.

That Neville Chamberlain intended to think out new schemes of social improvement from his first days at the Ministry of Health is suggested in a letter written to Bonar Law, five weeks after his appointment. In it he expressed concern that the Ministry of Health Act had provided only one Parliamentary Secretary, at that time the Fifth Earl of Onslow, who furnished little help to Chamberlain since he sat in the Lords.

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80 Sir Keith Feiling, *Life of Neville Chamberlain*, 327.

81 Sir Richard William Alan Onslow (1876-1945), educated at Eton and New College Oxford, entered the Diplomatic Service in 1901. In 1909 he became assistant private secretary to Sir Edward Grey, Foreign Secretary in the Asquith Government. After distinguished service in the First World War, he retired from the Foreign Office and devoted himself to a wider sphere of duty. Onslow worked closely with Neville Chamberlain to reform local government and served as Chairman of the Royal Commission on Local Government, 1923-1928. In December 1928, he was made Paymaster General so that he might assist with the Local Government Bill which was nearly ready to reach the Lords. *The Times*, 11 June 1945.
It appears to me that the volume of Parliamentary work in connection with this Ministry, not merely this year but next year also, is positively stupendous....when you think that he [the Minister of Health] has to Answer as many, if not more, Questions than any other Minister; when you remember the number of Cabinets and Cabinet Committees which he must be personally present at; it seems an amazing paradox that alone of all the greater Departments he should have no assistant in the House of Commons. How he is to get through the work I have mentioned, and, in addition, to find time to think out fresh ideas of constructive legislation, passes my comprehension.\(^2\)

Only an amendment to the Ministry of Health Act could provide him with an additional Parliamentary Secretary. Unfortunately for Chamberlain during his first hectic weeks at Health, the Prime Minister made no effort to grant the request. Onslow had been the Ministry of Health's assistant in Parliament only since October 1922, and Law would not risk offending an important party stalwart by replacing him so soon after appointment. Not until Stanley Baldwin succeeded the dying Bonar Law as Prime Minister in May 1923, did the Minister of Health have a lieutenant who sat in the Lower House.\(^3\) By this time, however, Chamberlain had drafted bills to construct houses and to prolong rent control. The housing bill already had passed its second reading when Percy became Chamberlain's Parliamentary Secretary, and he played

\(^2\) Bonar Law Papers, Neville Chamberlain to Bonar Law, 14 April 1923, 111/10/31.

\(^3\) This was Eustace Percy (1887-1958), created 1st Baron Percy of Newcastle in 1953. Percy was Parliamentary Secretary to the Board of Education and the Ministry of Health, 1923-1924, and from 1924 to 1929 was a member of the Cabinet as President of the Board of Education.
only a small role in the passage of both measures. Practically alone, Neville Chamberlain carried solutions for the housing shortage that were distinctly his own over the considerable opposition of a reactionary Cabinet and reluctant House of Commons. These were the first of a series of measures which forged "the link between the Liberal programme of social reform in 1906 and the Labour programme in 1945."\textsuperscript{84}

\textsuperscript{84}Iain Macleod, \textit{Neville Chamberlain}, 114.
When Lloyd George spoke of "homes fit for heroes," little did he know the ringing phrase would have repercussions far beyond the Khaki Election of December 1918. At the end of the Great War, housing policy became a national issue; no longer the special interest of isolated social reformers, it emerged as an important aspect of the plans for social regeneration which all political parties proclaimed. During the twenties, only unemployment rivaled the housing shortage as the British electorate's most important concern.

"Of all the problems which the War has left behind it," Neville Chamberlain told the House of Commons in 1923, "there is none more obstinate or more persistent than that which concerns the housing of the people." The dislocation of the building industry during the war years halted the construction of houses almost completely, while persons owning property to let were eager to capitalize upon the high wages being paid to the thousands of Britons employed in the war industries. A Glasgow rent strike in May 1915 prompted Parliament to enact the Rent and Mortgage Restriction Act of that year in order to

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2 Debates, Commons, 5s, CIXIII (24 April 1923), 305.
prevent exploitation of working-class housing by unscrupulous landlords. No overtones of class war clouded the rent strike, rather it simply expressed a nationwide determination not to be exploited by war profiteers, and the government heeded wisely the solemn warning. The 1915 legislation froze rents of the type paid by the working class at the amount generally charged on 3 August 1914, and this figure became known as "standard rent." The act applied to houses in which either the annual standard rent or the yearly ratable value of the property did not exceed £35 in London, £30 in Scotland, and £26 in the rest of the country. This bill, drafted to meet a wartime emergency, provided for the termination of rent control to take place six months after hostilities ceased. In addition, the 1915 rent act held the rate of interest charged on home mortgages at the amount levied the day Britain declared war.\(^3\) An amendment, following four years later in 1919, prolonged the first rent restriction bill until June 1920 and doubled the maximum rent of the houses eligible for control, viz., £70 in London, £60 in Scotland, and £52 in the rest of the country.

Due to the failure to overcome the housing shortage, Parliament amended the 1915 bill for a second time by passing the Increase of Rent and Mortgage Interest (Restrictions) Act in June 1920. This measure postponed the termination of rent control until June 1923, and brought under the act's jurisdiction houses let at still a higher annual rent.

Now houses let at yearly rents up to £105 in London, £90 in Scotland, and £78 in the remainder of the country came under control for the first time. The bill, however, did relax rent restrictions somewhat by permitting landlords to make increases up to 30 per cent immediately on the class of houses controlled in 1915 and 1919 and up to 40 per cent at the end of twelve months, provided that they had made repairs proportionate to the higher charge of rent. Parliament gave the county court the power to suspend a rent increase if the property owner failed to execute his part of the bargain. The 40 per cent maximum, along with a 1 per cent increase on mortgages, took place at once on the new higher class of houses defined in the 1920 bill, rather than in the two stages applied to dwellings placed under control before this date. Finally for the first time since 1915, a landlord could take possession of a house for his own occupancy, for the use either of his children if over eighteen years of age or for an employee, provided that he had found an alternative accommodation for the dispossessed tenant.4

Rent restrictions and housing shortage were linked closely together in postwar Britain. The circle was a vicious one; rents could not be decontrolled until additional houses became available to meet a gigantic demand. The total number of families requiring homes between 1911 and 1921 was 1,093,000, compared with 994,000 in the years between 1901 and 1911. Housing construction, operating at an extremely low

level during the war, built only 288,000 houses from 1911 to 1921, and this figure included nearly 50,000 erected between 1919 and March 1921.\(^5\) In 1919 the Coalition had adopted 500,000 as a conservative estimate of the number of new houses needed,\(^6\) but in 1920, the first annual report of the Ministry of Health estimated postwar housing arrears to be in excess of 800,000.\(^7\) From 1921 to 1931 the total number of new dwellings required amounted to about 1,900,000; of these, 805,000 was the shortage outstanding in 1921, while the remainder would balance the increase in the number of families which appeared between 1921 and 1931.\(^8\)

The war had caused severe dislocation in the building industry, adding another problem to Neville Chamberlain's struggle to formulate housing legislation in the twenties. Difficulties in adjusting to civilian life and postwar emigration took a heavy toll on the house building labour force. A depression in the building trade between 1905 and 1914 made construction less than an attractive profession, while the casual nature of employment in the building trades, due to seasonal shifts and irregularities of demand, had always attributed to a labour


\(^6\)Public Record Office, hereafter referred to as PRO; Cab. 24/138. C.P. 4155, "Memorandum by the Minister of Health," (8 August 1922), 7.


\(^8\)Marian Bowley, *Housing and the State, 1919-1944*, 11-12.
shortage in this essential industry. For example in 1923, there were 300,000 less men in the building industry than before the war.

Although a physical absence of dwellings, rent control, the depressed condition of the building industry, and a shortage of building materials were the most obvious reasons for Britain's postwar housing shortage, two schools of thought had developed by the time Neville Chamberlain became Minister of Health in 1923 as to what was the real root of the problem. To the Conservative Party the housing shortage, apart from the traditional slum question, was a temporary result of the war. Anticipating the return to a peacetime economy and a decline in prices, these optimists believed that private enterprise would be both willing and able to provide all the houses the nation required, just as it had done before the war. This was also Chamberlain's position; his solutions for the housing shortage hinged on a belief that the construction of a sufficient number of new homes depended upon the revival of private enterprise. This hypothesis, however, rested upon the premise that Britain's postwar depression, which began in 1920, was only a temporary condition. Although a simple analysis of a complex situation, this interpretation of the housing deficit was widespread.

Those persons opposing this view of the shortage declared that the State should participate more actively in solving housing arrears.

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10 *Economist*, LXXXVI (28 April 1923), 884.

Most members of political Labour could be found in these ranks. It was the theory of these students of the housing question that even before 1914 private enterprise had failed to provide enough dwellings to guarantee adequate accommodations for all Britons. If private enterprise had not produced sufficient houses in a period of relative economic stability, how could it possibly make up the huge arrears brought about by the war? These less confident observers considered that generous State subsidies to the local authorities would afford the best method of building quickly large numbers of working-class homes.

The government, in its first attempt to deal with the postwar housing shortage, used for its guideline the tenets of the collectivist school. In spite of the unfavorable circumstances faced by the building trade at the armistice, the Lloyd George Cabinet acted swiftly to stimulate the construction of working-class houses. To the Coalition's credit, the Housing, Town Planning Act became law on 31 July 1919. Popularly named the Addison Act after Dr. Christopher Addison, briefly the President of the Local Government Board in 1919 and the first Minister of Health, this landmark measure entrusted the building of houses to the local authorities and the public utility societies, with the profits of the latter being limited to 6 per cent on invested capital.13

12 Ibid., 15-16.

The bill's most important provision granted the local authorities a Treasury subsidy for housing construction and gave them the power to build houses to be let at a standard rental approved by the Local Government Board. The level of controlled rents in force in 1919 became the guide for fixing rents on the houses to be erected under the act. Local authorities could build houses only by borrowing money from the Public Works Loan Board, a Treasury department created in 1817 to advance money to municipal bodies at low rates of interest. In return, the local authorities obtained money for loan and interest payments from rents received from the houses which they built. Since rent control would apply to dwellings constructed by the local governments in 1919, a subsidy was necessary to make up the deficit if municipal house building were to be economically practical.

By the terms of the Addison Act the Exchequer pledged an annual unspecified subsidy for each house raised by a local authority in order to compensate for all losses on borrowed capital incurred through the inability of local governments to charge economic rents for the houses they would construct. The government considered a subsidy of this type to be a provisional one and, until March 1927, economic rents, such as would meet interest and loan payments without loss, were ignored. The only requirement placed upon local authorities receiving the

14 The Ministry of Health absorbed the functions of the Local Government Board at its creation in June 1919, and approved the local authorities' housing schemes as specified in the Housing, Town Planning Act.

15 Debates, Commons, 5s, CXIV (7 April 1919), 1728.
subsidy was that they levy a special property tax at the modest rate of 1d. per pound of valuation and use the special revenue towards overcoming the losses resulting from their building ventures. The logic behind the first housing subsidy in British history pivoted upon the Coalition's belief that at the end of seven years, private enterprise would again be functioning in the building industry at its prewar level. Parliament would then terminate the Addison Act, and replace it with new legislation providing for a Treasury subsidy of a fixed amount to be paid until a local authority retired its loan, which could be for as long as eighty years if approved by the Local Government Board.

The granting of the unrestricted subsidy to local authorities for the construction of new houses was of short duration. On 14 July 1921, Sir Alfred Mond, a prominent Liberal industrialist and then Addison's successor at the Ministry of Health, told the House of Commons that because of the "very grave financial difficulties which faced the nation," the government would limit the number of houses to be constructed under the act to 176,000. Since this figure was only slightly in excess of the total which the Ministry of Health had already

16 "Housing, Town Planning, & c., Bill," 5.
17 Debates, Commons, 5s, CXIV (7 April 1919), 1729.
18 Debates, Commons, 5s, CXXXXIV (14 July 1921), 1484.
approved, Mond's statement terminated the first postwar housing act for all practical purposes.  

Addison, now Minister Without Portfolio, replied caustically to Mond from below the gangway by reading to the Commons his letter of resignation which he had sent that very day to the Prime Minister. Addison thought the government's decision not to grant further housing subsidies was a "betrayal of the Government's solemn pledges to the people," and in conclusion he noted that any grave financial difficulties were "largely the consequence of great expenditure in other directions." That the unlimited housing subsidy had become too expensive was the government's sole motive for ending the Addison Act. It was a valid one. Marion Bowley, the leading authority on housing

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19 The Ministry of Health's Annual Report on the eve of the Second World War indicated the effect of the Housing, Town Planning Act of 1919. Under the act 213,821 houses were completed with State assistance. Local authorities had constructed 174,635 of the total while private enterprise was responsible for 39,186. All but 87 of the houses built with the Addison subsidy were completed by the end of 1924. Parliamentary Papers, Vol. XI (Reports; Commissioners, & c., III), Cmd. 6089, August 1939, "Twentieth Annual Report of the Ministry of Health, 1938-1939," 253.

20 Debates, Commons, 5s, OXXXXIV (14 July 1921), 1491.

21 The annual cost to the Treasury increased from £20,455 in 1919-1920 to a maximum of £7,951,582 in 1924-1925, the peak year for the scheme since construction on the last Addison houses began in this period. By 1939 the Exchequer had expended nearly £122 millions in subsidy under the act. Cmd. 6089, "Twentieth Annual Report of the Ministry of Health, 1938-1939," 253.
policy between the wars, echoes the standard explanation for the failure of the Addison Act. The reason for abandoning the 1919 measure "was not that it was not achieving its purpose in getting working-class houses built and let at rents corresponding to current incomes. On the contrary it was being rather too successful and therefore becoming too costly."22

The construction of houses approved by the Ministry of Health under the Housing, Town Planning Act, provided sufficient work for the building trade throughout 1922, but the termination of the Addison subsidy threatened to bring construction to a complete halt should the government fail to present an alternative policy. Rent control discouraged investors from purchasing houses to let, while the high cost of building, resulting from the postwar disruption of the British economy and the unlimited subsidy of 1919 which drove building prices still higher, slowed down construction. "If working-class houses are to be built," wrote the New Statesman, "they will have for some time... to be built mainly by public bodies and with the aid from public funds."23

Following the conclusion of the 1919 housing act, neither the Coalition nor the Conservative Cabinet which had replaced it in October 1922, could find a workable alternative to the Addison Act without

22Marian Bowley, Housing and the State, 1919-1944, 26.

23XXVI (6 January 1923), 398.
employing a housing subsidy in some form. There was simply no other course. Bonar Law suggested late in 1922 that his government might have to legislate a small housing subsidy. Meeting in Glasgow with representatives of the city's Trades and Labour Council to discuss unemployment on the Clyde, the Prime Minister strongly hinted that unemployment, along with the urgent need for houses, had created a situation which for some time might make it impossible to leave house building entirely to private enterprise.  

Alfred Mond, whom the Nation had once described as "a Minister of Health who thinks housing unimportant," recognized in the summer of 1922, only two months before Law formed his Cabinet, that houses of the type which the working class could afford to rent could only be built with some State assistance, and he even drafted a scheme to implement his idea. This chemical magnate turned politician proposed that if the Exchequer paid a £3 subsidy to local authorities annually for sixty years, 80,000 houses, of the kind the working class could afford to rent, could be built within a two year period. Under this plan the government would be able to limit its liability to the reasonable, if not niggardly total of £240,000 per annum—a small sum indeed when compared with the £6 to £7 million average yearly outlay expended under the Addison Act between 1923 and 1939. Mond realized that local authorities would reject this ridiculously low figure; therefore, he was

24The Times, 27 December 1922.
25XXXI (2 September 1922), 732.
willing to raise the subsidy to £4 under pressure but would limit the maximum number of houses to 60,000 instead of 80,000 in order to maintain the £240,000 ceiling on subsidy expenditure. For Law's government, not remembered as one of exceptional imagination, the Mond proposal provided at least a starting point towards the formulation of its own housing policy.

Soon after Bonar Law had formed his government, the Cabinet's Committee on Housing Policy began its work. As Postmaster General, Chamberlain was not a member of the Cabinet, but Law, nevertheless, assigned him to the important task force, no doubt because of his interest in housing while a councilor and Lord Mayor of Birmingham. Chamberlain's influence upon the committee's work is evident in the housing bill of 1923 which embodied his recommendations. Of the committee's five members only Chamberlain believed a subsidy was the best way to build houses; the others would endorse State assistance only if working-class dwellings could be constructed in no other way. The Postmaster General insisted that a practical scheme of State assistance, more economical than the Addison subsidy, would have to be paid to private builders if the housing shortage were to be overcome. "It

26PRO, Cab. 24/138. C.P. 4155, "Housing Memorandum by the Minister of Health," (8 August 1922), 7.

27These were Arthur Griffith-Boscawen, Minister of Health; Viscount Novar, the Secretary of State for Scotland; the Attorney General, Sir Douglas Hogg; Major J. W. Hills, Financial Secretary to the Treasury who would soon suffer defeat at the Edge Hill by-election, 6 March 1923; and Neville Chamberlain.
should be remembered," he told the committee's third meeting, "that no
one had asserted that the Government would get necessary Houses without
some form of subsidy." Chamberlain reported further that the nation's
leading housing authorities had expressed to him their unanimous con-
clusion that it would be folly for the government to take no action in
the matter and, in his opinion, no government could stand by idly with-
out attempting to deal with the problem. 28

At the same meeting, the committee's chairman Arthur Griffith-
Boscawen came to the reluctant conclusion that a "subsidy was unavoid-
able." The government's disinclination to extend the Rent Restrictions
Act and its failure to meet the housing shortage; the inability of
private enterprise to supply houses which the working class could af-
ford to let; the pressure from local authorities for Exchequer as-
stance; and Bonar Law's vague statement at Glasgow, were the reasons
given by the Minister of Health for his unenthusiastic decision. 29
Political expediency, however, so characteristic of postwar Conserva-
tism, suggests a more apparent motive.

When the committee had agreed to the fundamental principles for
housing legislation, it reported to the full Cabinet early in 1923.
The Cabinet endorsed its recommendations on 26 January, and these be-
came the guidelines for Neville Chamberlain's housing act of 1923. The

28 PRO, Cab. 27/208. Committee on Housing Policy, 3rd Conclusion (1 January 1923), 4.
29 Ibid., 1.
scheme accepted by the Cabinet exhibited caution, although Chamberlain had prevented it from becoming even more restrained. The report which the government endorsed called for a strictly limited scheme of State financial assistance to encourage private builders to construct houses: to maintain if possible, Mond's stingy £3 subsidy for twenty years. But, if local authorities objected too strongly, the Minister of Health could negotiate with their representatives a maximum subsidy of £4 annually for the same period with no limit to be set for the number of houses to be built. Government assistance would take the form of a grant to local authorities of an annual subsidy per house of a defined size. The local authority would make every effort to secure construction of these dwellings by private enterprise; only if this failed, could the local authority build houses itself. In an attempt to encourage the building of working-class homes, Exchequer assistance would be limited to the class of houses which unaided private enterprise was unlikely to construct, and a maximum size per house would be specified in the act. The subsidy would be strictly temporary; thus, in Chamberlain's housing bill which became law in August 1923, Parliament applied it only to houses completed before 1 October 1925.

It was through Chamberlain's persuasion that the reluctant committee agreed in January 1923 to set the maximum subsidy above the £3 first suggested by Alfred Mond. Only the day before the Cabinet

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received the report of its Housing Committee, Chamberlain had argued doggedly for an annual subsidy of at least £4 for twenty years. He had been in contact once again with those actually involved in house construction, and several of the nation’s leading private builders had told him privately that it would be impossible for them to construct working-class houses with less than £4 paid annually by the Exchequer for twenty years. Chamberlain concluded that "it was most important that the operatives in the building trade should not be able to throw the blame for the failure of a subsidy scheme on the Government." He opposed, therefore, attaching provisions such as making a fixed maximum cost per house conditional for receiving the yearly grant. If £4 a house for twenty years were given without conditions and the scheme failed, "it would not be difficult to show that the reason for the failure was the high wages paid in the building trades." Although the Housing Committee did not endorse completely the maximum figure for which Chamberlain had asked, it did authorize the Minister of Health to negotiate with local authorities a sum acceptable to them and to concede £4 annually for twenty years if the representatives of the municipal bodies refused a lesser amount. Chamberlain was less radical than the architects of the first postwar housing bill, but in seeking a solution for housing arrears he showed less restraint than his Cabinet colleagues.

31 PRO, Cab. 27/208. Committee on Housing Policy, 4th Conclusion (22 January 1923), 4-5.
Neville Chamberlain influenced the Cabinet's Housing Committee in yet another way by suggesting that additional credit be made available for those persons wishing to purchase a home for their own occupancy. In *The Times* housing supplement three years before, he had expressed eloquently his reason for supporting State assistance to owner-occupiers.

I believe [a house-purchase policy] to be the one which in the long run is calculated to produce the most fruitful results, not only by encouraging private enterprise to provide the means for building, but by adding to the stability of the country and the contentment of the population. The desire of ownership is strong among the working classes, and I believe it is the universal experience that where a working man has been advanced money for the purchase of his own house...he invariably pays off the principal in a shorter time than is provided in his contract.32

After the war, building societies made loans for house purchase to the limit of 75 per cent of the value of the dwelling. Chamberlain believed, however, that there were many persons in Britain anxious to purchase their own homes but who could not raise the 25 per cent necessary for the initial payment.33 If more generous loans could encourage owner-occupancy, at least for the higher class of artisans, it would furnish additional stimulation to the building trade while at the same time help to raise the horizons of the working class generally. Earlier

32 *The Times*, 9 January 1920.

33 *Debates*, Commons, 5s, CLXIII (24 April 1923), 318.
legislation had already given local authorities the power to lend money to potential home owners, but the Chamberlain housing act, passed by Parliament in the summer of 1923, increased the value of homes for which grants could be made from £800 to £1,200; the percentage of value which could be advanced was increased from 85 per cent to 90 per cent; while advances made during construction were permitted up to 50 per cent of the value of the work done, including also the value of the building site.  

Early in 1923, Alderman William Cunliffe, the Lord Mayor of Manchester, invited representatives from several of Britain's largest cities to a conference at Merseyside for the purpose of exchanging ideas on how more houses might be built in the overly crowded industrial centers. Only days before this conference assembled, the

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34. The Small Houses (Acquisition of Ownership) Bill, 1899, authorized local authorities to borrow money from the Public Works Loan Board for the purpose of making loans to potential owner-occupiers. Local authorities could advance a sum no greater than four-fifths of the value of the house, while no loan could be made on a house with an appraised value exceeding £400. Parliamentary Papers, Vol. VII (Bills; Public, Vol. VII), "Small Houses (Acquisition of Ownership) Bill," 14 March 1899, 1-2.

By the provisions of the Small Dwelling Acquisition Act, 1919, the limit of the market value of a house in respect of which local authorities could make advances was increased from £400 to £300, and the permissable advance was raised from 80 to 85 per cent of the value. Parliamentary Papers, Vol. XIII (Reports; Commissioners, & c., Vol. V), Cmd. 2450, July 1925, "Sixth Annual Report of the Ministry of Health, 1924-1925," 54.

Manchester city council's housing committee under the chairmanship of Ernest D. Simon, one of the nation's leading authorities on the housing shortage, proposed that 500,000 new homes could be constructed within two years if £5 million of Exchequer monies were spread among the local authorities. Simon's committee insisted that contributions be fixed at a definite sum per house so that any losses incurred through carelessness would be borne by the local authorities, and they would be forced to prevent waste of the kind the 1919 act had encouraged.

When representatives from Bristol, Glasgow, Leeds, Liverpool, Salford, and Sheffield met in Manchester on 16 January, Simon's plan furnished the basis for discussion at the gathering called by the Lord Mayor. From the beginning, however, it was evident that the representatives of the northern cities expected the State to assume a financial liability much greater than the Conservative Cabinet was contemplating in the early weeks of 1923.

After the Cabinet had agreed to legislate £4 as a maximum housing subsidy, the task of persuading the local authorities to accept the figure fell to Arthur Griffith-Boscawen, Chamberlain's predecessor at the Ministry of Health. The delegates of the Manchester Conference met with the Minister for the first time on 25 January, and were now joined by representatives of the Association of Municipal Corporations, the body which served as the official lobby for those towns incorporated by an act of Parliament. The government's plan for an economical subsidy

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36 The Times, 16 January 1923.
seemed shattered when the Manchester Conference rejected £4 per house per annum at the outset of their first meeting with the Minister of Health. The conference, however, presented definite proposals of its own. The Association of Municipal Corporations would accept nothing less than a £6 subsidy for twenty years, while the cities called on the State to guarantee, in addition to £6, half the yearly loss on any newly constructed houses in which the difference between rent and loan and interest payments exceeded twelve pounds. The proposition of a £6 subsidy, calculated to represent roughly half the annual rent loss on newly built homes, became widely referred to in the press as the "Manchester scheme." Birmingham and Roterham took part in the deliberations after the second meeting and, with the representatives of these nine cities and the Association of Municipal Corporations, the Conservative administration bargained the amount of a housing subsidy which would become the foundation of Chamberlain's housing bill.

On 23 February, Griffith-Boscawen met with the representatives of the Conference a second time, but again, they refused to endorse anything less than a £6 subsidy for twenty years. By suffering defeat in the Mitcham by-election on 3 March, this unlucky Minister, who with black moustache resembled Neville Chamberlain in physical appearance, escaped further harassment at the hands of the municipal solons. Four

37 The Times, 26 January 1923; Annual Register (1923), 22.
days later Chamberlain succeeded Griffith-Boscawen as Minister of Health. From his first days as a member of the Cabinet's Committee on Housing Policy, Chamberlain favored a higher subsidy than the government was willing to sanction. Now he had an opportunity to bring Conservative housing policy more in line with his own thinking.

The newly appointed Minister of Health refused to state hastily his own view as to what the maximum figure for the housing subsidy should be and waited exactly one week before presenting his program to the government. The Cabinet received his plan for a housing bill on 14 March, and Chamberlain reaffirmed to the Ministers that the representatives of the Manchester Conference had refused unequivocally to accept less than £6 per house for twenty years. Chamberlain told his colleagues that he did not consider the request of the municipal solons an unreasonable one. For the second time he asked the Cabinet to raise the upper limit of the housing subsidy which it had agreed upon from the beginning to make the foundation of its forthcoming housing bill. Chamberlain's case was a strong one, and Bonar Law had given him a "free hand" on housing and rent control when the Birmingham statesman became the Minister of Health. Because of the intransigency of the Manchester Conference along with Chamberlain's conviction that these spokesmen for the local authorities would never support the £4 subsidy which the government had sanctioned on 26 January, the Cabinet agreed regretfully to give the Minister of Health authority "to make the best bargain he could" with the Manchester Conference on the understanding
that the Treasury would provide under no circumstances more than £6 per house for twenty years for each working-class house built with Exchequer assistance.\(^{38}\)

The responsibility for reaching agreement with the Manchester lobby now belonged solely to Neville Chamberlain who would prove an abler negotiator than his predecessor. The representatives of the Manchester Conference were in London awaiting the reception of Chamberlain's views by the Cabinet when he resumed discussion with them. The most important meeting with the Conference took place on 15 March in Chamberlain's Whitehall office, only a day after the Cabinet had sanctioned a £6 subsidy for twenty years as the maximum concession it would make to the local authorities. Alderman Cunliffe, Manchester's Lord Mayor who regularly acted as the group's spokesman, tried to convince Chamberlain that private builders and local authorities could prevent loss on borrowed money only if houses could be let in excess of the 7s. weekly rent, which the Ministry of Health had defined as the rent ceiling for newly constructed working-class dwellings. On this argument the Mayor rested his case for a £6 subsidy to be paid for twenty years. Chamberlain told the delegation that he was not convinced. But as his discussions with the Cabinet have shown, he was eager to give the local authorities the subsidy they requested. Perhaps drawing upon his experience in the municipal administration of Birmingham, he understood that the cooperation and good will of local government bodies

\(^{38}\text{PRO, Cab. 23/45. Cabinet Conclusions 15(23), 7, of 14 March 1923.}\)
were essential if houses were going to be built. Realizing the need for a compromise, the Minister of Health told the meeting in a manner which illustrates his sagacity as a negotiator.

What I think is most important is...that we are working together, and I have not haggled with you or attempted to beat you down. Believing and declaring as I do that I am offering you too much, I give you that extra figure for the sake of the good will I expect you will give in return....I am taking a big responsibility in this matter, and I am quite certain that I shall have to undergo severe criticism....But if you will give me...your whole-hearted support and your enthusiasm in this matter, then I shall not mind these criticisms, and I shall feel that I have done the right thing.39

And writing to his sister Ida, Chamberlain explained his logic for yielding to the demand of the housing lobby.

I had a difficult decision to make on Thurs. We had offered the municipalities £4 & they were asking for £6. The obvious thing was to compromise on £5 and I think it conceivable that if I had stood firm on that figure it would have been accepted by a good many. But there would have been a wrangle and a delay and I concluded that it was better to get a prompt settlement with good will than to haggle over £1....40

There could be no doubt that Chamberlain's offer satisfied the delegation. In addition to realizing better financial terms than those offered by Griffith-Boscawen, Cunliffe emphasized to The Times' correspondent the "very fair spirit in which Chamberlain had met with the


40Chamberlain Papers, Neville Chamberlain to Ida Chamberlain, 17 March 1923.
great municipalities." "Within ten days of his appointment as Minister of Health," wrote the same newspaper editorially, "[Chamberlain] has made up his mind as to the first step to be taken towards the provision of the necessary houses—by far the most pressing aspect of the whole question."41

The Minister believed that the building industry could not be restored to its postwar strength overnight; the subsidy was only the first step towards reviving the trade and controlling building costs.

Of course I don't think it will do much more than help us to prevent the situation from getting worse [he observed] and after all that is something and we can perhaps find fresh ways of stimulating enterprise in the meantime. The present arrangement only lasts for 2 years but I don't believe we can stop there. We shall have to have a new scheme when this is done though I hope we may cut down the figure.42

The Sunday Times, on the other hand, lacked Chamberlain's forbearance and wrote bluntly: "Subsidies...may tide us over a temporary crisis at considerable expense...but it is only when the construction and renting of houses are again a matter of free enterprise and free contract that supply and demand will work back to their old harmonious balance."43

Chamberlain sounded weary when he spoke at Edgbaston the day after his concession to the Manchester Conference. To a friendly audience in his home city, the Minister of Health declared that he had undertaken the

41 The Times, 17 March 1923.
42 Chamberlain Papers, Neville Chamberlain to Ida Chamberlain, 17 March 1923.
43 18 March 1923.
most difficult and most harassing task in the government and pledged that violent criticism from either the right or the left would not divert him from achieving a practical housing policy. He reminded them once again that not until rent control ended could unaided private enterprise build houses sufficient for the nation's needs. Chamberlain concluded with remarks explaining his pragmatic approach as well as suggesting his future attitude on the housing question.

There is only one thing I can do. I must give such thought and attention as I can devote to this matter, and all the concentration I am capable during the short time which is available for me. Then I must make up my own mind on what, in my judgment is the best measure to pursue, and stick to it.44

On 28 March the Cabinet "passed almost without comment"45 the drafted housing bill which embodied the £6 subsidy which Chamberlain had conceded to the Manchester Conference and the recommendations accepted by the Committee on Housing Policy on 26 January. On the same day it authorized the bill's second reading for late April.46 The Times' Parliamentary correspondent reported that the bill was already in an "advanced stage," and added that "in the main the new scheme will be Mr. Chamberlain's own plan...."47 The Ministry of Health released

44Birmingham Post, 17 March 1923.

45Chamberlain Papers, Diary, 28 March 1923.

46PRO, Cab. 23/45. Cabinet Conclusions 17(23), 9c, of 28 March 1923.

4729 March 1923.
the text of the housing act to the country on 12 April. Chamberlain must have had little doubt that it would receive Parliamentary approval or else he was not superstitious because it appeared in the press the following day which was, by coincidence, the ill-omened Friday the thirteenth.

It became readily apparent that the restriction of the subsidy to houses with a maximum size of 850 square feet would be the measure's most controversial feature. Local authorities believed that to limit the subsidy to the smallest kind of working-class dwelling would prevent including a parlour, or second living room, which, psychologically at least, was an important status symbol to working-class wives. That there was no fixed standard of quality for the subsidy houses was the primary defect in the view of Ernest Simon, the Manchester housing expert. The Standing Joint Committee of Industrial Women's Organizations, which represented more than one million women in the trade union, cooperative, and political Labour movements, studied the proposed measure with dismay; to provide a subsidy to construct houses without parlours, complained this powerful lobby, would be a retrograde step.48 Surprisingly, the left wing New Statesman believed the bill to be a reasonable one,49 while the Nation, suspecting stodgy Cabinet opposition to Chamberlain's endorsement of a higher subsidy, wrote that the Minister "has taken as much as he can get, and his £6 subsidy per

48 The Times, 14 April 1923.
49XXI (21 April 1923), 38.
house for 20 years should encourage Local Authorities." Chamberlain was satisfied with the way the country received the drafted bill and did not seem particularly disturbed by the "parlour" controversy.

I am pleased with the general reception of the bill and I think from the critical point of view it is well to keep criticism focused on the parlour controversy. I can always cut that away if necessary by yielding a little on a matter which is not in anyway vital and then there will be nothing of substance left whereas if I gave way now our opponents would just concentrate on something else.

Speaking at the annual meeting of the Ladywood Unionist Association only three days before the second reading of the housing bill, Chamberlain reminded his constituents that the word "parlour" had not even been mentioned in the act. The subsidy would be limited only to houses of a maximum size. Occasionally when addressing a home-town audience Chamberlain's enthusiasm led him to make detailed, loosely reasoned statements which made his case seem unconvincing. This happened at Ladywood when he tried to elucidate that within the dimensions prescribed in the bill it would be possible to include a parlour 12 feet by 8 feet in addition to a living room 12 feet by 13 feet, 4½ inches. But more important than the argument over the size of rooms, Chamberlain announced his motive for limiting Exchequer assistance to a house of a specified size.

50 XXXIII (21 April 1923), 72.

51 Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain, 21 April 1923.
The people who ought to come first are those who are living under the worst conditions to-day. It is because I want to help these people first that I have put this limit on size into the Bill, because I know very well if I had a bigger size house it would be all the bigger houses that would be built.52

Chamberlain concluded his speech by pledging to stake his reputation upon the scheme being a success.

Neville Chamberlain had been Minister of Health less than two months when he delivered the opening speech on the second reading of the government's housing bill, clearly the most important address he had yet made to the House of Commons. Fundamental to his motive for a Parliamentary career had been the conviction that a statesman's first duty was to improve the health of the State's individual members in order that they might become self-reliant,53 and the second reading speech clearly manifested this philosophy. The Minister of Health sounded like Disraeli when he asserted without reservation that the lack of adequate accommodation constituted "a perpetual danger to the physical and moral health of the community," and was responsible for much of Britain's social unrest. "Every consideration of humanity, of patriotism, and even of prudent care for the future must impel us," said Chamberlain, "to the conclusion that there is no question more urgent...than this question of housing."54

52 Birmingham Post, 23 April 1923.


54 Debates, Commons, 58, CIXIII (24 April 1923), 303-304.
Then with his usual mastery of details, the Minister explained concisely each of the bill's twenty-three clauses. The housing shortage presented him with only two alternatives Chamberlain told the Commons. He could ignore giving financial assistance to private enterprise which was necessary for the construction of working-class homes; or he could "initiate a new scheme of State subsidies to tide over the interval until these houses could be built without assistance." He reminded the Lower House that the £6 subsidy was only a temporary measure and would not apply to houses completed after 1 October 1925. Conditions were changing, and Chamberlain deemed it unwise to pass legislation which would prolong State assistance for a more lengthy period.

What I hope [the bill] may do is to lay the foundations, and these foundations are the two lines of policy which I have indicated, namely, the encouragement of private enterprise, and the stimulation of the desire which I believe exists among large sections of the population, to be able to own their houses, by giving them facilities for obtaining capital, and with that policy is coupled a temporary provision...in order that we may tide over an interval during which certain particular classes of houses could not be provided by private enterprise alone, and that object we hope to achieve by means of subsidy.

The Labour Party found fault with Chamberlain for viewing arrears in housing as a temporary condition and for refusing to present a bolder, more far-reaching scheme. John Wheatley, the ablest of the

55 Ibid., 307.

56 Debates, Commons, 5s, CIXIII (24 April 1923), 308.
twenty-one Clydeside Socialist elected in 1922, and later Minister of Health in the first Labour government, was convinced that Chamberlain "did not understand the extent of the housing problem." Every principle of the bill as well as aspects of the question not included came under the scathing abuse of the militant Socialist from Glasgow: the subsidy was too small; it should apply to houses built after 1925; the government proposed no massive State scheme for slum clearance; and no legislation was presented to regulate the price of building materials. Wheatley saved an incisive attack on Chamberlain's "9 by 10 foot parlour" for a dramatic conclusion to an already emotional oration.58

Chamberlain's provision to restrict subsidy houses to 850 square feet was one feature of the bill open to serious question. The Spectator, a consistent and loyal supporter of progressive Unionism, wrote that "the greater part of the criticism of Mr. Neville Chamberlain's Housing Bill is implied in the one word 'parlour'."59 On the eve of the housing bill's second reading, the National Federation of House Builders and the House Builders' Federation, the two most important organizations of British building operatives, issued statements calling for an increase in the maximum house size permitted in the bill from 850 to

57Ibid., 322.
58Ibid., 327-335.
59CXXX (28 April 1923), 697.
But in reality Chamberlain’s position on the size of house to be financed with subsidy money was much more flexible than either the public or the opposition realized.

The statements you see in the press [he had written his sister] are mostly incorrect. My proposals do not specify any number of rooms or arrangement of them. They provide a minimum and maximum superficies and I have decided to put them in the bill instead of regulations, a change which will I am sure commend itself to the House.

Thus, in his second reading speech Chamberlain expressed his willingness to compromise on the issue, although reaffirming that he had limited subsidized houses to 850 square feet to guarantee that Exchequer assistance would be provided only for the class of houses that private enterprise would not construct. The Minister would accept any suggestions which would strengthen the bill. He wanted to build houses rather than bicker with those who opposed the act on partisan lines.

Although at no time during his twenty-one years as a member of Parliament did Neville Chamberlain enjoy the esteem of the Labour Party, his management of the housing bill did enhance his reputation with one of the more militant Socialists and suggests that he was capable of working in the lobbies at Westminster with great effectiveness. David Kirkwood, a leader of the striking Clyde munition workers in 1915, elected Labour M.P. for Dumbarton in 1922, repeatedly interrupted

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60. *The Times*, 24 April 1923.


62. *Debates, Commons*, 5s, CIXIII (24 April 1923), 311.
Chamberlain during the Minister's speech on the second reading with verbal abuse of such intensity that the Speaker threatened to expel the Scotsman from the sitting. Chamberlain later tried to win his protagonist's support for the measure in a manner which caused Kirkwood to reflect:

I had a 'go' with Mr. Neville Chamberlain. He was talking about housing and referred to "courting in the parlour." Something roused me... He ignored the attack, but five days later, when we met, he asked me what he had said to hurt me, and went into a detailed explanation of his ideas. I had meant to hurt him, but he was concerned about what had hurt me.63

The housing bill passed the second reading after four days' debate and went immediately into standing committee where on 10 May Chamberlain accepted its recommendation to increase the maximum area of subsidized houses from 850 to 950 superficial feet for a two-storied house and from 780 to 880 square feet for those houses built on only one level.64 He had been willing all along to compromise this feature of the measure and had expressed, only two days after agreeing to the demands of the Manchester Conference, second thoughts regarding the maximum size of houses eligible for State aid.

63 David Kirkwood, My Life of Revolt (London, 1925), 206.

64 Parliamentary Papers, VI, 1923. "Report from the Standing Committee A on the Housing, &c. (No. 2) Bill," 10 May 1923, 16. A minimum size was also specified: 550 square feet for a one-storied house and 620 square feet for a dwelling of two stories.
I should very much doubt if my subsidy will attract the small builders in rural districts. In fact I am not sure how far it will have that effect in the large areas and I shall watch with some interest to see... If it were made to include a somewhat larger house I think it might and if I had started from the beginning I think I should have made the limit higher. But I came to the conclusion that it was best now to keep that in hand and make a concession in the House if opinion in its favour manifests itself.65

Thus, the *Birmingham Post* observed that his acceptance of the amendment "was not altogether unexpected." Chamberlain could now express satisfaction with the progress of the measure and wrote, "The Housing Bill is going very well in Committee and although I could wish our programmes were more rapid I cannot say that the proceedings have been at all obstructive." But a week later the tedious discussions with the housing committee over every line of the bill were testing the patience of the Minister of Health to whom forbearance was not a recognized characteristic.

I have had a pretty stiff week but feel none the worse for it. The Housing Bill makes terribly slow progress... as the Labour Party will make second reading speeches on every amendment and new amendments keep pouring in faster than I can get through the old ones.68

65 Chamberlain Papers, Neville Chamberlain to Ida Chamberlain, 17 March 1923.
66 11 May 1923.
67 Chamberlain Papers, Neville Chamberlain to Ida Chamberlain, 12 May 1923.
68 Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain, 19 May 1923.
Having increased the maximum floor space permitted in subsidized houses, the standing committee released the bill on 11 June. With the exception of the clause defining maximum size, it remained entirely intact, incorporating all of the principles Chamberlain had persuaded the Cabinet to accept in January as well as the £6 subsidy for twenty years which he had promised the Manchester Conference on 15 March. Pleased that his bill now faced certain passage, Chamberlain expressed candidly the measure's effect upon the government's popularity.

There is no doubt in my mind that at this moment the Gov't is more firmly established both in the House and the country than at any time since Bonar came into office and I think I may add that the Minister of Health has had his share in the growth of confidence.69

The Birmingham Post had praised consistently the skill with which Chamberlain had managed the act, and the Westminster Gazette, the traditional voice of Asquithian Liberalism, wrote that at the successful completion of the Minister of Health's first important measure through the committee stage, "Liberals equally with members of his own Party have joined in the tribute."70 On 25 June the House of Commons approved the bill on its third reading by more than 100 votes. Its passage through the Lords was an easier one than the government had expected, and on 1 August, Chamberlain's first bill became law.

69 Chamberlain Papers, Neville Chamberlain to Ida Chamberlain, 9 June 1923.

70 Westminster Gazette, 14 June 1923.
While the government was struggling to determine the principles upon which to draft a housing act, it also faced the immediate necessity of promulgating a policy on rent restrictions, since the rent act of 1920 expired in June 1923. The interdepartmental committee on rent restrictions, which Lloyd George had appointed in 1922, issued its long-awaited report on 5 February 1923, four days before Parliament met. Under the chairmanship of Lord Onslow, the committee had sat on seventeen occasions and had heard witnesses from organizations representing tenants, property owners, and the building societies. Now in its majority report, signed by Onslow and eleven other members, the committee recommended that "all restrictions should be removed at the earliest possible date"; further, it was the committee's opinion that rent restrictions could not be abolished completely in 1923. Rather, its White Paper suggested that there should be a period of further restrictions to provide a transition between the full control then existing and the time when all statutory interference with property would cease. Under this scheme houses let at the highest rents would be decontrolled first, while rent restriction on all houses would disappear at mid-summer, 1925.71

With the report of the Onslow Committee at last before the country, tenants, builders, and landlords all demanded with more resolution

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than ever before that the government make a clear statement as to what its policy on rent restrictions would be. According to a Times editorial, "the one thing necessary above all others [was] that local authorities and private builders should know for certain what they [had] to expect." The issue was an emotional one. "Let the Government have the courage to set the example of abolishing the restrictions for which [it] was responsible," blustered the Saturday Review, while the more even-tempered Spectator admitted that "a sudden de-control of rents would cause something like pandemonium."

The most striking attitude of Bonar Law's government on the rent restriction issue was its failure to make any attempt to present a plan for decontrol during January and February 1923, immediately preceding Chamberlain's appointment as Minister of Health. Chamberlain's predecessor Arthur Griffith-Boscawen would make regular statements on decontrol but then reverse his position with remarkable dexterity. At Wallington, Surrey, on 16 February, he assured his middle-class Tory audience that the government had decided to continue rent restrictions for a further, but unspecified, period; it would not legislate "gradual decontrol" as recommended by the Onslow Committee, since this would bring the higher-rented houses out of the act in June 1924. On the

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10 February 1923.

CXXXV (17 February 1923), 213.

CXXX (10 March 1923), 398.

The Times, 17 February 1923.
same day the Prime Minister suggested a similar policy when he told The Times that the government had decided to postpone decontrol, but he gave no date for its termination or did he suggest how this would be achieved. Immediately following Law's vague pronouncement, the Ministry of Health issued a statement declaring that the press had misinterpreted Griffith-Boscawen's Wallington speech. Rather, the Minister favored abolishing rent restrictions on the two highest classes of houses in June 1924, viz., those let between £70 and £105 in London, £60 and £90 in Scotland, and £52 and £78 elsewhere, and then terminating rent restrictions completely in 1925.

Griffith-Boscawen muddied the waters still further when he told a partisan gathering at Mitcham on 21 February that "so far as he was concerned the policy of decontrol was at an end" even though the housing shortage still remained. The Times seemed justified in remarking bluntly on the following day, "a clear understanding of decontrol is so evidently desirable, and it seems...high time that this period of indecision...should come to an end." In the Mitcham electors' rejection of Griffith-Boscawen in the 3 March by-election his vacillation on the government's plans for rent control probably played a part.

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76 Ibid.

77 Annual Register (1923), 24; The Times, 21 February 1923.

78 Daily Telegraph, 22 February 1923.

79 22 February 1923.
Within a fortnight after his appointment Neville Chamberlain prepared an original and definite solution for the continuation of rent restrictions, which to competent observers, seemed so vitally necessary. On the question of immediate decontrol, the fair-minded Birmingham Post came to the rather obvious conclusion: decontrol is not possible unless there is devised some measure, to come into operation side by side with decontrol, which will afford the tenant protection against unreasonable increases in rent and arbitrary ejectment. 80

The measure for decontrol which Chamberlain presented to the Cabinet and finally piloted through Parliament provided these guarantees. His solution rested upon the premise that the 1923 housing act would make up housing arrears to such an extent that all rent control could be abolished in 1925 as the Onslow Committee had suggested. Chamberlain rejected, however, the Onslow Committee's recommendation for gradual decontrol by periodic rent increases, believing that increases of this kind would be interpreted by landlords as the figure which should be charged as minimum rents. Chamberlain announced to the Cabinet's Rent Restriction Committee that his own investigation and study suggested that rents charged on controlled houses in 1923 were reasonable ones and, in the case of the higher class of houses, rents were not far from

80 26 March 1923.
being "economic", that is to say, ones which would meet interest and mortgage payments without loss. 81

Chamberlain's solution for prolonging rent control was uniquely his own. In a memorandum to the Cabinet he proposed boldly a scheme which was entirely new: the creation of arbitration tribunals or reference committees to protect tenants from exploitation by landlords after the termination of control. Chamberlain proposed that these reference committees would assist the county courts; they would be available for consultation and would report on rent, character, and condition of houses when asked to render an opinion. These arbitrating bodies would begin their work when rent control ended in June 1925, and would have a life of five years. Both the landlord and tenant would have a representative on the tribunal while the Minister of Health would appoint a third member. The rent tribunal, however, would have power only to define a fair rent for the house in question; the authority to make any such figure mandatory would belong solely to the

81PRO, Cab. 27/220. Rent Restriction Committee, 4th Paper, "Memorandum by the Minister of Health," (27 March 1923), 1. In 1925, with the rent restriction act of 1920 still operating in full force, the Economist suggested that many landlords were receiving economic rent in spite of control. "Investors have preferred to follow a waiting policy with regard to small houses," wrote the independent financial journal, "and investments have only changed hands where money was needed. There are buyers waiting to acquire this description on approximately an 8 per cent basis, but the difficulty would be for the seller to find anything like a similar return on his money in other directions." Economist, C (24 January 1925), 135.
Chamberlain discussed the logic of his plan in a letter to his sister.

I am feeling round for a method of rent decontrol and the most hopeful idea I have got is to set up Rent Tribunals to protect the tenant from the exorbitant landlord when decontrol goes. But it is full of difficulties. On the whole I think the landlord would be inclined to accept it but what the tenants really want is security of tenure and in their simple way they think this should be accompanied by a reduction of rent. It is interesting to hear that since I began to work at the idea of Rent Control Mussolini has announced it as his plan and has got the same idea of constructing the courts out of a panel containing representatives of both landlord & tenant with certain neutrals.

The Cabinet's Rent Restriction Committee was highly critical of the proposals put forward by Chamberlain. "As for R. R.," wrote the Minister of Health, "I have to get my ideas accepted by the Cabinet Committee which doesn't like them at all so far." The committee felt that the tribunals would be expensive even though Chamberlain had explained that only its clerk would receive a stipend for his services; the Minister had further reminded his colleagues that not every tenant would apply to the arbitrating body for rent adjustment. The Attorney General, Sir Douglas Hogg, and Sir William Joynson-Hicks, the Postmaster General and probably the Cabinet's most reactionary member, were

82 PRO, Cab. 27/220. Rent Restriction Committee, 4th Paper, "Memorandum by the Minister of Health," (27 March 1923), 1.

83 Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain, 24 March 1923.

84 Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain, 7 April 1923.
the most vocal opponents of Chamberlain's solution for decontrol. Hogg advocated ending restriction on all houses in 1925, at which time the landlord would assume the sole right of possession unless the tenant proved in the county court that such action would be unduly harsh. Joynson-Hicks, on the other hand, favored extending control for five years but would make it possible after two years for a property owner to resume possession on much wider grounds than those in force in 1923. The belief that the tribunals would become permanent institutions and would evolve into rent courts was the issue upon which the entire committee opposed the creation of arbitration tribunals. 85

Chamberlain viewed Joynson-Hicks' recommendation as being less drastic than his own but contended that extending the current act for five years would not free enough houses to make decontrol practical in 1928. Furthermore, assuming the Conservative government remained in office its full statutory life, rent control would linger to become a major issue in a general election five years away. Although Chamberlain had expressed confidence that his housing act would produce sufficient houses to make decontrol possible in two years, caution prevented him from accepting Hogg's premise that rent restriction should be totally abolished at that time without any further protection for tenants. It was Chamberlain's conviction that it would be impossible

85 PRO, Cab. 27/220. Rent Restriction Committee, 4th Conclusion, 29 March 1923.
to make a "clean cut" of decontrol in 1925. Again he reminded the Rent Restriction Committee that his rent tribunals would be only a temporary phenomenon which would serve as a bridge between complete control and the restoration of supply and demand. The arbitrating bodies were not "courts," because they would receive neither authority to enforce their decisions, nor would tenants and landlords have any way to appeal their verdicts. The effect of removing control in 1925 and employing rent tribunals to suggest fair rent would furnish, in Chamberlain's opinion, a "progressive loosening of the present rigid bonds which tied up the free movement of the market."^87

Genuinely believing that the housing act of 1923 would stimulate the production of enough new houses to justify decontrol in 1925, Chamberlain judged that Parliament could terminate the tribunals before the end of their five year life. "It seems to me not unlikely," he told the still skeptical committee, "that in the course of two or three years it would be found that the combined effect of the housing bill and the loosening of control would convince the public that the last restrictions could safely be removed without inflicting serious injury on any section of the community."^88 He drafted the housing act with confidence in the ability of private enterprise to overcome the postwar

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86. Debates, Commons, 5s, CIXIV (6 June 1923), 2220.

87. PRO, Cab. 27/220. Rent Restriction Committee, 6th Paper, "Memorandum by the Minister of Health," (10 April 1923), 3.

88. Ibid., 5.
housing shortage, and with this premise as the foundation of his bill, the Minister of Health was determined to develop his own related policy for ending rent control.

The rent restriction act of 1920 expired on 24 June 1923 in England and Wales and on 28 May 1923 in Scotland. With additional time needed for drafting and preparing for debate in Parliament coupled with the Cabinet's tardiness in approving Chamberlain's proposals, it became necessary for the Minister of Health to prolong the 1920 act until 31 July by a short, one clause bill under the provisions of the Expiring Laws Contingency Act. "I had a little triumph Thursday," Chamberlain noted. "I got the Cabinet to toe the line on Wed. and am to introduce a Rent Act Continuance Bill on Thurs. under the ten minute rule."99

Again he discussed the merits of his plan for decontrol which the Cabinet still debated.

Really the proposal is not an unreasonable one and though there will be things that neither the tenant nor the landlord will like there are substantial advantages for both of them. Moreover it carries the critical incident over the General Election and therefore the Party managers will like it too.90

Slowly the Cabinet endorsed Chamberlain's position on rent policy. Political expediency seems to have had an important influence on their decision. If the government could not enthusiastically accept the principle of arbitration tribunals, the Cabinet recognized clearly

99 Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain, 21 April 1923.

90 Ibid.
that it could not abolish rent control in 1923. To extend the existing system for two years seemed to them a fair compromise, especially since Chamberlain had agreed that the tribunals could be terminated before the end of their anticipated five year statutory life. A free hand had been Chamberlain's condition for becoming Minister of Health, and he refused to water down the policy he had proposed. Of even greater significance—the nation demanded an immediate solution.

During the second week in May the Cabinet had surrendered to Chamberlain who wrote,

I have put my R. R. Bill in draft and it will be published soon after Whitsuntide....It is very hard to say what its reception will be but on the whole it seems to me an equitable compromise & I somehow fancy it will come through the storm. 91

On 30 May, just one week before the bill's scheduled second reading, the Cabinet endorsed the final draft now circulated by the Home Affairs Committee for approval. 92 Referring to the weary debate over the Onslow Report and Griffith-Boscawen's muddling of the rent control issue, the Birmingham Post, which was Neville Chamberlain's most consistent supporter among the provincial dailies, reflected that his proposal "will certainly excite less surprise now than it would have created if it had been put forward a few months ago; and it will certainly be better received." 93 Although calling the bill a compromise between the

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91 Chamberlain Papers, Neville Chamberlain to Ida Chamberlain, 12 May 1923.

92 PRO, Cab. 23/46. Cabinet Conclusions 29(23) 3, of 30 May 1923.

93 1 June 1923.
majority and the minority reports\textsuperscript{94} of the Onslow Committee, \textit{The Times} observed fairly that in framing the bill Chamberlain remembered that "owners as well as tenants of houses have rights which must not be ignored."\textsuperscript{95}

The Conservative measure made several important concessions to landlords and provided for houses to be decontrolled immediately under certain conditions. Any house becoming vacant after 30 July 1923 passed out of control completely while a landlord who owned a house before 30 June 1922, could obtain possession of it if it was required for himself, his children, for any person living with him, or for any person employed by him on a full time basis without having to find alternate accommodations for the displaced renter. The landlord and the tenant could agree that the rent acts should no longer apply to a house, but the property owner in such a case had to grant a valid lease for not less than two years. Rents of sublet houses could be increased by 10 per cent, while the landlord could obtain possession if the tenant had sublet the property without his consent.\textsuperscript{96}

\textsuperscript{94}The minority report of the Onslow Committee, signed by two of its fifteen members contended that the full measure of protection afforded by the 1920 rent restrictions act should be continued until 1930, for houses coming within the category of the 1915 act and that for other houses, restriction should continue until the same date, unless previously withdrawn by an order of council submitted to and approved by Parliament. Furthermore, the minority report called for an immediate reduction of 25 per cent on all rents with an additional reduction of 15 per cent following at Martinmas, 1923.

\textsuperscript{95}July 1923.

\textsuperscript{96}\textit{The Times}, 1 June 1923.
When unable to find fault with either the continuation of control or with the concept of rent tribunals, the Labour Party focused its opposition during the second reading on 6 June on the rather modest concessions which Chamberlain had made to the landlords. Although admitting that the bill included some "bright spots," Sidney Webb, Labour's spokesman on the second reading, moved an amendment for the bill's rejection, calling Chamberlain's plan "a Measure for decontrol, and not a Measure for continuing control." In what Beatrice Webb had anticipated would be her husband's "first really successful speech," Webb trumpeted that the Tory rent act would enable "an enormous proportion of the premises...to pass out of control promptly and in increasing numbers" without any adequate justification or protection.

The Labour retort followed Chamberlain's opening address which exhibited his usual honesty and thoroughness. After it, Webb's speech had a hollow ring. The Minister of Health told the Commons frankly that the rent bill had caused him "more hard labour and anxious thought" than had the housing act, and then explained the logic behind his solution for rent control, which he admitted, was a compromise.

97 Debates, Commons, 5s, CLXIV (6 June 1923), 2237.
99 Debates, Commons, 5s, CLXIV (6 June 1923), 2237.
100 Ibid., 2219.
I am a great believer in settlement by agreement, [Chamberlain told the House] and it has seemed to me that, if a Committee could be constituted on which there would be...one representative of the landlords' association—or interest, if there were no association—and another representative of the tenants' association, with, perhaps, some third person who was not connected with either, it was very possible that they might be able to agree among themselves as to what was the fairest way of settling this vexed question.  

Britain's leading commentators applauded him and credited the Minister of Health with at last presenting a fair solution to the nagging problem of rent control. The Guardian termed Chamberlain's second reading speech as one of "somewhat disarming moderation." The Spectator's reform-minded editor, John St. Loe Strachey, added happily that "Neville Chamberlain [was] making a splendid and practical effort simultaneously to help housing and to end the rent muddle."  

The most determined opposition to Chamberlain's scheme came from a rump of nearly forty Unionist members who disliked the bill's provision for rent tribunals. The recognized housing authority, Sir Kingsley Wood, the Tory member for London's Woolwich West and the

101Ibid., 2231.

1027 June 1923.

103CXXX (9 June 1923), 955.

104Sir Kingsley Wood (1881-1943) was a solicitor and member of the London County Council, 1911-1919; he became the Unionist member for Woolwich West in 1918 and was knighted in that year. Having been Parliamentary Private Secretary to the Minister of Health, 1919-1922, he
author of the *Daily Mail's* "Rent Act Guide," told The Times in an interview shortly before the second reading that reference committees would establish a "dangerous precedent." To Wood, who had been Parliamentary Private Secretary to Dr. Addison, these quasi-judicial bodies would lead only to delay and expense in solving the housing shortage. He believed that parties appearing before the tribunals would require legal counsel; the two stage redressing of grievances from tribunal to county court would be a slow one; clerks and officials to be appointed by the Minister of Health would hold a vested interest in prolonging the committees' lives; while different committees in scattered parts of the country advancing divergent policies would add to the confusion already surrounding decontrol. Sir Kingsley concluded:

> I think...the main objection to the Reference Committees is in relation to how they will affect the house-builder and house-building. If we are to get private enterprise to work again we must remove all unnecessary State and municipal interference with property. These committees may add much to the uncertainty in which property owners are engulfed to-day.105

The first challenge to the Chamberlain rent control bill came when the standing committee, which examined the measure clause by clause from 13 June to 2 July, began to discuss its provisions.

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served as Chamberlain's Parliamentary Secretary from 1924-1929. Wood was Postmaster General, 1931-1935; Minister of Health, 1935-1938; Air Secretary, 1938-1940; and Chancellor of the Exchequer from 1940 until his death in 1943. He became a close personal friend of Neville Chamberlain, particularly in the darkest days of the latter's Premiership.

105 4 June 1923.
Chamberlain argued tenaciously for the rent tribunals and successfully based his defense upon the stipulation in the act that the special bodies could only be established by regulations sanctioned by both Houses of Parliament when decontrol actually took effect in June 1925. To postpone defining the precise composition of the reference committees until decontrol actually took effect had been Chamberlain's trump card against the opposition, and by hammering upon this point he carried the controversial clause over the objection of many committee members.

On the report stage immediately following the bill's approval by the standing committee, Wood mobilized the critical Unionist forces and moved an amendment to prevent the creation of Chamberlain's arbitration tribunals when rent control ended. In spite of this challenge from

106 The Times, 2 July 1923.
107 The Times, 6 July 1923. Rent control, however, continued in some form through the Second World War. Parliament extended the Rent Restrictions Act of 1923 in 1925 and for each year thereafter until the entire scheme was revised in 1933. The continuation of rent control reflected an official recognition by both major parties of the shortage of sufficient working-class dwellings to let. By the provisions of the Rent Restrictions Act of 1933, rent control continued to be applied to houses with rateable values up to £13 in England and Wales and to £20 for houses in London, even when a change of tenancy occurred. Houses above these limits automatically became decontrolled upon a change of tenants. In 1938 it was decided to raise the limit below which houses would not become decontrolled upon changes of tenancy from £13 rateable value to £20 and from £20 to £35 in London. Rent restrictions over all other houses terminated at this time. This series of measures kept intact the mechanism of rent restrictions as one legacy of the First World War to the Second.

Chamberlain's reference committees were intended to come into force only during the interim period following total decontrol. When Parliament sanctioned this provision in the 1923 act, it was assuming that general decontrol might take place before the housing shortage was
within the Party, Neville Chamberlain's second major bill as Minister of Health enjoyed an easy passage on its third reading of 13 July, even though the Labour Party demanded a division. Many members were absent from the House during debate and voting at each stage of the bill's progress, but a Conservative majority of seventy-five above all other parties combined, guaranteed that the Rent and Mortgage Interest Restrictions Act\(^{108}\) would reach the statute book. "It is for the good of the country that it should become law,"\(^{109}\) declared a *Times* leader, while the *Saturday Review* observed that "political onslaughts on a measure of this kind require, to be effective, a larger and more embittered public discontent behind them."\(^{110}\) In the Lords it was the same story completely overcome and, as a result, there might consequently be a need for some partial measure of protection. Rent tribunals did not appear in actual operation until the Furnished Houses (Rent Control) Act of 1945 gave the local authorities the right to request the Minister of Health to appoint three man tribunals in the areas of their jurisdiction. These tribunals received the power to adjust rent only in respect to furnished accommodations after the tenant of such a property had filed a complaint.

\(^{108}\) Mortgage interest played only a small part in Chamberlain's Rent Restrictions Act. Corresponding to the modified form of control imposed on landlords, the act also imposed a modified form of control on mortgages. If a landlord could prove to a county court that it would be a hardship to call in the mortgage on a particular house then occupied by a tenant, the act gave the county court the power to prevent such an action. But whenever a tenant vacated a rented house, the mortgage became free of control. An interest rate at 1 per cent greater than that applied in 1915, as permitted by the 1920 Rent Restrictions Act, remained in force.

\(^{109}\) 12 July 1923.

\(^{110}\) CXXXV (9 June 1923), 763.
as in the Commons, and the Rent Restrictions Act enjoyed there an even easier passage. On 31 July 1923 the measure, which extended rent control until June 1925 and then provided for the creation of rent tribunals, received the Royal Assent.

Within four months after taking office, Neville Chamberlain had given the country practical solutions for overcoming housing arrears and for prolonging rent control. Little did he know that his accomplishments had determined that the Prime Minister would remove him from the Ministry of Health. As for the housing dilemma, only time could judge the success of the Chamberlain bills, but the Minister was prepared to wait until 1925 to evaluate properly his first legislative achievements.
CHAPTER III
THE CAMPAIGN FOR CONTRIBUTORY PENSIONS

No sooner had Neville Chamberlain's housing act passed its third reading in the House of Commons than Stanley Baldwin succeeded Bonar Law as Prime Minister. When Parliament opened on 14 February 1923, Law's Cabinet had been in existence only four months. Although the press reported that his always uncertain state of health was improving, the throat malady which doctors soon diagnosed as cancerous had weakened the Tory leader to such an extent that he was unable to answer for the government at question time in the House of Commons. In these circumstances Baldwin, the Chancellor of the Exchequer since the demise of the Coalition, acted as Law's mouthpiece in the Lower House, while Lord

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1 Stanley Baldwin (1867-1947) entered his father's iron and steel business in Worcestershire after academic preparation at Harrow, Cambridge, and Mason College, Birmingham. Succeeding his father as the Unionist member for the Bewdley Division of Worcestershire in 1908, he held the seat until his retirement from active politics in 1937. He served as an unknown back-bencher until Bonar Law, then Chancellor of the Exchequer, made him his Parliamentary Private Secretary in December 1916; in June of the following year, Law promoted Baldwin to Financial Secretary of the Treasury, in order to do much of the entertaining which the Chancellor greatly disliked. Baldwin subsequently served as President of the Board of Trade, 1921-1922; Prime Minister, 1923, 1924-1929, and 1935-1937; Lord President of the Council, 1931-1935; and Lord Privy Seal, 1932-1934. He was created Earl Baldwin in 1937.
Curzon, undoubtedly the most experienced member of the government, presided over Cabinet meetings during the Premier’s increasing absences in March and April.

Law was exhausted and nearly void of speech when he resigned on 20 May. The drama surrounding the selection of his successor is now a matter of history, but the appearance of a new Prime Minister had an important effect upon Chamberlain’s star which was rising with unusual rapidity. Informed opinion took it almost for granted that Curzon’s experience and seniority in the Party had earned him the right to be Bonar Law’s heir apparent over Baldwin, his nearest rival. In his letter of resignation, Law informed the Sovereign that he preferred not to be consulted about the selection of his replacement. George V then asked whether the Prime Minister could recommend any one else to whom he could turn for advice. Law’s first reaction was to suggest that the King consult Neville Chamberlain, but the Minister of Health was a newcomer to the Cabinet and did not yet have the standing for such a role. The event illustrates the high esteem in which Law held

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2 Lord George Nathaniel Curzon (1859-1925), created Earl of Kedleston in 1921, was educated at Eton and Oxford and served as Viceroy of India, 1898-1905. He was Lord Privy Seal, 1915-1916; leader of the House of Lords, 1916-1925; Lord President of the Council and member of the War Cabinet, 1916-1918; and Foreign Secretary, 1919-1924. When Baldwin formed his second administration after the Unionist victory in the general election of October 1924, Curzon became Lord Privy Seal and held this office until his death in 1925.

3 Bonar Law died 30 October 1923.

Chamberlain after their short association as political allies in the first Conservative government since 1906.

After two days' deliberation the King rejected Curzon in favor of Stanley Baldwin—"a man of utmost insignificance," the former Viceroy of India described him. Baldwin, the onetime industrialist from Worcestershire and then Chancellor of the Exchequer, received the King's commission to become Prime Minister on 22 May, and the Conservative Party elected him as their leader on 28 May. By comparison with Curzon's "long service, vast experience, and distinguished record," Baldwin was a mere "tyro" in politics.5

Although Curzon's peerage would have made it difficult for him to become Prime Minister, his sarcastic and condescending bearing was a greater hindrance to his chances than a hereditary title. With the selection of Baldwin over Curzon, "there can be no doubt the right result was achieved....there were cogent reasons why a person of Curzon's temperament, whether peer or commoner, should not have been at the head of England's affairs in the England of the 1920s."6 Baldwin became Premier simply because "none better could be thought of."7 If Asquith had called Bonar Law the "Unknown Prime Minister," Sir Philip Cunliffe-Lister, who served as President of the Board of Trade in Baldwin's

5Ibid., 509.

6Ibid., 528.

7George M. Young, Stanley Baldwin (London, 1952), 54.
second government, 1924–1929, writes that "it would be true to say that Baldwin was the least known public figure who ever become Premier."\(^3\)

But, with the exception of fourteen months when Labour governed, Stanley Baldwin was Prime Minister for the remainder of the decade, and he was the leader under whom Neville Chamberlain engineered the Conservative Party's program of domestic legislation. Professor Allen Taylor has observed with his usual insight.

Baldwin did not set the Conservative pattern alone. He acquired, almost by accident, an associate from whom he never parted: Neville Chamberlain. They were yoke-fellows rather than partners, bound together by dislike of Lloyd George.\(^*\) [Chamberlain] was...more practical and eager to get things done.\(^9\)

In accordance with constitutional practice, the Cabinet resigned at the accession of the new Prime Minister and all Ministers placed their offices at Baldwin's disposal. With the exception of the Lord Privy Seal, he kept the Cabinet as previously constituted until late August when Neville Chamberlain left the Ministry of Health to become Chancellor of the Exchequer. Baldwin ruined an excellent opportunity to reunite the Party when he offered Austen Chamberlain the insignificant post of Lord Privy Seal and then the Washington Embassy, the latter being outside politics and a post which the veteran Midland statesman immediately rejected. Baldwin next proposed to drop the Duke of Devonshire from the Cabinet as Colonial Secretary and to replace him

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\(^3\)Earl of Swinton, *Sixty Years of Power* (London, 1966), 70.

with Robert Horne, while making Austen Chamberlain the Chancellor of the Exchequer. By this time, however, the Cabinet had become provoked by the Prime Minister's tedious attempts at reconciliation with the Chamberlainites and several members threatened resignation if he did not terminate discussions with the Party renegades. 10

Baldwin bungled again when he asked Reginald McKenna, Chancellor of the Exchequer, 1915-1916, and chairman of the Midland Bank since 1919, to take the Treasury. 11 This curious choice presented a further predicament when no government M. P. was willing to vacate his seat in favor of the interloper, an Asquith Liberal turned Conservative who had retired from politics. 12 Furthermore, McKenna was recovering from a serious illness, and doctors had forbidden him to accept office until he fully recovered his health. 13 Consequently Baldwin failed on two occasions to find a replacement for himself at the Exchequer and now turned to the Cabinet to find a successor. Here Neville Chamberlain

10Iain Macleod, Neville Chamberlain, 94.

11After the breakup of the Coalition in October 1922, Bonar Law had also offered the Exchequer to McKenna. Since the latter disliked Lloyd George, it seemed probable that he would be willing to lend support to Law in order to consolidate the destruction of the Coalition. But as Chairman of the Midland Bank, he was not eager to give up a lucrative position to join a government of uncertain duration. Robert Blake, The Unknown Prime Minister, 462.


13George M. Young, Stanley Baldwin, 50.
was clearly the most outstanding candidate, and McKenna had even suggested the Minister of Health to Baldwin as a good choice to head the Treasury.  

Chamberlain was on a fishing trip in Scotland when the Prime Minister sent a letter on 20 August asking him to take the Exchequer. He returned to London, and Baldwin haggled with him for nearly a week before he accepted the offer which a more ambitious politician would have taken immediately. A letter to his sister explains the circumstances surrounding the appointment and indicates his reluctance to leave the Ministry of Health for which he felt himself so eminently qualified by temperament and interest.

I am not surprised at what you say and you have indeed put the case on public grounds as I put it to Baldwin though I need hardly say that I did not suggest that the safety of the Gov't depended on my remaining at the Ministry of Health. But I did point out that I had neither gifts nor inclination for the Treasury while I did know something about Health, whereas Jix\(^15\) was the opposite case....I felt that I could help him & the Gov't best by stopping where I was.

He said he had felt the need of a colleague at hand with whom he could discuss affairs as he had formerly discussed them with Bonar. It was an immense help to have one at hand in whose judgment he

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14 Chamberlain Papers, Diary, 8 August 1923.

15 William Joynson-Hicks, who had succeeded Chamberlain as Postmaster General in March 1922, and then as Minister of Health when Chamberlain became Chancellor of the Exchequer in August 1923. Joynson-Hicks was Home Secretary in Baldwin's second administration, 1924-1929.
could have confidence and hitherto it had been as though he were deprived of one of his hands. From this point of view, he said, there was no satisfactory alternative to myself. He liked me personally & he thought my judgment good and he had not the same feeling about Jix. Moreover there was the H. of C. In the absence of the P. M. the Chancellor was the leader of the Gov't Bench & it was essential that he should carry weight with the House. I had brought this upon myself by my own success there. Everyone expected me and if he had to be away there was no one he could leave in charge with the same feeling of comfort as myself.16

Because of his loyalty to the Party's new leader and his own judgment influenced by Baldwin's generous compliments, Chamberlain gave the Prime Minister an affirmative reply. The Minister of Health received formal appointment as the Chancellor of the Exchequer on 27 August, after having noted, "I could not consistently with ordinary... loyalty to my chief refuse to stand by him when he appealed in that way."17 The Nation reckoned astutely the circumstances responsible for his selection. With only little experience in office, Neville Chamberlain was "almost the only subordinate Minister whose Parliamentary reputation stood higher at the end than at the beginning of the session."18

Chamberlain's tenure at the Exchequer in 1923 proved to be a brief one. After reverses in the election of December 1923, which Baldwin had called as a mandate on tariff reform and as a means of

16 Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain, 26 August 1923.

17 Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain, 26 August 1923.

18 XXXIII (1 September 1923), 680.
reuniting the Conservatives, the Labour Party, depending upon Liberal support, formed its first administration in January 1924; the Labour government directed Britain's affairs until November of that year. Chamberlain's selection to fill the Cabinet post second in importance only to the Prime Minister is significant both as a reflection of his success at the Ministry of Health and of the esteem in which his colleagues held him after only ten months as a member of the government, rather than for any fiscal policy that he would initiate during the five short months he lived at 11 Downing Street.

The shadow of unemployment clouded Britain in the autumn of 1923. With economic depression severely affecting the engineering, the shipbuilding, and the textile industries, the number of men out of work in October stood at 1,350,216, or 11.7 per cent of the total labour force. Addressing the National Unionist Association conference at Plymouth on 25 October, Baldwin offered a solution for unemployment which he described not unexpectedly as a condition "transcending all other problems." He proceeded to tell a surprised gathering of the party faithful that unemployment could be redressed only by the protection of British industry; after thoughtful deliberation he had decided that the Conservative Party must initiate a program of tariff reform at the earliest possible opportunity. Neville Chamberlain in an

19 Charles L. Mowat, Britain Between the Wars, 1918-1940, 165.

20 Annual Register (1923), 122.

21 The Times, 26 October 1923.
evening speech of the same date endorsed Baldwin's declaration and predicted that if the government were to deal adequately with unemployment in the coming winter, it would have to honor Bonar Law's pledge made during the election campaign of 1922 that his administration or any future Unionist government would have to seek a mandate through victory at the polls before embarking upon tariff reform. Baldwin made it clear in his Plymouth Manifesto that the Conservatives were prepared to hold an election on the tariff question, even though he gave no hint as to when the election might take place. 22

In what proved to be an unwise policy for the short run, Baldwin called a general election for 6 December. The Cabinet had agreed upon an election in January 1924, but the Party's central office favored an earlier polling. 23 Believing that protection would be "the salvation of the country," 24 Chamberlain played an important role in persuading the leader to take the tariff question to the country. 25 While the Asquith and Lloyd George factions of the Liberal Party reunited under the once radical banner of Free Trade, the Conservative Party's

22 Annual Register (1923), 122.
23 Sir Keith Feiling, Life of Neville Chamberlain, 109-110.
24 Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain, 7 October 1923.
25 Percy J. Grigg, Prejudice and Judgment (London, 1948), 119. Grigg was principal private secretary to successive Chancellors of the Exchequer from 1921 to 1930.
protection declarations were vague verbal meanderings, its only clear-cut statement on the issue being a promise not to levy a tax on food.  

The electorate soundly rejected the Tory program and the Party returned 258 members, a loss of 87 seats since the election of November 1922. One hundred fifty-nine Liberal candidates earned seats at Westminster, but the Labour Party emerged as the second largest party in the Commons with 191 members. The total support given each party did not vary greatly from the majorities received in 1922. The Conservatives received about 100,000 votes less than in the previous year, although they had run 57 additional candidates in 1923; the Liberal and Labour Parties increased their totals by 200,000 and 100,000 votes respectively. "It is 1906 over again," wrote the Manchester Guardian, "and the fate of Mr. [Joseph ]Chamberlain is also the fate of Mr. Baldwin." In Birmingham, however, the Unionist Party won eleven of the city’s twelve constituencies, but with considerably reduced margins over the previous election. The great voice of Liberalism and Free Trade looked in awe at the success of the Chamberlain machine and


27 Neville Chamberlain won the marginal seat at Ladywood by only 1,554 votes over his Labour opponent Dr. Robert Dunstan, a popular Birmingham educator. His margin of victory in 1922 had been nearly 2,500. It was a discouraged Chamberlain who reflected that it would be impossible for him to hold the seat much longer. Sir Keith Feiling, Life of Neville Chamberlain, 110.


29 7 December 1923.
lamented that "whatever the Chamberlain 'ticket' has been, Birmingham has voted that ticket perfectly solid, with a kind of staunch uncritical partisanship that is half heroic and half servile...."\textsuperscript{30}

Baldwin did not resign at once but decided to face Parliament when it met on 8 January 1924. The Labour Party was the largest opposition party and, backed by the reunited Liberals, it formed a minority government when a "no confidence" vote passed the House by seventy-two votes on 21 January. James Ramsay Macdonald, the Labour leader, became Prime Minister the following day.

The election of 1923 not only had a marked influence upon the Conservative Party's domestic policy for the remainder of the decade but upon Neville Chamberlain's career as well. The Party emerged stronger after its brief surrender of power, because the banner of protection had brought the former Tory associates of Lloyd George back into the Conservative fold. Reunion became firmly cemented when Austen Chamberlain accepted the Foreign Office following the Party's return to power after the general election of October 1924. The nation's rejection of tariff reform along with the open hostility of both opposition parties and that of the Trade Union movement to the threat of protection, prompted the Conservative Party to scrap tariffs as a

\textsuperscript{30} Manchester Guardian, 8 December 1923.
remedy for unemployment for the remainder of the decade and to devote its efforts to less controversial measures of social regeneration.31

The first of the Conservative Party's remedies for unemployment was a revolutionary scheme of contributory pensions for widows, orphans, and the aged. It was a measure calculated to raise the fortunes of the Party as well as to improve the condition of the people. Only a few weeks after the Party's defeat in December 1923, Chamberlain began to work upon a realistic contributory pensions scheme which would benefit all the State's employed population. He emerged as the force behind the Widow's, Orphans', and Old Age Contributory Pensions Act which became law in August 1925. Chamberlain steered it through Parliament with exceptional skill, and it was a measure rooted in the philosophical foundations of his father's radicalism, a fact to which he soon pointed with pride. The evolution of the bill which forms the link between the Old Age Pensions Act of 1908 and the Beveridge Report in 1942, is an interesting one.

31 Neville Chamberlain later received the opportunity to engineer the passage of a protective tariff such as Joseph Chamberlain first had advocated in 1903. As Chancellor of the Exchequer in Macdonald's National Government, Chamberlain introduced a tariff bill in February 1932, which passed easily as the result of the crushing majority returned in the election of August 1931, in which the National Government had asked for a "doctor’s mandate." A general tariff of 10 per cent went into effect in March 1932, although an advisory committee under Sir George May recommended changes which were soon implemented. Consequently about one fourth of British imports entered the island duty free and approximately one half paid between a 10 and 20 per cent tariff charge. A. J. P. Taylor, English History, 1914-1945, 330.
When still Prime Minister, Stanley Baldwin spoke at Swansea only five days after the Plymouth conference and suggested to his Welsh audience another plan for a Conservative onslaught upon employment, which the existing dislocation of industry and trade had wrought.

If the characteristic creation of statesmen a century ago was the Poor Law, the characteristic achievement of the present day is the system of collected contributory insurance yet to be developed....We have been experimenting with relief for old age, and, in my view, the time is coming when you ought to aim at the linking up...of all these benefits of Old Age Pensions and National Health and Unemployment Insurance to see whether it be not possible to devise a more comprehensive, a more watertight, a more beneficial scheme for the people of this country than exists to-day.32

In the House of Commons a fortnight later during an address on unemployment, Baldwin declared the Conservative Party's intention to re-examine the entire field of social insurance in a convincing manner which appeared void of election rhetoric; he prefaced his remarks by describing the future measure as one which would help to relieve the hardships of men out of work.

We intend, and we are taking in hand, the examination of the existing schemes of Health and Unemployment Insurance and Old Age Pensions with a view to their co-ordination and improvement....We approach this most difficult and complex problem with an earnest desire that thrift may be encouraged.33

Baldwin's pointed intimations that his party intended to expand the existing system of national insurance was a hasty decision and, as

32 *Bristol Times and Mirror*, 31 October 1923; *The Times*, 31 October 1923.

33 *Debates*, Commons, 58, CLXVIII (15 November 1923), 489.
with the clarion call for tariff reform, abnormal economic conditions had prompted it. The Conservative Party's sudden interest in national insurance suggests their realization that the depressed British economy was more than a temporary condition and demanded a far-reaching measure such as that outlined at Swansea to encourage the retirement of older men and take the pressure off parish relief by providing for widows' and orphans' contributory pensions.

Immediately after the Swansea speech Baldwin asked the government actuary, Alfred W. Watson, to review the existing system of social insurance. He was to report on the difficulties confronting contributory pensions for the employed population prior to age seventy and to explore the possibility of a pension scheme for the widows and orphans of insured men. That Baldwin had not gathered such information before the address in South Wales indicates that his interest in social insurance had a sudden genesis. On 19 November, Watson submitted his report, the first of many recommendations from various authorities which the Tory chieftains would study before putting the pensions act of 1925 into final form. Watson's conclusions were optimistic, especially regarding the creation of a system of old age contributory pensions to be paid before age seventy, the age at which State non-contributory old age pensions then began. The confidential memorandum to the Prime Minister pointed out certain conditions that would have to be implemented if any system of contributory pensions were to be successful. The report's most evident conclusion held that pensions would have to be compulsory and could be collected most easily through the existing Health Insurance machinery. "A contributory system," declared Watson, "could never
be worked on any other basis." In respect to pensions for widows and orphans the report suggested, to Stanley Baldwin's delight, that the Conservative Party had the opportunity to foster a "revolution in State insurance" if such benefits could be made available for the dependents of working men. The memorandum informed Baldwin that contributory pensions for widows and orphans had not received the attention of any administrative department, although "it was looked at by the late Ministry of Reconstruction and received a certain amount of actuarial thought and attention."35

The government took additional action on the pensions question almost immediately, and on 23 December 1923, the Cabinet appointed a Treasury committee of outstanding civil servants to make a general survey of the existing systems of National Health Insurance, Unemployment Insurance, poor relief, and old age pensions, and to study the feasibility of establishing a system of widows' and orphans' pensions. John Anderson,36 then permanent under-secretary at the Home Office, was chairman of the seven man committee of which Sir Arthur Robinson,
permanent secretary to the Ministry of Health, and Alfred Watson were also members. The Anderson Committee reported on three occasions in 1924 and 1925, and its conclusions and actuarial estimates formed the basis of the Widows', Orphans', and Old Age Contributory Pensions Act of 1925.

The Anderson Committee lost no time in making its initial report which the Cabinet received on the first day of the new Parliament in 1924. Although Anderson and his colleagues lacked sufficient actuarial data to suggest either the "practicability" or the "financial considerations" for a pensions plan, they reported optimistically that "the possibilities of such a scheme of contributory supplemental pensions for employed persons [were] worthy of closer examination." In conclusions similar to those of the Watson memorandum, the committee's members believed that "such schemes would readily be linked up with the existing Pensions and State Insurance schemes." The Anderson Committee concluded that the greatest difficulty facing the creation of a contributory pensions scheme was the fact that the State already dealt with old age by non-contributory methods, but with health and

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37 The Anderson Committee's first interim report was dated 8 January 1924; the second interim report followed on 8 July 1924, and the third and final recommendations were presented on 9 February 1925.

38 PRO, Ministry of Pensions 1/2 (hereafter referred to as Pin.). Anderson Committee, John Anderson to Stanley Baldwin, 8 January 1924.

39 Ibid.
unemployment insurance by means of a contributory system." This fundamental problem became evident when the House of Commons debated Chamberlain's bill for old age contributory pensions in the spring of 1925.

The Treasury committee's first report appeared only a fortnight before the resignation of the Conservative government, and during the nine months of the first Labour government, the Unionist Party lacked a firsthand knowledge of the committee's progress. Although out of office Tory leaders continued their study of national insurance independently of the civil service. After the loss of the 1923 election, the Conservative leadership formed its own policy secretariat under the direction of Lieutenant-Colonel Lancelot Storr, the assistant secretary to the War Cabinet, 1916-1921, and secretary to the Unionist Shadow Cabinet in 1924. In order to formulate dynamic programs for agriculture, municipal reform, unemployment and social insurance, the Party created four committees under Storr to deal with these vital issues. Neville Chamberlain chaired the committee on national insurance, and his work as leader of the pensions task force indicates conclusively that he was a radical social reformer who was anxious to give the nation a contributory pensions plan which was to pay benefits far in excess of those actually realized in the Widows', Orphans', Old Age Contributory Pensions Act of 1925.

\[40^\text{PRO}, 	ext{Fin. 1/2. Anderson Committee, "First Interim Report," (8 January 1924), 3.}\]

\[41^\text{The Conservative Research Department to the author, 20 January 1969.}\]
Journeying north to Edinburgh on 24 March 1924, Baldwin addressed 3,000 party stalwarts at a Unionist meeting in the city's Usher Hall, and he used the occasion to make the boldest public statement to date on Tory intentions to revolutionize national insurance. Asserting that "fear of unemployment, sickness, premature death, and the fear of old age should be adequately provided against," Baldwin vowed that his party would enact a comprehensive and unified system of contributory insurance as soon as it returned to office. Although Baldwin personally carried the pension prophecy to Scotland, Neville Chamberlain had prepared his brief. A letter to his youngest sister explains his role.

S. B. has gone up to Edinburgh with my notes on insurance and means I believe to stick pretty close to my draft, which lays down four essentials for a satisfactory scheme. 1) It must be contributory. 2) It must be compulsory. 3) It must cover the four main needs for security, unemployment, sickness, old age, and death leaving widow and dependents. 4) The provision for old age must offer sufficient to induce the old men to retire.

In 1924 two independent studies for a system of revolutionary "all-in" insurance appeared before the country. Such a scheme called for one inclusive contribution which would provide benefits against sickness, unemployment, and accident in addition to pensions for the aged before seventy and for widows and orphans. The concept was a new one for Great Britain, although such schemes operated successfully in

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42 The Times, 25 March 1924.

43 Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain, 22 March 1924.
Denmark and Germany. Sir William Beveridge, an economist and authority on unemployment, presented in January 1924 a thorough plan of "all-in" insurance in a pamphlet published in the Daily News' "New Way" series, and his study appeared in revised form in a special supplement of the Liberal Nation on 12 July 1924. Aided by the research department of the Liberal Summer School, Beveridge developed a system which would guarantee the entire working population liberal benefits for every economic threat to their security. His scheme applied to industries in which unemployment insurance already existed and included for the first time agricultural workers and persons employed in domestic service, although these groups would make smaller contributions and would receive smaller benefits than those engaged in other work. The Beveridge proposals called for little alteration in the existing contributions already paid for unemployment insurance alone. Although employees, employers, and the State would all participate, only the Exchequer would pay a higher contribution than that then required for unemployment insurance. Beveridge raised the Treasury's share from one-fourth to one-third of the whole and estimated the additional burden at

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44 Sir William Beveridge (1879-1963), after writing Unemployment, A Problem of Industry in 1909, became a recognized authority on unemployment. In 1908 he joined the Board of Trade to take part in establishing the first labour exchange system and the first scheme of unemployment insurance; from 1909 until 1916, Beveridge served as the first director of the Labour Exchanges. He was director of the London School of Economics from 1919 to 1937, but is especially remembered as the author of the Report on Social Insurance and Allied Services (1942), better known as the "Beveridge Report," upon which so much of Britain's postwar social legislation is based.
£10,000,000 annually. The three partners would make equal weekly contributions to the "all-in" insurance pool, viz., 10d. for men, 7d. for women, 5d. for boys (16-18) and 3½d. for girls (16-18). The Chancellor of the London School of Economics believed that this scale of contributions, which would begin at age sixteen, could provide weekly pensions of 10s. for old age beginning at sixty-five, a widow's pension of 15s. and 6s. for each child to age sixteen. Unemployment benefits were also generous and would furnish, for example, weekly payments of 18s. to men and 15s. to women when out of work. 45

At the same time Beveridge was discussing his ideas, Thomas T. Broad, a self-proclaimed expert on national insurance and a Liberal member of the House of Commons from 1918 to 1922, was writing prolifically on the need for a comprehensive system of "all-in" insurance. He received considerable support from the well-known historian John A. R. Marriott and from the progressive editor of the Spectator, John St. Loe Strachey. A pamphlet proclaiming Broad's suggestions for a national system of "all-in" insurance appeared in January 1924, and in March and August the Spectator carried two lengthy discussions of the Broad plan, one which Strachey had authored himself. Broad's scheme was more expensive than was Beveridge's. The former calculated weekly contributions at 1s. 6d. for men, 1s. for women, and a steep 2s. 6d. from employers for each employee regardless of sex, with the State

adding 1s. for each employed worker. If subscriptions appeared high, benefits were staggering.

More important than the details of the plan was the attention it focused upon the concept of "all-in" insurance. The influential Strachey supported Broad's design in theory, declaring that "if Conservative politicians, instead of talking about the scheme for "all-in" Insurance, were to take it up in earnest and nail it to their political mast in principle, they would sweep the country."

Neville Chamberlain, therefore, was not without guidelines when he began work in May 1924 as chairman of the Unionist Party's Committee on National Insurance, a study group to which the entire Shadow Cabinet belonged. Deprived of the assistance of the government actuary and wanting estimates of the weekly contributions required to finance the sort of scheme he had in mind, Chamberlain looked for an independent

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46 John St. Lee Strachey, "'All-In' National Insurance," Spectator, CXXXIII (30 August 1924), 283.

47 The scheme would have provided old age pensions of 20s. a week for women and 30s. for men at the age of sixty-three. It would have given unemployment benefits of 20s. a week to women and 30s. to men and sick pay at the same rate. Widows of all workers would have received 12s. 6d. per week for as long as they had dependent children, while fatherless children until age fifteen and able to earn their own livings would receive 5s. weekly. Ibid.

48 Ibid., 285.
consulting actuary and selected Duncan C. Fraser of the Royal Insurance Company, Liverpool.

Although Chamberlain hoped to bring insurance for sickness, accidents, and pensions for widows, orphans, and old age into a system of "all-in" insurance, he decided to leave unemployment insurance for a separate card so as not to overburden the fund if industry and trade continued to decline. Chamberlain's goal was an inclusive system of national insurance, but his first concern was a compulsorily contributory system of old age pensions to begin at sixty-five and to be limited to the employed population. Such a scheme, he hoped, would provide incentive for the older men to retire from industry and thus make more jobs available to the younger men who were unemployed.

Writing to Fraser, Chamberlain observed:

There is very little of the "hard and fast" about our instructions. What we want is a workable scheme, which will give us a pension sufficiently high enough to make it worth while for the old men to come out of industry.

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49 Duncan C. Fraser (1864-1952), a senior actuary at the Royal Insurance Company, Liverpool, was called upon frequently while a member of that firm to advise organizations on pension matters. As a result, when he retired from Royal in 1926, Fraser carried on a private practice. Today Duncan C. Fraser & Company, headquartered in Liverpool, is one of Britain's leading actuarial firms with branch offices in Birmingham, Dublin, Edinburgh, and London. Fraser took considerable pride in his work with Neville Chamberlain in 1924. When he died in 1952 at the age of eighty-eight, Fraser was still an active partner in the company which bears his name. Geoffrey Heywood, Chairman Duncan C. Fraser & Company to the author, 18 February 1969.

50 PRO, Pin. 1/4. Unionist Party All-Insurance Committee, "Memorandum to Duncan C. Fraser," (20 May 1924), 1.

51 PRO, Pin. 1/4. Unionist Party All-Insurance Committee, Neville Chamberlain to Duncan C. Fraser, 20 May 1924.
Viewing old age contributory pensions at sixty-five as a remedy for unemployment, Chamberlain wanted to arrive at a workable scheme as soon as possible, and he emphasized this explicitly in his instructions to Fraser: "The important thing is the old age pension, and I do not want a report on this to be delayed while you are following up calculations and investigations with regard to the minor features of the ultimate scheme."52

Although it was essential to consult an expert like Fraser for actuarial advice, Chamberlain had definite ideas as to what the scales of a future Tory pensions bill should be. The benefits of the contributory pensions act he proposed to enact were more than double those advocated by Beveridge and nearly equal to the ones suggested in Thomas Broad's "all-in" insurance scheme. Chamberlain outlined clearly his ideas in the memorandum to the Liverpool actuary.

The benefit aimed at is a pension of 25/- per week [for working men] at the age of 65. It is assumed that those in receipt of this pension will be disqualified for the State pension of 10/- per week at 70, although if the contributions necessary are found to be too high for practical purposes, it is possible that the contributory pension may be arranged to supplement the State pension, i.e. to be 25/- from 65-70, and thereafter 15/- per week.53

If Fraser found it possible to devise a plan for widows' and orphans' pensions simultaneously with old age contributory pensions, Chamberlain

52 PRO, Pin. 1/4. Unionist Party All-In Insurance Committee, Neville Chamberlain to Duncan C. Fraser, 20 May 1924.

53 PRO, Pin. 1/4. Unionist Party All-In Insurance Committee, "Memorandum to Duncan C. Fraser," (20 May 1924), 4.
again specified what he hoped the scale would be: 15s. per week for the widow until remarriage, and 5s. for each child until it reached sixteen years of age. Alternatively, Chamberlain instructed his consultant that, should it become financially necessary to terminate the widow's pension when the last child reached sixteen years, the scale might be made higher, something like 16s. for the mother and 6s. 6d. for each child. 54

When the Unionist "All-In" Insurance Committee met on 31 July, Fraser presented his figures for the contributions necessary to provide the 25s. old age pension at sixty-five which Neville Chamberlain had described with such zeal in his initial instructions. Fraser concluded that such benefits would require weekly contributions totaling 3s. 7d. beginning at age sixteen, with the total weekly figure divided at 1s. 4d. for employees, 1s. 4d. for employers, and 1ld. falling upon taxation. 55 To provide widows' and orphans' pensions at Chamberlain's generous rate, employed men would be required to pay 1s. 7d. weekly beginning at age sixteen. In his plan for both old age and widows' and orphans' contributory pensions, Fraser calculated a sliding scale. Men entering an industry covered by the scheme after their sixteenth year would pay higher contributions and would receive reduced benefits. 56

54 Ibid., 2.

55 PRO, Pin. 1/4. Unionist Party All-In Insurance Committee, "Memorandum of the Unionist Party All-Insurance Committee Meeting," (31 July 1924), 39.

56 Ibid., 38.
Fraser had sent Chamberlain his statistics a week prior to their presentation to the meeting of the committee as a whole; considering the current condition of the British economy and the anticipated opposition of the Labour Party to a contributory pensions plan of any kind, Chamberlain wrote the actuary that his figures were "much too high." 57

The King had already dissolved Parliament when Neville Chamberlain received a second and final memorandum from Duncan Fraser which was dated 20 October. After studying contributory pensions extensively for a second time, Fraser still held that his plan of the previous July was the only one which could provide the kind of benefits Chamberlain had specified. 58 Now Fraser included a prorated scale of contributions and benefits for those men who entered the system after age sixteen. For example, a man employed in an insured industry for the first time at age thirty-six would be required to pay 2s. 6d. per week to receive a weekly pension of 15s. at sixty-five, while those men entering the system for the first time at age fifty-seven would pay 4s. 7d. to receive a 5s. weekly pension in their sixty-fifth year. 59

The dissolution of Parliament prevented further discussion with Fraser. The Unionist victory in the ensuing election terminated the

57 PRO, Pin. 1/4. Unionist Party All-Insurance Committee, Neville Chamberlain to Duncan C. Fraser, 25 July 1924.

58 PRO, Pin. 1/4. Unionist Party All-Insurance Committee, "Memorandum from Duncan C. Fraser," (20 October 1924), 40.

59 Ibid., 33.
activities of the committee since the Conservative government could again use the services of the government actuary. In addition, the Anderson Committee was nearly ready to end its deliberations. It was to the credit of both Neville Chamberlain and the Unionist Party that an extensive study of contributory pensions had taken place during the Labour interim, and the knowledge gained in 1924 helped the new Conservative government to legislate a contributory pensions act within a year after regaining office.

The information furnished by Fraser convinced Chamberlain that an "all-in" insurance scheme per se would be too costly to implement in the immediate future. He was willing to accept a less extensive plan, but one which would encourage men to leave industry at an earlier age and, at the same time, improve the condition of the people by providing security for workers beyond their prime years. Even though "all-in" insurance was sacrificed to economy, widows' and orphans' pensions were still achieved but with smaller benefits than Chamberlain had anticipated when he first began his investigations. As with all the domestic legislation Chamberlain sponsored in the twenties, the Widows', Orphans', and Old Age Contributory Pensions Act of 1925, laid a foundation upon which later governments could easily build.

Following the dissolution of Parliament, Chamberlain prepared for the election by issuing his election manifesto to his Ladywood constituents. Dominating the declaration were his personal assurances that the Conservative Party if returned to office would enact a revolutionary scheme of contributory pensions for widows and orphans, in addition to promulgating contributory old age pensions to benefit the employed
population before age seventy. Furthermore, the means test would be abolished. Any recipient of a contributory old age pension would never again be subject to the test, even if he applied for the non-contributory State pension at age seventy.  

Also in October 1924, Chamberlain authored a Unionist pamphlet entitled "Widows' Pensions" which promised in the strongest terms that a Conservative government would establish a State pension scheme for widows and their dependent children. Unwilling to discuss financial considerations before studying the calculations of the government actuary and the conclusions of the Anderson Committee, Chamberlain wrote only in general terms and was too wise a politician to discuss specific details or to forecast a scale of benefits. His work as chairman of the Party's Committee on National Insurance had convinced him that State contributory pensions would be costly. Thus, he sought to restrain the enthusiasm of the electorate, writing blandly, "Until we know what the scheme is, we cannot possibly estimate what the cost of it will be. Whatever the scheme," Chamberlain admitted, "it is going to be fairly expensive." But in a manner which marked him as a statesman genuinely concerned with improving the condition of the British people, he ended the pension pronouncement with sentiments that once again rang of Tory Democracy.

60 Birmingham Post, 15 October 1924; The Times, 15 October 1924.

The State should help as many as possible to raise themselves, so that they may keep their self-respect, that they may receive what they have bought and paid for as a right, and not as charity, and we shall be in conformity with all the best traditions of our own Party in preserving the manhood and virility of the country.62

Polling for the third general election within three years came on 29 October. British voters of all classes were angered by Labour's repeated overtures of reapproachment with Soviet Russia. In August the Labour government negotiated a commercial treaty with the Bolshevik regime which granted most-favored nation privileges as well as diplomatic status for some members of Russian trade delegations. At the same time the Soviets promised to negotiate a settlement with Britain for property confiscated during the 1917 revolution. In September, the Macdonald government aroused the anti-Communist wrath again by dropping charges against J. R. Campbell, the editor of the Communist Workers' Weekly. Arrested under the Incitement to Mutiny Act, 1797, Campbell had admonished soldiers through the pages of his journal not to fire upon their working-class brothers in either war or industrial disputes. The Campbell case was the most important single cause for Labour's fall.63 Yet Britain's first Socialist government was to be plagued further by the "Red Scare." Five days before the election, the Daily Mail informed the nation that Zinovieff, the president of the Communist International in Moscow, had written the British Communist Party

62Ibid., 23.

63Charles L. Mowat, Britain Between the Wars, 1918–1940, 184.
detailed instructions for inciting class war. Although it is now conceded that the Zinovieff pronouncement had little influence upon the results of the election, at the time it was believed that the letter sealed the defeat of the first Labour government.

The Conservative Party achieved a victory "beyond their wildest expectations" and gained 161 seats—103 from the Liberal Party and 58 from the Labour Party. The country rejected the Daily Herald's emotional plea "to sweep aside the humbug, the hypocrisy, the lies, the false promises designed to keep Britain the paradise of the profiteer and the hell of the worker." The Tories returned 413 members for a majority of 211 over the other parties combined; their total vote increased by two million, though it should be noted that 6 per cent more Britons went to the polls in 1924 than in 1923. Support for Labour increased by over one million at the expense of the vanishing Liberal Party which managed to send only a paltry 40 members to Westminster. During the next four and a half years that Neville Chamberlain was Minister of Health the Conservatives' lopsided majority helped to facilitate the speedy passage of the domestic legislation which he had drafted.

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64 Annual Register (1924), 116.

65 27 October 1924.

66 David Butler and Jennie Freeman, British Political Facts 1900-1967, 140; Annual Register (1924), 116-117.
Chamberlain, in contesting the Ladywood Division of Birmingham for a fourth time, had considerable difficulty holding the poverty-ridden constituency against the flamboyant Labour challenger, Oswald Mosley, who was born a Tory aristocrat and who later founded the British Union of Fascists in 1932. Chamberlain retained the seat by only 77 votes, due largely both to the government's attitude towards Soviet Russia and to the inclement weather which had traditionally kept Labour's supporters at home. Leopold S. Amery, the popular Unionist M. P. for Birmingham's Sparkbrook Division and a loyal ally of the Chamberlain family, caught the drama of his friend's near defeat.

First Neville was in by twenty. Then on a recount in by seven. Then Mosley was in by two. Then Neville in again by seven. Then the Lord Mayor started all over again with new tellers and secretaries. At 4:20 a.m. Neville was finally returned by seventy-seven. B. [Mrs. Amery] and I, as well as Austen, stayed to the end to cheer Neville and Anne through their long ordeal....

A person of Chamberlain's influence in the Conservative Party could not risk defeat by standing for such a marginal constituency, and he contested Birmingham's Edgbaston in the next general election which happened to come in May 1929.

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68 There was no more secure Tory stronghold in all of England than this comfortable middle-class suburb. In 1928, Sir Francis Low, the Conservative member for Edgbaston since 1898 and a retired solicitor, announced his intention not to seek re-election to Parliament. Chamberlain was relieved to take over this safe constituency in which he also lived. In the election of October 1924, the Unionists lost only one of Birmingham's twelve divisions. This was the poor constituency
So unmistakable was the country's rejection of the Labour government that the Macdonald Cabinet resigned on 4 November at its first meeting after the election. Baldwin received the King's summons immediately, and in two days he practically completed his Cabinet which was little different than the one he had formed in May 1923. Baldwin had planned to return Neville Chamberlain to the Exchequer, but the latter expressed a strong preference to become Minister of Health for a second time. The most unexpected face in the new Cabinet was that of Winston Churchill as Chancellor of the Exchequer, an appointment that was Baldwin's personal decision after Chamberlain formally declared his preference for the Ministry of Health.

Joseph Chamberlain's advocacy of protection had caused Churchill, a staunch free-trader, to desert the Unionist Party in 1904 and to join the Liberals. A firm believer in the need for a strong center party as of King's Norton where Robert Dennison, the assistant secretary for the Iron and Steel Trade Confederation, won by only 133 votes over the Conservative candidate, Sir Herbert Austin, the chairman of Austin Motor Company and M. P. since 1919. At the general election in May 1929, the Socialists had Dennison contest Ladywood, hoping that with his standing as the Party's only M. P. from Birmingham, he could put Ladywood into the Labour column. Dennison successfully defeated Geoffrey Lloyd, the twenty-seven year old Conservative standardbearer, whom Neville Chamberlain had personally chosen to seek his old seat. Today Lloyd is M. P. for the Sutton Coldfield Division of Birmingham and is recognized as the heir of the "Chamberlain political machine" in the Midlands.

There were three important exceptions whose inclusion in the Cabinet made the reunion of the Unionist Party complete. Austen Chamberlain entered the government as Foreign Secretary; Lord Birkenhead became Secretary of State for India; while Winston Churchill became Chancellor of the Exchequer. After the reapproachment with the Coalitionists, Baldwin had many eligible candidates for senior office and created an unwieldy Cabinet of twenty-one members.
a bulwark against Socialism, Churchill suffered defeat in 1922, contesting Dundee as a Lloyd George Liberal. In December 1923 at West Leicester, he stood as a free-trade candidate of the reunited Liberal Party but again went down to defeat. Disturbed by Asquith's decision to support the Labour government in 1924, Churchill contested the Abbey division of Westminster as an independent in a by-election where the official Conservative candidate topped him by only 43 votes.

When the Conservatives shelved tariff reform following the 1923 defeat, Churchill's thinking became more closely attuned to the Conservatives' anti-Socialist position than to that of the liberals who had made the Labour Party's fling in office possible. Labeled as a "Constitutionalist" in the election of 1924, he won with ease a safe seat at Epping in Essex. Churchill's color and brilliance prompted Baldwin "to take Winston in at once," since he "would be more under control 'inside than out'." The Prime Minister first contemplated putting Churchill at the Ministry of Health until he met with Neville Chamberlain, an occasion which the latter discussed carefully in his diary.

Today at S. B.'s request I went to see him at Palace Chambers at 3 PM. He began by saying needless to say 'I want you to go back to the Treasury'. ....He then asked me what I should like & I said I had given the matter full consideration and would like to go back to Health.71

70 Chamberlain Papers, Diary, 5 November 1924.
71 Ibid.
Baldwin granted the request and, a month later when Chamberlain was secure at the Ministry of Health, he reflected again on his meeting with the Prime Minister after the 1924 election.

I feel now convinced that in framing his Cab. S. B. felt that on personal grounds he must offer me the Treasury & believed I should accept in which case he would offer Health to W. C. He knew however that I had regretted leaving Health and he had thought there was just a chance that I might...be ready to go back there. In that case he would be able to give W. C. the Exchequer. I think therefore that when I saw him he already had this arrangement in his mind.

My offer therefore was an immense relief to him. He had discharged his obligation to me and yet got what he wanted & he was proportionately grateful. 72

In engineering schemes of social reform at the Ministry of Health, Neville Chamberlain worked closely with Churchill, especially in legislating contributory pensions and in the reform of local government. Although Chamberlain and Churchill were partners for widows', orphans', and old age contributory pensions and in the reform of local government, Churchill's recklessness, bombastic manner, and concern for political expediency exasperated the more restrained Birmingham statesman on many occasions. Writing in his diary in 1924 while the Tories were out of office, Chamberlain gave his candid impression of the historian-politician and expressed doubt that Churchill could be a valuable member of a Conservative government in the near future.

72 Chamberlain Papers, Diary, 1 December 1924.
He [Churchill] is intensely unpopular in the country as he is profoundly mistrusted by the working classes, especially the women. They think him a gambler not as though that justifies. Moreover he is a disturbing, disruptive force. He is so constituted that he is bound to push his own ideas aggressively and they are not altogether in sympathy with S. B.'s.\textsuperscript{73}

That Chamberlain was a radical social reformer, much bolder than his colleagues, and always eager to implement constructive domestic legislation, can be seen in the long-range plan for the Ministry of Health which he presented to the Cabinet in the first month after his second appointment as Minister of Health. In a Cabinet memorandum, Chamberlain told the government that, "With a prospect of a continuous administration for a few years ahead, it is possible to make plans in advance, and I have therefore been engaged in preparing a provisional programme of legislation dealing with various subjects in which the Ministry of Health is directly or indirectly concerned."\textsuperscript{74} He included a list of twenty-five provisional bills of varying importance to be enacted between 1925 and 1927.\textsuperscript{75} Chamberlain envisioned this blueprint as a "connected series of reforms spread over a period of 3 to 4 years."\textsuperscript{76} It is to his credit that twenty-one of the twenty-five

\textsuperscript{73}Chamberlain Papers, Diary, 17 March 1924.

\textsuperscript{74}PRO, Cab. 24/168. C. P. 499, "Memorandum by the Minister of Health," (19 November 1924), 1.

\textsuperscript{75}See Appendix A.

\textsuperscript{76}PRO, Cab. 24/168. C. P. 499, "Memorandum by the Minister of Health," (19 November 1924), 1.
proposals became law. Only by giving considerable thought to a wide range of domestic programs for many months could Chamberlain have presented the Cabinet, only fifteen days after the resignation of the Labour government, such an extensive plan of action.

Chamberlain's work as chairman of the Party's Committee on National Insurance had shown him the complexity of the actuarial details which were involved in drafting any bill for contributory pensions. For this reason he had included pensions as part of his legislative program for 1926 rather than for 1925. Churchill, however, was anxious to reduce industrial taxation but recognized that such a policy would have to be balanced by doing something for the working class. As the Chancellor saw it, the immediate enactment of contributory pensions for old age, widows, and orphans would furnish a discerning solution to his problem. If Churchill wanted a pensions bill for political purposes, his attitude made it possible for Neville Chamberlain to implement his policy for contributory pensions a year sooner than he had anticipated. 

Late in November, Churchill called the Minister of Health to the Treasury in order to discuss the issue.

This afternoon I saw Winston Churchill at his room in the Treasury about pensions for widows & old age. The interview arose out of a discussion in the Cabinet in the morning. I first gave him the history of the investigations which had been made by the Comee. under my chairmanship with the assistance of the actuary Duncan Fraser and then he expounded to me the picture which as he said he had made for himself of his next budget. He was anxious to reduce direct taxation in order to relieve industry....
But he would have to balance the benefits by doing something for the working classes & for this he looked to pensions. He had examined the Anderson report & found it very hopeful for it was not "expensive" and in later years he would have better trade German Reparations & Inter Allied Debts to help. He wished to treat the subject free from personalities (I pictured he wasn't going to claim all the credit for himself) it would...be my bill but he would have to find the money and the question was would I stand in with him, would I enter partnership & work the plan with him keeping everything secret.\textsuperscript{77}

The diary continues the account of the meeting.

I said I liked his idea & would consider it favourably, that personalities didn't enter into the question so far as I was aware & I would communicate with him again. It was curious how all through he showed how he was thinking of personal credit & it seemed plain to me that he regretted that he was not the Minister of Health. He spoke of the position. "You are in the van. You can raise a monument. You can have a name in history" and went on to orate about housing.\textsuperscript{78}

Churchill's attitude had confirmed all of Chamberlain's mistrust of the former Lloyd George Liberal and prompted further reflection.

Thinking over the interview I was a good deal puzzled as to what W. C. meant by some of his expressions about "secrecy" and "working together." "You and I can command everything if we work together" was one of his sentences.

S. B. 's explanation of the phrases about "personalities" was that W. C. desired to make the first announcement about pensions in his Budget Speech & wished to avoid any jealousy on any

\textsuperscript{77}Chamberlain Papers, Diary, 26 November 1924.

\textsuperscript{78}Chamberlain Papers, Diary, 26 November 1924.
front—by intimating that I should have the conduct of the Bill and any credit that that might bring.79

Before the government could proceed with drafting a bill for contributory pensions, it had to await the final report of the Anderson Committee which was due early in 1925. Following his secret meeting with Churchill in late November, Chamberlain took it upon himself to give the Chancellor a written account of the Anderson Committee's goals and previous work. Chamberlain lectured Churchill with almost childlike simplicity and concluded by requesting him, as head of the Treasury, to forward to John Anderson the reports of the Unionist Committee on National Insurance which had sat during the Labour interim. In order that the Treasury committee could be as fully informed as possible about the work done by Chamberlain and his study group, the Minister of Health promised to arrange for Duncan Fraser to meet with the Anderson Committee during its few remaining sessions.80

The second Baldwin government gave notice at once that it intended to place contributory pensions at the top of its legislative priorities. Speaking at a Unionist victory demonstration at the Albert Hall on 4 December, the Prime Minister solidified the Party's commitment to a comprehensive scheme of contributory pensions for the employed population. He told his audience that the government expected

79 Chamberlain Papers, Diary, 1 December 1924.

to act immediately to diminish the anxiety connected with old age and
the premature death of the breadwinner. "I alluded to this more than
once during the election," he said, "and since we came into office I
have asked the Chancellor of the Exchequer to examine it with the kind
of knowledge that office brings." 81

The year 1924 had been a hurried one for Neville Chamberlain.
After the government's resignation in January, he had focused his ener­
gies upon pensions as a remedy for unemployment, and he now returned to
office with an understanding of the problems and benefits of contribu­
tory insurance which surpassed that of any other leader of his party.
Of even more significance, Chamberlain had a personal commitment to a
broadened system of social insurance as a remedy for unemployment and
as a means to raise the level of British life. He was content to let
Baldwin and Churchill appear as the champions of social insurance as
the year closed and, as usual, he preferred to stay out of the lime­
light. But after the campaign rhetoric of Baldwin had pledged the
Party to contributory pensions, such a measure became a reality through
Neville Chamberlain's diligence, knowledge, and Parliamentary acumen.
With the optimism embodied in his twenty-five point legislative pro­
gram, Chamberlain looked forward with eager anticipation to his first
complete year as Minister of Health, and in his Widows', Orphans', and
Old Age Contributory Pensions Act of 1925, the Birmingham radical and
Tory Democrat achieved perhaps his greatest triumph as a social re­
former.

81 The Times, 5 December 1924.
CHAPTER IV
CONTRIBUTORY PENSIONS BECOME LAW

On 9 December 1924 the King's Speech assured the nation that the new Conservative government was studying diligently the possibilities of combining a contributory pensions scheme for old age, widows, and orphans with the existing system of national insurance. Being firmly committed to contributory insurance by this and its declarations made during the election campaign in November 1924, the Unionist government began immediately to draft an appropriate measure. After the Anderson Committee had submitted its third and final report on 9 February 1925, the Cabinet created its own Committee on Widows' and Old Age Pensions to determine the principles upon which to base subsequent legislation. It met for the first time on 4 April. Although Churchill served as the chairman and presided over each of its three sessions, it can be readily seen in the Committee's conclusions and papers that Neville Chamberlain was the only member who really understood the intricacies of the proposals.

1 Debates, Commons, 5s, CLXXIV (9 December 1924), 4.

2 The Committee consisted of Winston Churchill, Chairman; Neville Chamberlain, the Minister of Health; the Marquess of Salisbury, the Lord Privy Seal; Sir Laming Worthington-Evans, the Secretary of State for War; Edward F. L. Wood, the Minister of Agriculture; Sir Arthur Steel-Maitland, Birmingham M. P. and the Minister of Labour; and Sir John Gilmour, the Secretary of State for Scotland.
and operations of national insurance. The Minister of Health led the discussions. He was the only member of the seven-man group ever to submit memoranda for consideration.

From the beginning there was no doubt that the economical proposals submitted by Anderson would become the foundation of the government's insurance bill. Duncan Fraser's extravagant scales of contributions had already convinced the Minister of Health that the conclusions of the Anderson Committee, calculated upon the estimates of the government actuary, would furnish the basis of the final plan. At the first session of the Cabinet Committee, Chamberlain traced for his colleagues the work of the Anderson Committee. Then he announced that after careful consideration he had come to the conclusion that "subject to certain safeguards, mainly dictated by a more detailed investigation of the relation of the scheme to the National Health Insurance Act," the Anderson proposals should be accepted as the foundation of the pension legislation to which the Party had pledged itself. In addition, Chamberlain reminded the Committee that Philip Snowden, the Chancellor of the Exchequer in the Macdonald government, had indicated Labour's intention to act upon the Anderson Committee's second interim report had they remained in office.³

³PRO, Cab. 27/276. Cabinet Committee on Widows' and Old Age Pensions. 1st Paper, (4 April 1925), 1. Snowden tells in his autobiography that if the Labour government had remained in office it would have introduced a widows', orphans', and old-age pensions scheme in 1925, based upon an unspecified plan which it had prepared. Labour's financial expert also noted that Churchill could not resist the temptation to claim personal credit for the pensions act by introducing
With characteristic enthusiasm Churchill praised the Anderson recommendations, calling them "a solitary arrangement, a good example of Conservative Social Reform," and he suggested to the Committee that the Cabinet should openly avow them. Since the government had proposed to bear the cost of providing the benefits of contributory pensions within three years without waiting for the insurance pool to accumulate, the Chancellor, always with an eye to the next election, urged that this aspect of the bill be particularly stressed.  

The Cabinet's Committee on Widows' and Old Age Pensions issued no formal report. Rather, it expressed its conclusions in a draft bill under the cover of an explanatory memorandum to the Cabinet and presented it on 18 April. This was only ten days before Churchill's budget speech in which he had determined to spell out the Party's proposals for revolutionizing social insurance. Actually, Chamberlain and Churchill, with the aid of the officials at the Treasury and the Ministry of Health, had drawn up the final scheme soon after the Conservatives returned to office in 1924.  

By April 1925 Chamberlain was confident that the government would sanction a contributory pensions bill on the lines of the Anderson reports, and he discussed without reserve the measure which would "dish" the Socialists.

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4 PRO, Cab. 27/276. Cabinet Committee on Widows' and Old Age Pensions, 3rd Conclusion, (9 April 1925), 2.

5 The Times, 29 April 1925.
I hear Ramsay declaring that the Labour Party will "fight & fight" until they get pensions for widows and orphans. Humbug, of course seeing that it is in our programme but indicating I think that he has no idea that we shall produce anything this year....the secret has been well kept and Winston is looking eagerly forward to a Sensation.6

Although Chamberlain anticipated a "sensation" when the Tories presented their own version of a pensions bill, all parties were genuinely anxious to improve the circumstances of the employed before age seventy and of orphans, widows, and their dependents. On 1 April, William T. Kelly, the obscure Labour member for Rochdale, moved a resolution in the House of Commons to endorse State pensions for all widows with children and for those mothers whose husbands had become incapacitated.7 As a Socialist, Kelly urged that such assistance be given without contributions from the working class, but the Commons subsequently defeated the resolution due to the strength of the Conservative majority. Nevertheless, his action prompted a lively debate in which Walter Guinness, the Financial Secretary to the Treasury, discussed the government's theoretical position on the pensions question and declared the Unionist policy to be one of "State-aided, self-help."8 Little did the House know that the junior minister was forecasting the Chamberlain-Churchill contributory insurance act which the latter would reveal in his budget speech only four weeks later.

6Chamberlain Papers, Neville Chamberlain to Ida Chamberlain, 12 April 1925.

7Debates, Commons, 5s, CLXXXII (1 April 1925), 1421.

8Ibid., 1458.
The draft bill, which the Cabinet had received from the Pensions Committee and had subsequently approved on 22 April for introduction in the House of Commons, became law without any alteration in principle and with only one small increase in benefits. The Labour and Liberal Parties succeeded only in bringing into the scheme several small categories of persons whom the Conservatives had chosen to exclude for reasons of economy. The system established in 1925 became coextensive with the National Insurance System and provided benefits limited to the employed population and their dependents, some 15,000,000 Britons. Including the families of insured workers, the total number benefiting from the new act accounted for nearly 70 per cent of the country's total population. The State collected money for the new scheme in the same way as it had for National Health Insurance since its creation in 1911; the participants bought stamps each week at the post office and then fixed them to an appropriate card. After the passage of the

PRO, Cab. 23/50. Cabinet Conclusions 21 (25), 2, of 22 April 1925.

Convenience and economy were the primary reasons for inter-locking the contributory pensions act with health insurance. By tying the new system to health insurance rather than to unemployment insurance, 3½ million more employed persons came into the scheme. Before the passage of the 1925 pensions act, agricultural workers, domestic servants, and outworkers, though qualified for health benefits, were not covered by the unemployment insurance act. Sir Arnold Wilson and George S. Mackay, Old Age Pensions: An Historical and Critical Study (London, 1941), 23.

Debates, Commons, 5s, CLXXXIII (28 April 1925), 73.
bill the only change from the public's point of view was an increase in value of the stamps which now represented the combined weekly contribution paid under both acts.

Benefits granted by the Tory measure were less than those suggested by the Beveridge, Broad, and Chamberlain proposals in 1924, and the Labour Party based much of its opposition to the bill during the second reading upon what it considered a rather niggardly scale of benefits. All pensions granted by the 1925 measure were to be paid weekly. An insured man and his wife at the age of sixty-five each received 10s. a week; at seventy, the contributory pension terminated, but the recipients then became eligible for the State non-contributory pension of 10s. under the Old Age Pensions Act of 1908. The bill provided that a person previously in receipt of the contributory old age pension would become eligible for the State non-contributory one at the age of seventy without inquiries regarding earnings, savings, or other income. The widow of an insured man who was under seventy when the act began received a pension of 10s. until she attained seventy years of age or until she remarried. Benefits for the children of widowed mothers would be paid at the rate of 5s. a week for the eldest child and 3s. for every other child within the family, but payment of each child stopped when he reached the age of fifteen. Although the Anderson investigation had recommended children's allowances to age sixteen, the Cabinet Committee adopted the lower age limit to achieve additional economy. The measure which the government sent to Parliament specified that allowances for the orphans of insured men would be paid at the
rate of 7s. 6d. a week for the eldest child until fourteen and 6s. for each of the younger children. But the House, when sitting as a Committee of the Whole in July, voted to pay the 7s. 6d. pension to all orphaned children.

The weekly contributions paid by an employee, beginning at the age of sixteen, and by the employer were also much lower than those found in any of the programs advocated in 1924. The scale incorporated into the pensions act of 1925 weekly contributions of 4d. and 2d. to be paid by each insured man and woman respectively. Employers then matched these payments. Since the scheme could not become self-supporting for eighty years, the State guaranteed the annual loss incurred by the fund. Persons leaving insurable employment could continue in the new scheme as voluntary participants if they contributed the full rate ordinarily paid by both the employer and employee. All citizens of the United Kingdom, who at some time in their lives passed through a period of insurable employment for not less than two years, received the opportunity to take advantage of this Unionist revolution in social security.

It is to the credit of Baldwin's second administration that the contributory pensions scheme became fully operative within two and a

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12 PRO, Cab. 24/173, C. P. 204, "Memorandum by the Minister of Health," (18 April 1925), 3.

13 Ibid., 12.

14 Ibid., 2.
half years after its creation. The old age contributory pension became a reality in January 1928; widows' and orphans' pensions were first paid in July 1926, provided that the deceased husband, or both parents in the case of orphans, had paid into health insurance continuously for at least five years immediately prior to January 1928, and that they had contributed for two years under the Widows', Orphans', and Old Age Contributory Pensions Act of 1925.\(^\text{15}\)

To make the system fully operative without waiting for the new insurance pool to accumulate, the government guaranteed the annual deficit in the insurance fund which would not have existed if the employed population of 1925 had contributed to the fund for contributory pensions from the age of sixteen. The State calculated its contributions to be £5,750,000 annually for ten years beginning in 1926; thereafter, it would rise to £15,000,000 in the eleventh year and to £24,000,000 in the thirtieth year. Finally, after eighty years, the system would no longer operate at a loss.\(^\text{16}\) In order to offset the Exchequer's contribution, the bill suspended at age sixty-five the sickness and accident benefits previously granted to employed men and women under health insurance. But employers were still required to make their share of the contributions for these benefits for any workers sixty-five or older, in order to remove the temptation to give preference for employment to persons of retirement age which might

\(^{15}\text{Ibid., 9.}\)

\(^{16}\text{The Times, 29 April 1925.}\)
arise if contributions were not levied for them.\textsuperscript{17} Forming the link between the Old Age Pensions Act of 1908 and the sweeping Beveridge Report of 1942 upon which the first Labour majority established the modern welfare state, the Widows', Orphans', and Old Age Contributory Pensions Act of 1925 is a watershed in British social legislation.

On the day after the first meeting of the Cabinet's Pensions Committee, Chamberlain discussed candidly the proposed pensions act in a letter to his youngest sister. Viewing the proposal as a feasibly practical measure which would contribute to the security of the employed population, he added with delight that it would take the country by surprise.

The contributory burdens are heavy enough, but one can fairly claim then that the added security given to the worker is going to make him more contented and less restless. Moreover the earlier pensions will to some extent help the older ones to leave industry to the young.

I think the bill will be well received on the whole. It will come as a surprise and to our party a welcome surprise as they don't now anticipate anything this session. It may disappoint a few... but public opinion will quickly adjust itself to the idea of necessary limits.

It is remarkable that the most valuable secret of all from the journalists point of view, viz. the Pensions scheme has remained absolutely hidden.\textsuperscript{18}

\textsuperscript{17}PRO, Cab. 24/173. C. P. 204, "Memorandum by the Minister of Health," (18 April 1925), 12.

\textsuperscript{18}Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain, 5 April 1925.
In accordance with Churchill's strategy of the previous autumn, the Cabinet authorized him to announce the government's pensions bill in the budget speech scheduled for 28 April. When Churchill rose to make his first budget speech, an atmosphere of high theater permeated the Lower Chamber. "The House of Commons had waited nearly 40 years for a Churchill Budget," quipped The Times, and on the day of the address every inch of space on the floor or in the galleries was occupied.\(^{19}\) Whispers that the government would return to the gold standard put a cloud of mystery around the budget speech and the rumor even brought Montagu C. Norman, the governor of the Bank of England to the Strangers' Gallery. "It was Gladstone who induced the country to take an interest in its annual Budget," exclaimed the Manchester Guardian the next day, "and the House of Commons this evening presented quite a Gladstonian appearance."\(^{20}\)

Churchill's outline of the insurance bill was only one phase of a two and a half hour speech which projected British economics eighty years into the future. In the dramatic, literary style which was his hallmark, Churchill used a military metaphor to describe the pensions act. He told the packed Chamber:

> It is not to the sturdy marching troops that extra rewards and indulgences are needed....It is to the stragglers, to the exhausted, to the weak, to the wounded, to the veterans, and to the widow

\(^{19}\) 29 April 1925.  

\(^{20}\) 29 April 1925.
and the orphans that the ambulances of the State
and the aid of the State should, as far as pos-
sible, be directed. The old laissez-faire...
ideas of mid-Victorian Radicalism have been super-
seded.... 21

The Times detected at once that the additional financial burdens
placed upon industry and working people would be the focal point of op-
position to the pensions act. 22 Anticipating such charges, Churchill
tried to head off the attack by suggesting that the Labour government's
tax remissions on tea and sugar in the previous year could be used by
the working class to pay for contributory pensions, while the reduction
of the supertax promised in the budget would help lighten this addi-
tional burden delegated to industry. 23 Churchill further explained
that he and Neville Chamberlain had framed the scheme out of the pro-
posals furnished by the Anderson Committee. 24 To his credit, he did
not hesitate to give some recognition to his colleague who had in re-
ality provided the impetus behind the measure.

Churchill wished to escape any future criticism for committing
the State to make-up the deficits created by the Unionist pensions act.
"I will not be responsible," he declared, "for financial arrangements
which in 20, 30, or 40 years [could] lead mathematically to an over-
burdened Treasury, fettered Parliaments, and a despondent people." To

21 Debates, Commons, 5s, CLXXXIII (28 April 1925), 72.

22 26 May 1925.

23 Debates, Commons, 5s, CLXXXIII (28 April 1925), 74.

24 Ibid., 72-73.
prevent this he had included in the act a provision that the contributions of both employees and employers should be raised one penny per man, and a halfpenny per woman, after the tenth, twentieth, and thirtieth year of its operation to a maximum in 1956 of 7d. on each side.  

Churchill's announcement of the Party's pension bill received favorable comment in the press; nevertheless, it was apparent to competent observers that the real onslaught on the measure would come when Chamberlain moved the second reading in mid-May. Focusing its attention upon the government's return to the gold standard and the increase in death duties, the progressive and scholarly English Review suggested that "no Budget since the famous Lloyd George Budget of 1909 [had] created so much excitement." Although the Daily Herald's banner headline proclaimed, the "Budget Means More Reductions From Wages," this kind of woeful prophecy appeared almost exclusively in the Socialist-Labour journals.

In many respects the pensions act upstaged the return to the gold standard. The Manchester Guardian went so far as to dub the proposal "the sensation of the budget." "The real battle of the Budget.... will be fought on Mr. Churchill's enlargement of the National Insurance system," said The Times; the insurance bill was "worthy of a great and

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25 Ibid., 77.

26 XI (June 1925), 705.

27 29 April 1925.

28 29 April 1925.
virile nation, confident of itself and of its political and industrial future." Even the New Statesman found a good word for the act, noting that it embodied "a humane and commonsense principle, meanly planned in a number of important details, but capable of being amended into a sound piece of social legislation." One of the bill's strongest endorsements came from Sir William Beveridge. Although disappointed that the government had failed to deal with "all-in" insurance, Beveridge, who was a social reformer above partisan politics, paid generous compliments to the proposals in the pages of the Liberal Nation; they substituted "the logical test of contributions for the debasing qualification of poverty in the grant of old age pensions.... They [were] assured of acceptance and welcome by an overwhelming majority of ordinary people." 

Although many of the nation's pundits momentarily gave Churchill credit for the measure, the Birmingham Post recognized that its success would depend upon Neville Chamberlain. "As Minister of Health," a Post leader proudly observed, "he it is who formally 'presents' the Bill... and upon him must fall the chief responsibility for its passage...."

Typical of one who is not politically ambitious, Chamberlain voiced no

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29 6 May 1925.

30 XXV (9 May 1925), 92.

31 XXXVII (9 May 1925), 168.

32 6 May 1925.
objection that the country seemed to acknowledge the Chancellor of the Exchequer as the Tory architect of contributory pensions, and he praised unselfishly Churchill's skill in introducing the bill.

Winston's exposition of the Budget was a masterful performance, though my office and some of my colleagues are indignant at his taking to himself the credit for a scheme which belongs to the Ministry of Health. I did not myself think that I have any reason to complain of what he said. In a sense it is his scheme. We were pledged to something of the kind but I don't think we should have done it this way if he had not made it part of his Budget scheme and in my opinion he does deserve special credit for his initiative & drive. The effect has been truly sensational. No one had any idea that our plans were so far advanced and the Labour Party are filled with gloom at the thought of the opportunities they have missed yesterday.33

Chamberlain seemed especially delighted that the Labour Party had been taken by surprise.

...there is no doubt that the Labour Party are thoroughly sick. Their faces are the picture of gloom and we hear from various sources how thoroughly they have been disconcerted.34

Between the budget speech and Chamberlain's steering of the second reading which began on 18 May, the Labour chieftains displayed the irrationality and emotion which soon characterized their initial opposition to the bill. At Glasgow the former Minister of Health, John Wheatley, railed that the act was "one of the most heartless and fiendish frauds that [had] ever been perpetrated on helpless people,"

33 Chamberlain Papers, Diary, 1 May 1925.
34 Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain, 2 May 1925.
while J. H. Thomas, the General Secretary of the National Union of Railwaymen and the Colonial Secretary in the first Labour government, complained that the scheme was a bad one and "should have been thrown on all the community through the income tax." \(^{35}\)

During the debate on the budget the most rational criticism of the Conservative insurance scheme came from two members of the House who could also be counted among the industrial leaders of the nation. Alfred Mond and Robert Horne reminded the Commons that the contributions levied upon industry were heavy ones, especially since so many firms were then operating without profit. "Why is it now considered to be the function of industry," lamented Mond, "to have to bear such a great portion of what are recognized as common social services?" \(^{36}\) Horne, in a speech which followed, observed that the remarks of the Liberal industrialist were entirely endorsed by his own experience. \(^{37}\)

In preparing for the debate on the second reading Chamberlain studied the speeches made on the budget with great care. Recognizing that the criticisms of Horne and Mond were legitimate ones and that the level of contributions would be a focal point of opposition during debate on the bill, he wrote to his sister Hilda:

...generally speaking industry is somewhat disgruntled and sick over the new pensions burden. I have always anticipated that this would be the most

\(^{35}\) *Gleanings and Memoranda*, LXI (June 1925), 673.

\(^{36}\) *Debates*, Commons, 5s, CLXXXIII (29 April 1925), 198.

serious criticism pensions would have to face but though it means a certain amount of groaning I don't believe it will gather overwhelming force in view of the popularity of the scheme among the workers, especially if we are able to reduce the burden of the unemployment dole.\textsuperscript{38}

Chamberlain no doubt remembered that State unemployment insurance had enjoyed great popularity among the working classes much to the surprise of political labour and the trade union movement.\textsuperscript{39}

On 8 May 1925, Chamberlain and Leopold Amery spoke at the annual meeting of the Birmingham Unionist Association at the Birmingham Town Hall. The Minister of Health devoted most of his address to the insurance act which he described with pardonable enthusiasm as "the greatest measure of social reform that had ever been introduced by any party in any country." After assuring the partisan gathering that a non-contributory scheme was impossible, he returned again to the familiar theme of Tory democracy which he considered to be the foundation of the act.

Even if I thought a non-contributory scheme could be carried out, I would myself have nothing to do with it. It is in my opinion absolutely inevitable that in any system under which the whole benefits are received as a gift from the State, the State must exercise constant supervision and make constant and searching enquiry. I have a better opinion of my fellow countrymen and women than to believe they are going to be bribed by promises of indiscriminate charity.\textsuperscript{40}

\textsuperscript{38}Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain, 2 May 1925.

\textsuperscript{39}Sir Arnold Wilson and George S. Mackay, \textit{Old Age Pensions}, 85.

\textsuperscript{40}\textit{Birmingham Post}, 6 May 1925.
In prefacing his second reading speech to the pensions act, Chamberlain proudly reminded the House of Commons that his interest in contributory pensions was a hereditary one. For all parties contributory insurance had become a matter of practical politics through the efforts of Joseph Chamberlain whose interest in State-supported contributory pensions sprang from the programs of social insurance which Bismarck established in Germany between 1881 and 1889. Birmingham, however, had its own explanation for its "first citizen's" initial interest in promoting financial security for working people by contributory means. Finding that the labourers in his garden saved nothing, Neville Chamberlain's father promised them that on every Christmas he would double any money they had paid into a savings bank during the year; he was surprised and gratified by the sizeable amounts they were able to lay by with this incentive.

In 1891 Joseph Chamberlain became the chairman of an unofficial Parliamentary committee, composed of nearly eighty members of both Houses, whose task was to devise a practical system of national insurance for old age. The committee's findings were inconclusive, but its work led to the appointment in 1893 of a Royal Commission of which

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41 Debates, Commons, 5s, CLXXXIV (18 May 1925), 73.

42 Sir Arnold Wilson and George S. Mackay, Old Age Pensions, 14.

43 Birmingham Post, 1 July 1925.
Joseph Chamberlain was a member. Two years later, in February 1895, it issued its report which rejected all the proposals submitted to it. The fervent opposition of the Friendly Societies, the domination of Parliament by proponents of laissez-faire, and the dislocation of national finance resulting from the Boer War four years later prevented the enactment of any State pensions scheme until 1908. Joseph Chamberlain remained the most active champion of pensions for retired workingmen, their widows, and dependent children, even though he looked with disfavor upon a universal old age pensions system without contributions which he believed was "immoral and undesirable from the point of view of its influence upon thrift and industry." Nevertheless, the elder Chamberlain's work prompted Lloyd George to pay him special tribute when the Welshman introduced the Old Age Pensions Bill in Parliament in 1908. He "has done more," declared Lloyd George, "to popularize Old Age Pensions in this country than anyone else. He took up this question many years ago and advocated it on public platforms."

During the last decade of the nineteenth century, Joseph Chamberlain used the pages of the National Review, the Nineteenth Century, and the Birmingham agricultural weekly, The Rural World, to spread his

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44 Sir Arnold Wilson and George S. Mackay, Old Age Pensions, 25.
45 Ibid., 27, 30, 36.
46 Debates, Commons, 48, CLVI (1 May 1906), 457.
47 Debates, Commons, 48, CXC (15 June 1908), 566.
commitment to greater security for the retired veterans of industry. With obvious distress he reported in the Nineteenth Century in 1892, that it became necessary for one in four of all classes and both sexes who reached the age of sixty-five to seek the aid of the Poor Law in their declining years; of these, eight-ninths had never received relief of any kind prior to the age of sixty.\textsuperscript{48} His motive for State insurance to soften the burdens of old age was clear.

On grounds of principle as well as of expediency the argument is equally strong. The industrious poor have really some claim on the Society that they have served and on the State as its representative. After a life of unremitting toil at a remuneration which has barely sufficed for daily wants, they ought not to be compelled to receive their subsistence at the cost of their self-respect.\textsuperscript{49}

Although the Royal Commission of 1893 had rejected the numerous proposals presented to it, Joseph Chamberlain drafted three plans of his own between 1893 and 1895.\textsuperscript{50} He had outlined the most practical

\textsuperscript{48} Joseph Chamberlain, "The Labour Question," Nineteenth Century, XXXII (November 1892), 698.

\textsuperscript{49} Joseph Chamberlain, "Old-Age Pensions," National Review, XVIII (February 1892), 727.

\textsuperscript{50} Two of Chamberlain's schemes would have provided old age pensions from a fund to which both the State and employed males had contributed. He calculated that a man could receive a weekly pension of 5s. at sixty-five if, on or before his twenty-fifth birthday, the potential recipient had deposited £2. 10s. in a State insurance fund to which the Exchequer would add another £10. Each year until retirement, the worker would contribute an additional 10s. and upon the total amount, interest would be drawn at 2\(^\frac{1}{2}\) per cent. Chamberlain designed a second plan for the better-paid workers who would desire, in addition to an old age pension, benefits for their dependents at premature
one to a conference of Friendly Societies meeting in Birmingham in December 1894, and discussed this scheme early the following year in the pages of Leo Maxse's *National Review*. The leader of the Liberal Unionists grasped readily that the hostility of the Friendly Societies was the greatest obstacle to any program of State insurance and that their opposition would be fatal. Accordingly, he devised a plan for the Exchequer and the Societies to work in partnership. Chamberlain

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death. This higher class of artisans would deposit £5 initially and the State would add £15, while the annual rate of contribution would be 20s. In this case the insurer would not only receive 5s. a week at age sixty-five, but if he died before sixty-five, his widow would be provided for for six months, and there would be pensions for all children up to the age of twelve subject to a maximum of 12s. per week per household. Sir Arnold Wilson and George S. Mackay, *Old Age Pensions*, 27-28.

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51 Professor Bentley Gilbert in his definitive study of national insurance in Great Britain has concluded that Joseph Chamberlain's reasons for advocating contributory pensions must remain cloudy. In the last decade of the nineteenth century social reform was in the air, and it is Gilbert's premise that Chamberlain wished to be associated with pensions in case they became a reality. As soon as he discovered the difficulties which faced a contributory pensions scheme as the result of the friendly societies' opposition and the hostility of the British working man to making a payment for benefits only to be realized in the future, the leader of the Liberal Unionists gave up any serious consideration of contributory insurance. After Chamberlain began his tenure as Colonial Secretary in 1895, his papers suggest that his private interest in pensions centered chiefly upon the Unionist Party giving the appearance of a concern for them. "Chamberlain's importance," writes Gilbert, "lay in showing what could not be done in the way of pensions." By successfully demonstrating the opposition of the friendly societies and the lack of working class enthusiasm for any contributory scheme, he eliminated the only alternative to "free pensions". Thus, his dissolution with any contributory plan helped to postpone all pensions until 1908 and "delayed a genuinely comprehensive contributory scheme until 1925." Bentley B. Gilbert, *The Evolution of National Insurance in Great Britain* (London, 1966), 180-181.
proposed that the government should offer to bear half the expenses towards the cost of providing a more adequate remuneration for old age. If the Societies proved willing to secure their members a modest weekly pension of 2s. 6d. at age sixty-five, he believed that the government should step in and support their efforts by making an equal contribution which would increase the pension to 5s. weekly. The additional burden upon taxation, Chamberlain calculated, would amount to 45 million annually given the population in 1895. He concluded the article by expressing a more philosophical motive for advocating contributory insurance: "My proposal," wrote Joseph Chamberlain, "is to help those who help themselves." Thirty years later Neville Chamberlain declared his own commitment to the issue with identical words.

On 18 May 1925 the benches were crowded on both sides of the House when Neville Chamberlain rose to make the second reading speech on the Widows', Orphans', and Old Age Contributory Pensions Act. The Birmingham Post's Parliamentary correspondent noted that the Minister's voice was the weakest weapon in his armory; it sounded tired at first, strengthened later, but showed renewed signs of weariness at the end of the one hour address. Nevertheless, at no time during Chamberlain's twenty-two years as a Member of the House of Commons did he surpass the


53 Ibid., 605.

54 19 May 1924.
eloquence displayed on this occasion. His belief that the State should participate more actively in promoting social security was clear, even though he also defined the limits beyond which he refused to justify State action. At the beginning of the speech he defined his philosophical commitment to improving the quality of life; it was one which he had already expressed throughout the country on many occasions.

The power of any State to maintain its position as against its rivals or to command the respect of foreign nations must depend always upon the character of the individuals which compose it. No social reform is worth undertaking which does not make its contribution to the building up and strengthening of that character. Our policy is to use the great resources of the State, not for the distribution of an indiscriminate largesse, but to help those who have the will and desire to raise themselves to higher and better things.55

Chamberlain praised Thomas Broad for arousing public interest in contributory insurance and credited the former Liberal member from Derbyshire with having stimulated his own interest in the possibilities of a more complete system. Then the Minister explained the government's decision for not presenting a scheme for "all-in" insurance: the impossibility of bringing workmen's compensation and unemployment insurance into one conclusive system was due to the varying risk involved in different occupations and the uncertain economic future of industry and trade.56

55 *Debates, Commons, 5s, CLXXXIV* (18 May 1925), 92.

Pensions as a remedy for unemployment, the belief that the State should encourage thrift, and expanded national insurance as a means to relieve the burdens placed upon poor law unions were Chamberlain's three recurrent themes. These themes were rooted in the radicalism of Joseph Chamberlain. In one respect Neville Chamberlain had become the leader of the Unionist pensions crusade out of an ingrained desire to improve the condition of the people by helping to make them more self-reliant, but on the other hand, he could not escape a nagging conviction that greater security for the working class could only be made possible if the government encouraged thrift and pride in individual achievement. Chamberlain never doubted that there would always be members of society who could not completely support themselves. But at the same time he always reaffirmed his father's premise that it was the duty of the State "to help such people help themselves."\(^{57}\) Acknowledging that a 20s. combined weekly pension was insufficient to furnish a grown man and woman with the necessaries of life, the Birmingham statesman reminded the House that complete provision for old age was not the purpose of the pensions act.

In our view it is not the function of any system of State insurance to supersede every other kind of thrift. We rather regard the function of a State scheme as being to provide a basis so substantial that it will encourage people to try and add to it and thus achieve complete independence for themselves....they will feel that they have a foundation

\(^{57}\) Debates, Commons, 5s, CLIXXIV (20 May 1925), 498.
upon which it is worth their while to try and build something more....In that way we shall be encourag­ing those virtues which have done so much for the country in the past.58

While confident that contributory insurance would bring out the best virtues of the British people, Chamberlain was convinced as in the previous year, that the Unionist pensions scheme would go far to remedy unemployment. As the Conservative Party's authority on social insur­ance, he told the House confidently that the bill would accelerate the retirement of 350,000 men and 50,000 women over sixty-five who were still engaged in full-time employment. "Out of that 400,000 men and women," Chamberlain predicted optimistically, "there will...be a sub­stantial number who will find that the additional income they get out of the pensions scheme will be sufficient to enable them to retire from work...."59

In the twenty-five point legislative program which he presented to the Cabinet in November 1924, Chamberlain had declared his intention to reform the antiquated poor law system, the roots of which were still planted firmly in the early nineteenth century. This became his most ambitious project while Minister of Health, and he believed the pen­sions act could help to make poor law reform less difficult. Pensions would lighten the burden on local rates for poor relief and thus simplify the finances of the poor law unions until he could present

58Debates, Commons, 5s, CLXXXIV (18 May 1925), 79.

59Ibid., 90.
legislation to abolish them and transfer their functions to the county councils and county borough councils. From the standpoint of local administration, he was motivated by the desire for efficiency and economy which greatly influenced and sometimes limited his thinking. Considering that a thorough overhaul of the poor law would be achieved while he was Minister of Health, Chamberlain concluded that contributory pensions would make possible an immediate and sizeable reduction in the rates levied for relief, while permitting boards of guardians to deal with the most severe cases of pauperism in a much more effective manner. He told the Commons that the Ministry of Health had calculated that there would be an immediate relief of £3,000,000 a year to the rates which would gradually rise to something like £7,000,000 in the future but at a date which he refused to specify.

Following the second reading speech most of the nation's pundits endorsed the measure and credited the Minister of Health with making an unusually effective address. Even the Liberal Nation which had little admiration for Chamberlain's pragmatic approach to social legislation wrote that he had made a speech which was in its way as effective as Churchill's budget speech a fortnight before. "There were no epigrams, no prancings, [and] no rhetoric....The speech was without fireworks and for the most part delivered with great clearness, cogency, and power ...."

The English Review applauded without restraint: Churchill and

60 Ibid., 90.

61 XXXVII (23 May 1925), 228.
Chamberlain between them "[had] stolen the Opposition thunder with a
vengeance." The Liberal Magazine had nothing but praise for the bill
and for Chamberlain's management of it. Seeing the measure as consist­
tent with traditional Liberal doctrine, this monthly voice of the Lib­
eral Party concluded that it was perfectly clear that the main prin­
ciples of the bill would receive Liberal support. The Daily Chronicle,
Lloyd George's mouthpiece, lacked the unbridled enthusiasm of the
Party's magazine. "We want to see it go through," declared a Chronicle
leader six weeks later, "but we also want to see it radically
amended." The independent Economist dismissed as irrelevant Labour's
protest that any expanded program of national insurance should be non­
contributory but believed that the most serious apprehensions arose
from the bill's possible effect upon the country's already depressed
industries. Perhaps the crusty Saturday Review best understood the
problem of promulgating the Tory insurance act in light of existing
economic conditions when it wrote: "There is in truth no alternative
to the course taken by Mr. Neville Chamberlain....the Pensions Bill
must go forward."

62 XXX (June 1925), 707.
63 XXXIII (June 1925), 323.
64 30 June 1925.
65 C (23 May 1925), 1014.
66 CXXXIX (23 May 1925), 544.
The government realized the need to lighten industry's contributions for national insurance which its proposed pensions bill promised to increase. Therefore, in July 1925 it did this by drafting a new unemployment insurance act to replace the existing legislation which expired in October. By the terms of the new act, employers' and employees' weekly contributions for unemployment insurance were reduced from 4d. and 2d. to 2d. and Id. respectively. To prevent insolvency in the unemployment insurance fund as the result of such a reduction, the new measure, which became law in August, extended the "waiting period" for receipt of unemployment benefits from three to six days and provided compensation only for those workers who had paid at least thirty contributions into the fund during the previous two year period. Chamberlain believed that this alteration in unemployment insurance was an equitable concession to industry, and he was confident that it would soften its opposition to the pensions act.

The Pensions Bill has been highly successful... although the serious & prolonged trade depression has given weight to the complaint of manufacturers against the imposition of new burdens upon them [but] that has been to a large extent discounted by our new Unemployment Insurance Bill which reduces the contributions to that fund by 2/- each from employer & employed. My impression is that as time goes on & the successive benefits come into operation this Bill will be found to be the great asset of this Gov't.

67 Annual Register (1925), 55.

68 Chamberlain Papers, Diary, 9 August 1925.
If shyness, reserve, and an aloof manner characterized Neville Chamberlain, he was aware by this stage of his Parliamentary career that this handicap prevented him from receiving the full recognition due him as a domestic reformer. A forced humor and the frequent use of sentimental homilies are evident in many of his public speeches, particularly those made before Birmingham audiences; they suggest an almost desperate desire to be accepted as an amiable and attractive political figure. Chamberlain was not politically ambitious and did not aspire to office for the sake of greater power or prestige. His rejection of the Exchequer in November 1924 is indicative of this. Nevertheless, he shared the common desire of all politicians to be personally popular with the nation he served. Joseph Chamberlain had displayed unusual charisma, but the Minister of Health had no doubt even at this stage of his career that he lacked this quality. In a letter written to his eldest sister shortly after his pensions speech, he discussed his inability to win a wide personal following in the country. Confessing that he could never hope to achieve the great popularity that his father had enjoyed, Chamberlain reflected that it would take the public a long time to appreciate fully the far-reaching significance of the two measures which he had already achieved as Minister of Health: "It will only be after I am dead that my administration will be rated as the golden axe of the Ministry."  

69Chamberlain Papers, Neville Chamberlain to Ida Chamberlain, 23 May 1925.
After two days of debate the House of Commons passed the second reading of the Tory pensions act by 403 to 127 votes. Since the measure was an integral part of the budget and imposed new taxes upon both workers and industry, it was next attached to the Finance Bill which did not pass its third reading until 25 June. Until that time no further debate on the pensions act could take place.

Due to the intrinsic importance of the bill and the large number of amendments which the Labour and Liberal Parties had presented for consideration after the second reading, the government decided to bring the act before a Committee of the Whole House after Whitsuntide. Thus, the entire Commons sitting in committee began to scrutinize the contributory pensions act on 30 June, and the bill remained in their hands for twenty-two days. Argument now became so intense that on 30 June and 2 July the House remained in session all night debating the measure. When the Committee of the Whole released it on 22 July, one day proved sufficient for the Report Stage, and the act passed its third reading in the House of Commons on 23 July. Passage through the House of Lords amounted to only a formality, and the Widows', Orphans', and Old Age Contributory Pensions Act received the Royal Assent on 7 August 1925.

The Labour Party had begun the debate on the Committee Stage by demanding that all pensions be paid without contributions. But Chamberlain set the tone for the long debate when he told the House bluntly

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70 *Annual Register* (1925), 54-55.
that they had "to choose between a contributory scheme and no scheme at all." It was, however, to the credit of both the Minister of Health and the opposition that when the act passed its third reading the original framework of the scheme was unaltered, and the eight amendments which the Liberals and Labourites had persuaded Chamberlain to accept served only to strengthen it. As with his steering of the

71 Debates, CLXXXV (30 June 1925), 2269.

72 1) Children's allowances were continued for as long as a child was in school or until age sixteen. In the original measure all benefits for dependent children ceased at fourteen.
2) Teachers and seamen, covered by separate insurance programs, were excluded from the 1925 act. Previously, teachers earning less than £250 annually were required to be insured under the new measure.
3) Any period during which a person had served in the Forces would, if he were entitled to be insured while so serving, be deemed to be a period which would qualify him for the benefits under the bill.
4) The same allowance, 7s. 6d., would be paid to all orphaned children; no longer would any distinction be made between the eldest and other children.
5) The qualifications for insurance were made easier. Instead of a person having to be insured for the last five years, where the person on attaining sixty, or fifty-five in the case of a woman, had been continuously insured for ten years, a smaller number of contributions—20 and 26 respectively—were required, instead of 39 and 45, as was originally suggested.
6) A right of appeal was given to a widow where her pension was taken away at the Minister of Health's direction, and in event of an inquiry another person could state her case on her behalf.
7) Persons already enjoying superannuation schemes were to be exempted from the 1925 act, on condition that the Minister of Health was satisfied that such schemes made adequate provision for the beneficiaries.
8) An insured person who had served in the Army, on attaining 65 years of age, if otherwise qualified, was not required to undergo the means test and other disabilities then imposed under the Old Age Pensions Act of 1908. The Times, 21 July 1925.
government's housing program two years before, he was willing to compromise when convinced that limited alterations could produce a better measure. The Birmingham Post's Parliamentary correspondent observed that Chamberlain had been willing to meet serious objections in a businesslike manner "with conciliation and good will," while The Times, a strong supporter of the bill from its introduction, was highly pleased with the final result of the Committee's work and wrote:

Labour comments and amendments have on the whole been helpful rather than demonstrative; the Government spokesmen have shown a marked readiness to consider and accept such of them as they believed the scheme could afford; and the measure as now amended...is not only more in accordance with the views of the soberer members of the Opposition, but is substantially improved.\(^74\)

Although Chamberlain's twenty-five point program of domestic legislation was not known outside the Cabinet, astute observers detected a tendency towards more extensive State action to improve the lot of the working class in the bills he had already presented and in his public forecasts of future legislation. By July 1925, in addition to the housing act and the pensions bill, Chamberlain had introduced a rating and valuation bill\(^75\) to help to equalize the burdens of local taxation in Britain. With its usual insight The Times observed when the pensions act had passed the Report Stage:

...it can be fairly claimed that these various measures constitute a comprehensive effort...and are

\(^73\) 15 July 1925.
\(^74\) 23 July 1925.
\(^75\) See Chapter VIII.
the result of a deep and practical sympathy with the poorer classes in their struggle against the accidents and chances of life. The system of legislative enactments of which they form a part ...goes far beyond anything that has been attempted at all events in Europe and probably the world.76

Chamberlain was justifiably proud of his successful steering of the pensions bill, and in a letter to his sister, he did not obscure his role in the passage of the act.

I had some anxious moments on Report of Pensions but got through safely and finished up the third reading amid showers of bouquets from the opposition as well as our own side. I have had so many compliments passed me that my head would be quite turned if I really were politically ambitious.77

"His fellow citizens, who first discovered...his hereditary capacity for public business," wrote the Birmingham Post editorially, "will be eager, without distinction of party, to applaud a very noteworthy legislative achievement."78

The measure was a milestone in British social legislation and its provisions remained practically unaltered until the National Insurance Act of 1946 further expanded the contributory system fostered by Neville Chamberlain to include more generous pensions, family allowances, and death benefits. Only twice during the next two decades did

7623 July 1925.

77Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain, 23 July 1925.

7823 July 1925.
Parliament amend the act, and on both occasions this was done to provide greater security for insured women and for the widows of insured men. 79

Three years after the passage of the act 465,632 men and women between sixty-five and seventy were receiving the 10s. weekly old age pension; widows' pensions and children's allowances were being paid to 74,418 widows and 134,299 dependent children, while 9,283 orphans received the weekly 7s. 6d. allowance under the provisions of the 1925 act. 80 Chamberlain's premise that contributory old age pensions would work to reduce local expenditure for poor relief could be proven only weeks after this part of the act took effect. Even though the old age pensions were first paid on 2 January 1928, they had helped to reduce the number of elderly persons receiving domiciliary relief by 58,372

79 In 1945, pensions for the aged before seventy and for widows, their dependent children, and orphans were paid at the same rate adopted when Parliament enacted the Widows', Orphans', and Old Age Contributory Pensions Act twenty years before. In 1929 the Labour government extended the 10s. pension to all non-contributing widows over the age of fifty-five whose husbands had died before 4 January 1926. The Old Age and Widows' Pensions Act of 1940 lowered the pensionable age for insured women from sixty-five to sixty, and these benefits were first paid on 1 July 1940. To meet the increased cost created by lowering the age of women eligible for contributory pensions, the total weekly rate of contributions increased in July 1940 to 1s. 1d. for men and to 8½d. for women while the employer paid 6½d. and 3½d. for men and women respectively.

or 5.8 per cent of the total for the year extending from 31 March 1927 to 31 March 1928. 81

That the true story of the Conservative Party's contributory pensions act is little known owes much to its author's lack of political flair. In the folk memory of the nation, Lloyd George, William Beveridge, Aneurin Bevan, and even Winston Churchill are remembered as the statesmen responsible for contributory insurance while Neville Chamberlain's pioneering role in laying the foundation for Britain's modern day welfare state is largely forgotten.

81 Ibid.
John Wheatley, the partner in a small Glasgow publishing firm and a spokesman for the Labour Party's left wing, became Neville Chamberlain's successor at the Ministry of Health in January 1924. Elected as one of the twenty-one Clyde Socialists sent to Westminster in 1922, Wheatley was the only Clydesider who became a member of the first Labour Cabinet. His Scottish colleague, David Kirkwood, called him the "finest brain" in the Party as well as its "best tactician." Austen Chamberlain after observing Wheatley during the latter's first weeks as a member of the government's front bench noted that "the one man in the Government who has made a distinct Parliamentary reputation is the Minister of Health...." But Charles F. G. Masterman, a prominent Liberal and frequent contributor to the Nation, probably best described Neville Chamberlain's colorful and able successor when he wrote,

The House has found a new favourite in Mr. Wheatley...He has been the one conspicuous success in the new Parliament. A short, squat, middle-aged man, with a chubby face beaming behind large spectacles, he trots about like a benignant Pickwick, or a sympathetic country

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1David Kirkwood, My Life of Revolt, 250.

solicitor to whom the most reticent would be glad
to confide the darkest secret. But he possesses
a perfect Parliamentary manner: a pleasant voice,
confidence without arrogance, a quick power of
repartee, a capacity of convincing statement, and
above all the saving grace of humour.3

By January 1924 the Ministry of Health had approved the building
of approximately 59,000 houses by private enterprise and 33,000 houses
by the local authorities, but the problem still remained of how to pro-
vide decent accommodation at a rent which the working class could af-
ford. Within a year after the passage of the Chamberlain housing act,
private enterprise built mainly for those able to purchase a home for
their own occupancy.4 As a result, the first Labour government, taking
office in January 1924, looked to the formulation of a policy to en-
courage the construction of low rental housing. The Ministry of Health
calculated in 1924 that the average working-class wage was two guineas
a week of which one-sixth went for rent. Assuming these figures cor-
rect, 7s. or 8s. per week was the highest rent that working people
could pay without reducing their living standard.5

Wheatley approached the housing problem with an attitude entirely
different from Chamberlain's. Although acknowledging that the 1923 act

3Lucy Masterman, C. F. G. Masterman: A Biography (London, 1939),
341; and the Nation, XXXIV (1 March 1924), 759. By 1929 Wheatley had
broken with his Party's leadership and, as a leader of the Independent
Labour Party, he was among the foremost critics of the second Labour
government. He died unexpectedly in 1930 as a back-bencher at the age
of sixty-one.

4PRO, Cab. 27/201. Committee on Housing Policy, 1st Conclusion,
(29 January 1924), 1.

5Ibid., 2.
was assisting the small builder to get back on his feet, he believed correctly that houses constructed by the small contractors were being sold to owner-occupiers. Even when local authorities built houses, rents were ordinarily too high for lower-class tenants. Therefore, the Scotsman planned to provide additional financial assistance to the local authorities generous enough to insure the construction of houses for wage earners. Calculating a rent of 8s. a week, based upon a house costing £500 to construct, Wheatley figured the annual loss on such a sum would be approximately £16 a year for eighty years.  

In order to keep building costs down while at the same time stimulating private enterprise, Chamberlain had favored a modest housing subsidy to be paid only for a limited number of years. But Wheatley considered that only greater Exchequer assistance to the local authorities could produce enough dwellings for letting and insure such a long-term demand for houses that the building unions would be willing to expand their limited memberships. On 2 February 1924, the Labour government's Committee on Housing Policy, chaired by the Minister of Health, drafted its recommendations for relieving the housing shortage. To meet ordinary growth and make up the housing deficit outstanding in England and Wales, it reported that 150,000 houses were required annually for the next ten years, while an additional 50,000 were needed in Scotland each year for the same period.  

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6Ibid., 4.

7PRO, Cab. 27/195. Cabinet Committee on Unemployment, "Report of the Housing Sub-Committee," (2 February 1924), 1-2.
Clearly, due to the shortage of skilled building labour, two million new houses could not be constructed from 1924 to 1934. Wheatley showed considerably more concern for the depressed condition of the construction industry than had Chamberlain. He declared only days after becoming the Minister of Health that "it [would] certainly be necessary to bring into the industry a large number of additional skilled men." In 1908, for example, there were between 800,000 and 900,000 men employed in the industry, but in 1924, this figure was reduced by one half. To construct 200,000 new houses annually for ten years, Wheatley estimated that 300,000 additional men would have to be brought into the building industry. This could only be accomplished, he believed, by promoting to craftsmen men already employed as labourers in the various building trades and by persuading the building unions to accept additional apprentices.

The Clydesider devised a good plan for implementing his views. As a Minister in a Labour government, he was in a position to gain the confidence of the building operatives to a degree not possible with his predecessor. On 6 February 1924, Wheatley along with his Parliamentary Secretary, Arthur Greenwood, and Tom Shaw, the Minister of Labour, met with representatives of the building industry. This conference resulted in the formation of a committee composed of nineteen members from contractors' associations and fifteen members from the building

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8Ibid., 3.

9Ibid., 6.
trades unions. It was the committee's task to report upon the existing state of Britain's construction industry; to investigate especially the existing supply of labour and materials; and to make suggestions for a long-term national program to build houses.

On 10 April this committee issued a concise and well-written report. Considering the casual nature of employment in the building trade to be the major cause of the manpower shortage, it recommended a bold fifteen year plan calculated to stabilize the industry by helping to guarantee employment for an increased number of men. The committee predicted that the labour force used in house building could be substantially increased by raising the maximum age limit for taking apprentices into the trade from sixteen to twenty; by shortening the period of apprenticeship from five to four years; and by upgrading unskilled building labourers to an unspecified figure which was never defined. If the State embarked upon a program to insure that construction remained at a high level, the unions would pledge their willingness to expand their memberships in these ways.10

After receiving this scheme, Wheatley drafted Labour's first housing act which hinged upon a higher subsidy devised to produce 2,500,000 new houses in fifteen years. On 3 June he presented in the House of Commons the Finance Resolution for the Housing (Financial

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10*Parliamentary Papers*, Vol. I (Reports; Commissioners, & c., Vol. VII), Cmd. 2104, "Present position in the Building Industry, with regard to the carrying out of a full Housing Programme, having particular reference to the means of providing an adequate supply of labour and materials" (10 April 1924), 8-19.
Provisions) Act of 1924 which became law on 7 August. It raised the subsidy to a much higher figure than either Neville Chamberlain or the Conservative Party had been willing to condone during the early weeks of Baldwin's first government, and it applied only to the local authorities. The measure became the most important accomplishment of the first Labour government in domestic legislation.11

Labour's housing act provided that, subject to special conditions, Exchequer assistance would be made available for those houses completed by local authorities during a period of fifteen years. As a preliminary step, the 1924 housing act extended the £6 Chamberlain subsidy for fifteen years, making it payable for any house completed by either private enterprise or a local authority before 1 October 1939. It gave local governments the power to build working-class houses without first having to prove to the Ministry of Health that they could not be constructed by private enterprise. Through this provision in the Wheatley housing act, the local authorities became a permanent part of the machinery for providing working-class houses.12

Under the terms of the act, for forty years, the Treasury paid £9 per annum to any local authority for each working-class house which it built to rent, while furnishing £12. 10s. for each house it erected in an agricultural parish in England and Wales or in a rural area of


12Marian Bowley, Housing and the State, 1919-1944, 40.
Scotland. In return, the local authorities were required to make a contribution out of their rate fund of £4. 10s. a year for each house receiving the Wheatley subsidy. Special conditions shrouded the new financial assistance to public housing. The most important ones specified that houses receiving the increased allowances should not exceed the sizes defined in the 1923 housing act; they could not be sold and must be rented to tenants who actually lived in them; a fair wage clause was compulsory for construction on all houses receiving subsidy; and the rents which the local authority charged for its new dwellings had to be based upon those of prewar working-class homes in the same area. Especially important for future Conservative housing policy was a clause in the bill which made the subsidy program subject to review at intervals of two years, not in respect to houses already built, but rather in light of future housing needs. Neville Chamberlain used the biennial review to curb the Wheatley subsidies in 1926, when again the Minister of Health, on the grounds that the new grants had forced the price of housing construction to an artificially high level. Wheatley's steering of Labour's housing bill through the House was "an example of Ministerial leadership far removed from the normal flamboyance of the Clyde." Citing Chamberlain's remarks made on the

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second reading of the 1923 act, he reminded the Commons that his pre­
deecessor had considered the £6 subsidy "not as a solution of the
housing problem but as the beginning of a solution."  
He reaffirmed his previous analysis of the Chamberlain housing act, declaring that
the real purpose of the 1923 measure was to provide more dwellings for
the fringe of the working class who could afford to purchase their own
homes, rather than for the mass of working people who required houses
to let. 
Wheatley's explanation for increasing the subsidy was a simple one. The Chamberlain act was building houses only for the
higher class of artisans and, even so, it would not apply to dwellings
completed after 1 October 1925. If the State refused to play a greater
role in house building, Wheatley had little doubt that the "great
toiling multitude of the country [would] sink into a condition of
greater and greater slumdom."

The Glasgow Socialist blamed the need for such a generous subsidy
on the high 5 per cent interest rate then charged in Britain on money
lent for construction. Estimating the average cost of a non-parlour
house with three bedrooms to be £500 over the next fifteen years, he
explained that, above the cost of the building site, materials, and la­
bour, the interest on borrowed money alone would amount to 6s. 6d.

16. Debates, Commons, 5s. CLXXIV (3 June 1924), 1100. Referring to
Chamberlain's speech made on the second reading of the housing act of
1923, Debates, Commons, 5s, CLXIII (24 April 1923), 304.

17. Ibid., 1104.

18. Ibid.
weekly for each house built. In these circumstances the charge of an economic rent would be impossible. Using these figures, Labour's first Minister of Health justified his £9 and £12. 10s. subsidies for forty years.

That such abundant assistance to local authorities would place municipal governments in competition with private enterprise and increase building costs to an artificially high level became the foundation of Chamberlain's opposition to the Labour government's housing bill. Until the volume of building resources actually increased, Chamberlain predicted a scramble between the local authorities and private enterprise for limited supplies of workmen and materials. In such a contest he believed that private enterprise would win "hands down" because it was bound only by the capacity of its clients to pay an increased price for a house. But in spite of these reservations, there could be little doubt that on the housing question Chamberlain was a statesman above partisan politics as could be seen when he told the House:

I...feel that it would be in the best interests of the country that [Wheatley] should have his opportunity of putting his scheme into operation. If it fail, he perhaps will find conviction that he has been on the wrong lines. If it succeed, if I am wrong in the view that I have taken...then nobody would be better pleased than I should....I give

19 Ibid., 1105-1106.

20 Debates, Commons, 5s, CLXXIV (4 June 1924), 1303.
[the Labour Party] credit for being thoroughly desirous of seeing an end put to this age-long question, which affects the lives of so many of our fellow citizens.\textsuperscript{21}

Although Chamberlain was highly critical of the high rate of the Labour government's housing subsidies, some features of the Wheatley act were really in harmony with his own thinking. During a housing debate earlier in the year, he had used the occasion to advise the Labour government on the best way to ameliorate the housing shortage, and many of his suggestions could be found in the 1924 housing bill. To the Lower Chamber on 26 March 1924 he had said,

\begin{quote}
What I... desire to urge upon the Minister of Health is that... if he is to continue the subsidy at anything like the rate that it is now, the subsidy should be reserved for a smaller class of houses than... is now receiving it, so as to try to get the poorer people houses; and secondly, that he should either make his proposals to operate for a comparably brief period, as I did mine, or if he finds it necessary in order to increase the labour supply to put before the House a programme extending over a more prolonged period... he should include some provision for a periodical review of the terms....\textsuperscript{22}
\end{quote}

During Chamberlain's second tenure as Minister of Health, he took advantage of the act's provision for biennial review, but early in 1924, with no possibility of a general election in sight, he recognized the need to maintain a continuity in housing policy.

\textsuperscript{21}\textit{Ibid.}, 1312.

\textsuperscript{22}\textit{Debates, Commons, 5s, CIXXI} (26 March 1924), 1458.
The housing act of 1924 made it possible for Wheatley to implement the recommendations of the House Building Committee in what became widely acclaimed as his "gentlemen's agreement" with the building trades. For fifteen years the unions promised to increase their membership to such a degree that 225,000 houses per annum would be produced by 1934. This was in return for Labour's new subsidies which would help to insure enough work to justify increasing the membership of the building unions for at least fifteen years. If this were done, the leaders of the unions were confident that 2,500,000 houses could be erected by 1939, and that the increase in State assistance would guarantee full employment to an expanded corps of house builders.

Wheatley's treaty with the building unions was "no doctrinaire Labour blueprint. It was presented to the Commons as an accomplished fact, and if it was not exactly socialism, it was certainly statesmanship." The House Building Committee did not disband after submitting its report but continued to advise the government whenever its counsel was sought. Chamberlain consulted frequently with the ad hoc group after he replaced Wheatley as Minister of Health in November 1924.

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23 Annual Register (1924), 63; and The Times, 4 June 1924.

24 Richard W. Lyman, The First Labour Government, 1924, 114. Wheatley's treaty, encouraged by the Chamberlain subsidy and Labour's program for assisting local authorities, helped to produce 400,000 houses in the next three years. By increasing the membership of the building trades, it prompted the record construction of 273,000 homes in 1927. "A fine achievement; the biggest thing that has been done for housing and employment by any Government," wrote Ernest D. Simon, the Manchester housing expert in 1933. Ernest D. Simon, The Anti-Slum Campaign (London, 1933), 25.
Following the passage of the 1924 housing act, first Wheatley and then Chamberlain created a new committee to co-ordinate the recommendations of the National House Building Committee's April report. In October, Wheatley appointed a Building Industry Committee consisting of representatives of the contractors and the building operatives. The committee devised a scheme for adding to the supply of skilled labour by increasing the maximum age for admitting apprentices into the building unions from sixteen to twenty and by enrolling older men who possessed special building skills as adult apprentices for a shortened two year term of indenture. Such policies had no legal force and success depended entirely upon moral persuasion. The effect of this committee's pronouncement was not seen immediately, however, since a four year indenture was necessary for the younger apprentices to become full craftsmen. Nevertheless, by December 1926, the building trade unions had added over 68,000 skilled men to their ranks. On the advice of this special body, Chamberlain when Minister of Health in 1925 notified the local authorities that he would not declare any house eligible for the 1924 subsidy unless it was a condition of the contract that apprentices would be employed on the job at the rate of one apprentice to three craftsmen.


26 Debates, Commons, 5s, CC (2 December 1926), 1412.

27 Ministry of Health Circular, 520A (3 February 1925), 3.
To further implement the report of Wheatley's original House Building Committee, Chamberlain appointed a Materials Supply Committee in January 1925, composed of representatives of manufacturers and distributors of building materials. To insure that building supplies would be fairly allotted among the nation's contractors was the function of this body. Within a year after the Wheatley housing act appeared on the statute books, both special committees were doing their jobs well enough to warrant the Ministry of Health's approving the construction of 44,864 houses by 360 local authorities.\textsuperscript{28}

Since the Labour government's housing act first became subject for review two years after its passage, Chamberlain studied the housing question with extreme care in 1925 in order to gauge correctly the success of the Wheatley act in producing working-class houses for letting. The fundamental question for Chamberlain was whether the 1924 act was capable of bringing rent within the means of the great mass of wage earners. To test the capacity of the measure, he was willing to leave it upon the statute books. "The Act will have a fair trial from me," he promised the House of Commons less than a month after becoming Minister of Health for a second time. "It is not my intention to discourage local authorities or to throw difficulties in their way."\textsuperscript{29}

Furthermore, Chamberlain had concluded that the circumstances affecting house building were much different in late 1924 and 1925 than


\textsuperscript{29}Debates, Commons, CLXXIX (16 December 1924), 852-853.
they had been when he drafted the Unionist housing bill in the spring of 1923. On 27 November 1924 a delegation from the House Building Committee led by its chairman, William H. Micholls, the Secretary of the National Federation of Building Trades Employers, and Robert Coppock, the Secretary of the National Federation of Building Trade Operatives, visited Chamberlain at his Whitehall office to inquire as to the future of Wheatley's committee. Chamberlain explained to them the need for a new housing policy as he saw it. In the closing months of the Coalition the soaring prices of housing construction, which resulted from the unlimited subsidy of the Addison act, had made it necessary for Alfred Mond to shut down State-assisted building altogether. The problem that Chamberlain faced in 1923 was to restart the machine. "The difficulty now," said the Minister, "is that the machine is running faster than it can be fed with supplies of labour and materials." Even so, he believed that nothing was more likely to postpone a solution to the problem than "a sudden reversal of policy." Though changing conditions might make it necessary for him to modify Wheatley's subsidy at a later date, he did not contemplate any violent change of policy. In conclusion, Chamberlain praised the committee for its fine work and promised to keep on "amicable and harmonious terms" with it.\(^30\)

The *Sunday Times* noted that due to Labour's rout in the general election of November 1924 coupled with recognition that enough housing

\(^30\)PRO, H. L. G. 52/895. House Building Industry Committee, "Representation to the Minister of Health," (27 November 1924), 2.
legislation had already been enacted, "there was little of the old passion" in the attack on the Tories' housing program during the debate on the King's speech in December 1924. Praising Wheatley's scheme for increasing the supply of labour and materials as a "statesman-like piece of work," Chamberlain had promised to support and encourage it because he believed that "the hope of increasing...present housing accommodations [was] bound up largely with the possibility of increasing these two sources of supply." Nevertheless, the new Minister of Health still believed that the 1923 housing act with its emphasis on the revival of private enterprise and home ownership furnished the best means for providing better accommodation for the part of the community most in need of it. The case he presented to the Commons on 16 December 1924 was a logical one. Chamberlain defended his earlier position for limiting the construction of subsidy houses in the 1923 act to those of a restricted and specified size. Convinced that the stimulation of private construction was the key to overcoming the housing shortage, he enlightened the House with some interesting and uncomplicated statistics. For the year ending 30 September 1924, private enterprise had erected 95,350 or 86 per cent out of a total of 110,000 newly built homes; by October 1924 independent builders were constructing 71,000 out of a total of 92,000 unfinished houses. Not only had private enterprise made the greater

[^20]: December 1925.
[^32]: Debates, Commons, 5s, CLXXIX (16 December 1924), 853.
contribution to the supply of houses built in Britain since 1923, but if the predictions of the Minister of Health held true, during the next year the record total of 129,000 dwellings completed in 1905 would be surpassed. 33

In this significant speech which arose out of the debate on the references to housing in the speech from the Throne, Chamberlain defined his theory of "filtering up" which led to the success of his housing policy for the remainder of his years at the Ministry of Health. As an unsophisticated solution for overcoming the housing shortage, it rested upon the premise that the poor would gradually take over the houses vacated by the class above them who were able to pay a slightly higher rent. Using the "filtering up" theory to defend the role of private enterprise in house construction, Chamberlain noted that since the promulgation of the 1923 act, local authorities had erected houses much smaller than the 950 maximum size specified in his bill; on the average they consisted of 820 square feet. Private enterprise, on the other hand, for the year ending 30 September 1924, was building houses with an average size of 940 square feet. 34

Chamberlain had always plotted housing policy beyond immediate needs and tried to anticipate the requirements of further generations. If Exchequer assistance were confined solely to local authorities for a period of fifteen years, when the value of these homes came down at

33 Ibid., 847-848.
34 Ibid., 848.
some future date, the workman would find nothing better than houses of
820 square feet existing in the country and would have a home hardly
better than the one he already inhabited. He rested his case for sup­
porting private construction by saying:

The policy I have carried out...is a policy
which has provided us with a great reservoir of
houses of a standard of accommodation very much
in advance of what the working man is in pos­
session to-day, and these houses will eventually
come within his means as their value falls and he
will have reason to be grateful to the Act of 1923,
by which private enterprise has been enabled to
provide.35

It mattered little to Chamberlain that owner-occupiers had pur­
chased nearly all the houses which private enterprise built with the £6
subsidy. Rather, he was delighted that since the passage of the 1923
housing act, potential home owners had received over £7,800,000 under
the provisions of the act while prior to this legislation only £800,000
had been loaned under the provisions of the Small Dwellings Acquisition
Act of 1899.36 Although Chamberlain was sincere when he declared his
willingness to give the Wheatley act a "fair trial," his actions late
in 1924 clearly suggested that the accession of a new Minister of
Health would also result in the assertion of a new program for housing.
But with a watchful eye upon building cost and the availability of
building labour and supplies, Chamberlain waited patiently throughout
1925 before altering the subsidy program.

35Ibid., 848-849.
36Ibid., 851.
The verbal account of the housing situation which Chamberlain presented to the Cabinet in May 1925 was an optimistic one. Houses were not only being built faster than at any other period in British history, but also in numbers which exceeded the normal expansion of the population. Although he did not yet possess the actual figures, the Minister of Health assured his colleagues that for the year ending 31 March 1925 the number of homes completed would be in the range of 140,000, and would easily surpass the record number built in 1905.\(^{37}\)

As in 1923, the Conservative Party realized that the success of the government again depended upon the promulgation of a policy which would improve the accommodations of the working class. Chamberlain admitted as much when he told the House of Commons two days after his report to the Cabinet that the very existence of the government rested upon its bringing about a considerable increase in the production of houses.\(^{38}\)

By 1925 the Chamberlain subsidy had been in operation for nearly two years and was yielding significant results. The Birmingham Post wrote jubilantly in the autumn that statistics for the year ending on 30 September proved that advances in house construction exceeded a figure which even the Ministry of Health had not dared to estimate. The Ministry hoped that with "good luck" houses completed during the twelve months might round out to 150,000, but the total actually amounted to 159,476 which left the aggregate of the best prewar year

\(^{37}\) PRO, Cab. 23/50. Cabinet Conclusions, 25 (25), 9, of 13 May 1925.

\(^{38}\) Debates, Commons, 5s, CLXXXIII (15 May 1925), 2236.
Party chieftains were willing to credit the building boom to Chamberlain. Addressing a gathering of the party faithful at the annual conference at Brighton, Baldwin prophesied proudly that when the history of the last three or four years came to be written, Neville Chamberlain's name would stand above all others as a housing reformer.  

By 1926, however, Chamberlain was becoming increasingly concerned with the rising cost of house building and with the strain it was placing upon the monies appropriated to his Ministry. For the fiscal year 1926, the Ministry of Health's estimate for housing grants amounted to nearly £8,500,000 out of a budget of £18,000,000; of the total spent for housing subsidies, nearly £7,000,000 could be attributed to the Addison scheme. In November 1926, Chamberlain wrote William Nicholls, the Chairman of the House Building Committee,

The one thing which disturbs me is the consistently high level of the cost of building, and I am convinced from past experience that a state subsidy—however necessary it may be as an initial stimulus—is one of the factors which combine both to occasion and to maintain a high level of prices.

There could be no doubt that Chamberlain intended to re-examine the housing subsidies when they came up for the biennial review in

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41. PRO, H. L. G. 48/16. Housing Subsidy Revision, Neville Chamberlain to William H. Nicholls, 29 November 1926.
October 1926. Addressing the Urban District Councils' Association at London's Kingsway Hall in February, he deplored the rise in the cost of houses which did not seem warranted by either an increase in the price of labour or materials. "In conjunction with the local authorities I hope to arrive at an arrangement which [will] give confidence for the future," said the Minister of Health. The most astute experts on housing policy did not hesitate to speculate that Chamberlain would reduce the subsidy by the end of the year. Bernard S. Townroe, the author of many tracts on the reconditioning of slums, wrote in the English Review that Chamberlain's task in deciding the future of the housing subsidy was "an even more difficult and distasteful task" than curtailing extravagance in the administration of the unemployment benefits. "Mr. Chamberlain has up to date," Townroe declared, "piloted the housing boat so skillfully that we must trust him to keep the nation off the rocks that loom ahead...."

Meeting with representatives of the Association of Municipal Corporations and the London County Council in June 1926, Chamberlain had expressed his alarm at rising building costs and indicated his intention to reduce the housing subsidies granted by both acts. He told the delegations that his figures proved conclusively that the cost of materials and the rate of builders' wages had remained "extremely steady" since 1923, which was remarkable considering the enormous increase in

42Daily Telegraph, 25 June 1926.

43Bernard S. Townroe, "The Housing Dole," English Review, XXXII (February 1926), 228.
the demand for these materials. The Minister produced undeniable evidence to support the premise that the housing subsidies were driving the cost of building to an artificially high level. In December 1922, after the termination of the Addison act, non-parlour houses averaged £346 each; in December 1923, following the passage of the Conservatives' 6 subsidy, the average price of these homes was £414. By December 1925, Chamberlain found the cost of non-parlour houses to be £448, although this dropped to £429 in April 1926 as additional men joined the building unions. Taking the average difference between 1923-1924 and 1925-1926, Chamberlain calculated a rise of about £30 per house. That too generous subsidies had forced up the price of construction was an obvious conclusion for the Birmingham statesman, who told the municipal solons that

...the one thing that puts up the price of the house quicker than anything else is when you try to place orders for more houses than can be produced by the available labour and materials...contracts for very large numbers of houses for which there is no chance of completion within any reasonable time have undoubtedly the effect of stiffening the price... He suggested that a reduction of the subsidy would bring down construction costs. Even though it might temporarily curtail the rate of building, it would mean that more houses could be built for the same

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46 Ibid., 8.
money. "I think," he declared, "that a good number of houses are being put up now by private enterprise and are receiving the subsidy which might be put up without any subsidy if there was [none] available for them." Therefore, Chamberlain announced that his policy was to decide with the local authorities upon a date after which a reduced subsidy would be paid on all houses completed.48

Recognizing that the Minister of Health was determined to reduce the subsidy, the local authorities hoped to persuade him to apply the cut at a deadline far enough in the future so as to prevent them from having to bear a heavier loss on the housing construction they had already contracted. Alderman William Gregory, a perennial leader of the Birmingham city council, summarized the feelings of the local authorities all over Britain when he told Chamberlain that municipal governments "were living in a state of dreadful uncertainty." Birmingham's council could not negotiate further contracts for public housing unless it knew to what extent and at what date the Minister of Health planned to alter the subsidy. Michael E. Mitchell, the Lord Mayor of Manchester, urged that this difficulty would be greatly alleviated if the current rate of subsidies were paid on all houses completed by 1 October 1927.49 While sympathetic to continuing the current rate of

47Ibid., 25.
48Ibid., 9.
49Ibid., 13-14.
subsidy until the autumn of 1927, Chamberlain refused to forecast his policy without further study and consultation with the government.  

Chamberlain presented his plan for curbing the subsidy to the Cabinet on 27 July 1926. In reviewing the state of the building trade since the Conservatives returned to office, Chamberlain told his colleagues that substantial progress was being made in overcoming the housing deficit, and in the financial year ending 31 March 1926, 173,000 houses had been completed. It was his conclusion that "private enterprise in house building [had] been put on its feet again." Although he favored "getting rid of subsidies altogether" and even urged the government to announce this as its policy, Chamberlain recognized that to present the House of Commons an order for drastically reducing the 1924 subsidies would make a mockery of Wheatley's agreement with the building operatives and would give credence to accusations that the Unionist Party was insensitive to the well-being of trade unionists. He proposed, therefore, the gradual reduction of State assistance to enable the industry to adjust itself to any change in policy.

The Minister was sympathetic with the local authorities' desire to continue the housing subsidies at their present rates for houses completed by 1 October 1927, and he urged the Cabinet to sanction this guarantee. But after this date, he proposed reducing the Wheatley

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50 Ibid., 26.
52 Ibid., 8.
subsidy by £1—from £2. 10s. to £1. 10s. in agricultural parishes and from £9 to £8 elsewhere in the country. As before, it would be paid for forty years. Chamberlain suggested reducing his own £6 subsidy to £4 for twenty years and applying the reduction to all houses completed by private enterprise after 1 October 1927.\textsuperscript{53}

Before the Cabinet would approve the Minister of Health's proposals, it instructed him to reach an agreement with Churchill who demanded that any cuts in the Wheatley subsidy be made equal to those imposed upon the housing act of 1923.\textsuperscript{54} Soon afterward Chamberlain wrote his sister Ida that he had "settled the alteration in the Housing Subsidy with Winston (we compromised on my plan) and in the evening [we] dined at Lancaster House."\textsuperscript{55} The compromise amounted to an additional 10s. cut in the Wheatley subsidies, and the Cabinet sanctioned this policy early in November.\textsuperscript{56} Thus, the reduced Wheatley grants would be paid for forty years at the annual rate of £11 in agricultural parishes and £7. 10s. in the remainder of Britain. Although this additional reduction was a minor point which Chamberlain apparently accepted with few reservations, he had originally intended to make a less

\textsuperscript{53} Ibid.

\textsuperscript{54} PRO, Cab. 23/53. Cabinet Conclusions, 50 (26), 7, of 23 August 1926.

\textsuperscript{55} Chamberlain Papers, Neville Chamberlain to Ida Chamberlain, 22 October 1926.

\textsuperscript{56} PRO, Cab. 23/53. Cabinet Conclusions, 55 (26), 6, of 3 November 1926.
drastic alteration in the Labour government's housing act. With the government's policy for the biennial review now determined, he reflected upon the status of his own housing act and mentioned in a letter to his youngest sister that he had even considered abolishing it completely.

It is an all round reduction equivalent to £25 in capital value. I think I could safely have knocked off the N.C. subsidy altogether but obviously the political difficulties in the way would have been very great and things will be quite warm enough without it.57

In early August 1926, Chamberlain told the House of Commons that the government intended to cut the housing subsidies when they came up for review in October, but he did not speculate on the amounts of the alterations. To enable local authorities to plan future building schemes, he promised that all houses completed by 1 October 1927 would be eligible for the existing rate of subsidy.58

As might be expected all groups with a vested interest in the erection of more houses attacked the Unionist program. The public

57 Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain, 27 November 1926.

58 Debates, Commons, 5s, CXVIII (4 August 1926), 2984. Due to an even more acute housing shortage in Scotland where only 1,000 to 1,500 houses had been built annually since the war, Chamberlain agreed to the recommendations of the Secretary of State for Scotland, Sir John Gil- mour, and included in the Order to the House a provision to continue the existing rates of the housing subsidy until 1 October 1928 in that area. For the crux of Gilmour's case see PRO, Cab. 24/180. C. P. 300, "Memorandum by the Secretary of State for Scotland," (30 July 1926).
statements of Robert Coppock, the Secretary of the National Federation of Building Trades Operatives, were typical of trade union sentiment. "To stop State assistance or even to reduce it for the next four years would be a colossal blunder," said the most important Labour member of Wheatley's House Building Committee. "It would put out of motion the great machine which was producing houses at an ever-increasing rate." The National Federation of Housebuilders, which originated in 1916 to counter the wild schemes of idealistic housing reformers with economic realities, defended the 1923 subsidy during its biannual conference at Brighton for the impetus it had given to home ownership. The Federation partly endorsed Chamberlain's proposals to reduce the excessive Wheatley subsidies and suggested that the government substitute in place of them smaller allowances to local authorities solely for the purpose of building houses for the very poor. It forecasted only calamity if the 1923 act were altered because it was helping "those who were facing up to the problem themselves and who were assisting the country by buying their own houses."60

On 2 December Chamberlain displayed his usual Parliamentary acumen when he moved a resolution to reduce the housing subsidies to the

59 The Times, 7 August 1926.

60 Birmingham Post, 1 October 1926.
figures approved by the Cabinet in November. The order, which the House examined, hinged upon the theory that Chamberlain had advocated since returning to the Ministry of Health: there was a correlation between the rise and fall in the price of houses and the amount of the government's housing subsidy. With thoroughness and attention to detail, the Minister of Health told the House his investigations indicated that the rents of houses built under the 1923 and the 1924 housing measures were generally equal. In the cases of Birmingham, Bradford, Cardiff, Plymouth, Salford, and Sheffield, rents were equal for houses built with both subsidies. Among Britain's major industrial areas, he had discovered four cases where rents were lower for houses built with the 1924 subsidy, but in six other cities, homes constructed with the assistance furnished by the Chamberlain act rented for less than those erected under the Wheatley act.

Chamberlain's sincerity was obvious when he told the House,

I have recognised that you cannot without serious dislocation suddenly cut off a subsidy such as is now being paid....I have recognised that in this matter one must go cautiously....although there may be some risk in interfering with this subsidy—today I am convinced that the risk of leaving it where it is is much greater.

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61 Section 5 of the Wheatley housing act provided for the Minister of Health to examine housing subsidies every two years. To alter them the act required the Minister together with the Scottish Board of Health to lay upon the Table of the House an order calling for the specified reduction which could not become operative unless the House passed a resolution approving it.

62 Debates, Commons, 5s, CC (2 December 1926), 1403.

63 Ibid., 1406.
John Wheatley opened the Labour Party's attack on the Chamberlain proposal. Presenting only a graphic picture of needless suffering, industrial chaos, and unemployment in the building trade as would result from the reductions, the Clydesider's emotional rhetoric failed to score. "If Wheatley was unusually moderate, he was also unusually dull," the Birmingham Post commented indifferently. With the guarantee of the powerful Conservative majority, Chamberlain's reductions in the housing subsidies passed by 181 to 111 votes after only one day's debate on the Housing Acts (Revision of Contributions) Order of 1926. For the second time, Chamberlain succeeded in realizing the practical, pragmatic housing policy which he so honestly believed was the only solution for overcoming Britain's postwar housing shortage.

Chamberlain's announcement to reduce the subsidy was followed almost at once by a decline in building costs. His action in 1926 influenced housing policy over the next two years in precisely the direction he had intended. When the subsidy program again came up for review in 1928, he could show that the cost of building had dropped substantially. In May 1928 when discussing the future of the housing subsidy, the Minister of Health reported to the House that the first cut had brought down the cost of houses by sums amounting to £76 for the parlour house and £80 for the non-parlour dwelling. A non-parlour house which cost £448 to construct in December 1926 could be built

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64. 3 December 1926.

65. Debates, Commons, 5s, CCXVII (15 May 1928), 877.
in June 1928 for £366, while a parlour house costing £613 to put up in December 1926 averaged only £431 in June 1928. Chamberlain's faith in private enterprise was also vindicated. From the armistice until 31 March 1928, 1,102,000 houses had been completed in Britain—412,000 by local authorities and 690,000 by private enterprise. 66

The order to reduce the housing subsidies for the first time in October 1927 led to a great scramble by the local governments and private builders to complete as many houses as possible while the full rate of assistance remained in operation. This drive culminated in September 1927 when 52,000 houses were completed in that month alone, 67 while in the fiscal year 1926-1927, a record number of 217,000 houses were built in the United Kingdom. 68 Chamberlain took further pride in the effect that the housing act of 1923 was having in stimulating the desire for home ownership. Although the Minister had no figures later than the financial year 1925-1926, between the passing of the Unionist housing act and this date, advances to local authorities for home loans amounted to £54,500,000. In this sizeable total Chamberlain found justification for his political philosophy which was the foundation of


67 Debates, Commons, 5s, CCXVII (15 May 1928), 878.

the 1923 housing act. He told the House with the assurance of one whose creed had been vindicated,

I believe it will be generally felt...that the practice of thrift in this particular form is a very valuable addition to the stability of the country, and...is a very notable demonstration of the moral qualities of our people.69

With the correlation between housing subsidies and the high cost of construction unmistakably proven, Chamberlain took steps to reduce Exchequer assistance at the second biennial review in October 1928. As before, however, he wanted to give the local authorities adequate notice of the government's intentions before initiating a reversal of policy. In a memorandum to the Cabinet in February 1928, he proposed making an all round capital reduction of £50 per house on all subsidies; this would completely terminate assistance under the Chamberlain act and would reduce the Wheatley subsidies to £9 in rural areas and to £5. 10s. in the cities and towns.70 The Cabinet approved his suggestions early in March. While agreeing upon 31 December 1928 as the date for the new reductions to take effect, it instructed him to extend the existing rate of subsidies to all houses completed by 1 October 1929, if he encountered too severe opposition from the local authorities to the government's program.71

69 Debates, Commons, 5s, CCXVII (15 May 1928), 880.

70 PRO, Cab. 24/193. C. P. 64, "Memorandum by the Minister of Health," (28 February 1928), 6.

71 PRO, Cab. 23/57. Cabinet Conclusions, 13 (28), 1, of 7 March 1928.
Throughout the summer and early autumn of 1928, Chamberlain met with numerous representatives of local government bodies. As in 1923 he was willing to listen to their suggestions. Although he still favored making a cut of £50 capital value for all subsidized houses, he told the Cabinet in November 1928 that he had come to the conclusion that in order to maintain the support of local governments, the £50 cut might best be confined to those homes being built under the 1923 housing act and which applied primarily to private enterprise; the reduction in subsidies for houses built under the 1924 act by the local authorities themselves should be made at the rate of £25 capital value, which was the same rate employed in 1926. He had also found it expedient to postpone the cuts until late in 1929. Therefore, the Minister of Health asked the Cabinet to end the Chamberlain subsidy completely and to reduce the Wheatley subsidies from £7.10s. to £6 and from £11 to £9.10s. for those houses built in agricultural parishes.\(^7^2\) Believing that giving nearly a year's notice for the second reduction in the housing subsidy would furnish an extra impetus to the building industry as it had in 1926-1927, he summarized his position for his colleagues.

It may be stated that the output of subsidy houses month by month is on the upgrade and, unless there is a setback as a result of very severe weather, the lower prices now ruling, together with the anticipation of a further cut in subsidy next year, should operate to accelerate the rate of building, during the ensuing months.\(^7^3\)

\(^{72}\) PRO, Cab. 23/59. Cabinet Conclusions, 52 (28), 4, of 21 November 1928.

\(^{73}\) PRO, Cab. 24/198. C. P. 325, "Memorandum by the Minister of Health," (1 November 1928), 7.
The Cabinet approved these suggestions on 21 November, and on 12 December 1928, the House of Commons passed by 241 votes to 146 Chamberlain's second scheme for curbing the housing subsidy. By the terms of the resolution, the second reduction became effective in Scotland on the same date as in England and Wales. The Economist heartily endorsed his case for making the cuts and noted that "it was worth acting on his empirical theory about building costs and taking the risk" of any temporary reduction in the volume of houses produced.74 However, the Conservative Party suffered defeat in the general election of 30 May 1929, and Ramsay Macdonald's second government took office in June. In July the Labour Party successfully passed a Housing (Revision of Contributions) Act in the House which canceled the second reductions which Chamberlain had applied to the Wheatley act. The £7. 10s. and £11 subsidies of the first revision continued to operate for another four years, while the subsidy paid under the 1923 housing act, reduced to £4 in 1926, terminated on 1 October 1929 as scheduled.

Chamberlain's policy to scale down housing subsidies during Baldwin's second administration was clearly a success. The first cut announced in August 1926 led to the completion of 217,629 in the fiscal year 1926-1927, but a total of 238,914 houses built in 1927-1928 following the decision for a second reduction in February 1928 even surpassed this figure. Under the provisions of the 1923 housing act alone, 438,047 houses were constructed and, of this total, private

74CVII (15 December 1928), 1103.
enterprise completed over 320,000. Following Alfred Mond's termination of the unlimited housing subsidy granted by the Addison act, Chamberlain believed his first duty as Minister of Health in 1923 was "to restart the engine" of private enterprise in house construction. There can be no doubt that he achieved this goal.

Upon first becoming Minister of Health, Chamberlain hoped that his policies would produce inexpensive houses for letting, but the modest subsidy of the 1923 act and the limited capacity of the building industry determined that the more affluent members of the community would purchase the dwellings built with his subsidy. Although it is impossible to conclude precisely how many State-assisted houses were let and sold during the 1920's, one authority has estimated that owner-occupiers purchased 63 per cent of all such homes constructed between 1920 and 1929. During the years that Neville Chamberlain was the Minister of Health, private enterprise constructed 709,555 houses and the Treasury paid the 1923 subsidy on over 320,000 of them. For the same period local authorities built by comparison 313,045 houses to rent. With the increased financial assistance for owner-occupiers made possible by the Chamberlain act, this class bought nearly all the houses which private enterprise built during the decade. As these families moved into the new houses, their old ones became available for


76Adela A. Nevitt, Housing, Taxation and Subsidies (London, 1966), 87.

renting by the less fortunate class who were unable to afford the pur-
chase of new homes. Thus, by the process of "filtering up" Neville
Chamberlain's program of encouraging private enterprise to build houses
became a success.

The National Government ended the Wheatley subsidy in 1933, but
Exchequer assistance for house building continued until the outbreak of
the Second World War. For the remainder of the thirties national
housing policy mostly benefited the better-paid workers and the middle-
income groups by strengthening building societies through a complex
method of guaranteeing mortgage loans. Also, in the second decade of
the interwar period, the governments of the day used subsidies to ac­
celerate slum clearance, particularly by helping local authorities to
construct dwellings in urban areas where the cost of building was es-
pecially great.

78 Marian Bowley, Housing and the State, 1919-1944, 179.
79 Adela A. Nevitt, Housing, Taxation and Subsidies, 88-89.
CHAPTER VI

RURAL HOUSING, STEEL HOUSES, AND SLUMS

Neville Chamberlain's first goal as a housing reformer was to formulate a policy which would increase the number of houses in Britain but, in the reconditioning of rural houses and slum properties which were still structurally sound, he saw a way to furnish many of the community's least prosperous members with better accommodations at modest rents without putting the drain on the Exchequer that housing subsidies necessitated. As with his work on the Conservative Party's housing and pension acts, Chamberlain developed schemes for eradicating slums and improving rural houses which were uniquely his own.

Herbert A. Chapman, a prominent member of the Oxfordshire squirearchy, made an informal investigation of rural housing in his county and neighboring Herefordshire in 1926 and submitted his conclusions to the Ministry of Health. His study explained the problems of building new houses in the rural countryside with unusual clarity. Chapman advised the Minister that,

"It does not pay owners radically to improve their cottages....The owners' reasons for not attempting repairs are generally, that the rents are too low; and that the cost of building high, the latter is owing to the long distances"
materials have to be carted, sometimes as from two to three miles, and also to lack of competition amongst the builders.\(^1\)

Speaking at Stanway, Gloucestershire in June 1926, Chamberlain told his Midland audience that he was devoting full attention to improving the standard of housing in rural areas. That agricultural labourers could not afford to pay economic rents was the major difficulty affecting the reconditioning of rural houses as he saw it. Chamberlain hoped that the government, working through the local authorities, could give financial assistance to rural landlords and thus encourage them to modernize their cottages; in return for such aid the State would obtain an agreement to standardize rent for a considerable period, thus insuring that the poorest agricultural workers who let these old houses would receive immediate benefit from the scheme.\(^2\) Chamberlain saw the rural housing problem as a more complex one than had Wheatley who simply concluded that the promulgation of a £12. 10s. subsidy to local authorities for each house they built in the country would overcome most of the difficulties. By January 1926 Wheatley's remedy was not dealing with the shortage. To this date 153 local authorities had presented the Ministry of Health with plans for the construction of only 4,316 houses in rural Britain.\(^3\)


\(^2\)Birmingham Post, 21 June 1926.

\(^3\)PRO, Cab. 27/309. Rural Housing Committee, Second Paper, "Memorandum by the Minister of Health," (25 January 1926), 1.
Chamberlain had made a careful study of rural housing as early as 1925 and even hoped that a bill providing financial assistance for reconditioning country cottages might be drafted before the end of 1925. Writing to his sister Ida, he noted that

In connection with the slum scheme, I am going to send out a general inspector to visit various rural areas in the country and make inquiries to see how my rural housing scheme would be likely to work and generally to collect information. Perhaps during the autumn one might begin to draft something in the nature of a bill.

Late in January 1926 a Cabinet Committee on Slums and Rural Housing considered Chamberlain's proposals for reconditioning older, well-constructed, rural houses which were below the modern standards of comfort and sanitation. The Minister of Health estimated that there were nearly 20,000 structures of this type dotting the countryside which could be brought up to an adequate standard by an expenditure of from £70 to £150 per house. His plan called for a system of loans and grants paid to the owners of rural properties. One of the units of local government would administer them, preferably the county councils and the county borough councils. An act of Parliament would empower the local authority to borrow from the Public Works Loan Board for the purpose of making loans to landlords who would have twenty years to

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4Chamberlain Papers, Neville Chamberlain to Ida Chamberlain, 28 March 1925.

5The Marquess of Salisbury, the Lord Privy Seal, chaired the committee of which Chamberlain, Churchill, Viscount Cave, the Lord Chancellor, Walter Guinness, the Minister of Agriculture and Fisheries, and Sir John Gilmour, the Secretary of State for Scotland were members.
repay this aid. The designated unit of local government would also receive the power to dispense grants as "free gifts" if the landlord agreed to maintain for twenty years the same standard of rent charged when he completed the reconditioning of his property. Chamberlain suggested that the maximum amount obtainable by a loan or grant be fixed at £100, but that a £50 minimum should also be established to prevent the use of public funds for only minor repairs.⁶

In the discussions of the Cabinet Committee, Churchill and Walter Guinness, the Minister of Agriculture and Fisheries, disagreed with the Chamberlain plan and believed that the best way to improve the standard of accommodation in rural areas was simply to build more houses in the country. Churchill contended that to construct new houses would avoid the arguments surely to arise over what type of improvements should be eligible for assistance and over the standardizing of rents. Guinness, by contrast, lamented the exodus of rural youth from the agricultural districts. Since so many elderly people occupied country cottages, young couples wanting to marry found no accommodations in their own regions. They then moved to the metropolitan centers and added to urban congestion. Only an increased supply of new houses could solve this dilemma in Guinness' view.⁷ Chamberlain, however, considered his scheme as a supplement to the 1924 housing act's subsidies for rural housing.

⁶ PRO, Cab. 24/178. C. P. 30, "Report of the Cabinet Committee on Rural Housing and Slums" (28 January 1926), 1.

⁷ PRO, Cab. 27/309. Committee on Slums and Rural Housing, 1st Conclusion (26 January 1926), 5.
Wheatley's plan was too costly for the Minister of Health, who told his colleagues that his proposals were not spectacular but "would show a big result for the money." 8

The Cabinet received Chamberlain's plan along with notice that several members of the committee had reservations about dispensing grants to landlords who would not be bound to repay them. Consequently, the Cabinet appointed a departmental committee under Chamberlain's chairmanship to study the problem further. Due largely to the revival of unstable conditions in the coal industry and the general strike in May 1926, the Cabinet took no action on the Minister of Health's plan until mid-June when it instructed him to prepare a bill for consideration by the Home Affairs Committee. 9 During the spring Chamberlain had discussed his ideas confidentially with numerous experts on the rural housing question and with many members of Parliament who represented rural constituencies. On the basis of these discussions, he reported to the Home Affairs Committee that these authorities "welcomed the proposals as a valuable constructive effort to improve housing conditions in rural areas." 10

After the Home Affairs Committee had endorsed Chamberlain's bill for reconditioning rural houses, the Cabinet agreed to introduce the

8 Ibid., 7.

9 PRO, Cab. 23/53. Cabinet Conclusions, 40 (26), 2, of 16 June 1926.

10 PRO, Cab. 26/8. Home Affairs Committee Conclusions, 26 (26), 1, of 23 July 1926.
measure in the House of Commons without delay and to issue the text of
the measure to the press on 30 July. The Minister, in a letter to his
eldest sister, discussed the merits of the act.

You will see that it is not confined to agri-
cultural workers but to persons in substantially the
same economic position. It is not intended to
benefit people who are able to pay an economic rent.
But if a landlord cares to borrow only and not to
take a grant he will not be bound as to rent and that
may help in cases where the tenant is of a better
class. I understand that our agricultural members
are very pleased with the Bill and what is perhaps
quite as satisfactory that the Labour party and the
Liberals will oppose it strongly.\(^\text{11}\)

During the 3 August second reading of the Housing (Rural Workers)
Bill, Chamberlain ably countered the Labour Party's criticism that the
measure was simply a dole to landlords. Chamberlain's answer to the
premise that it was unfair to use public money to induce property
owners to do what they ought to do themselves was a quick and pointed
one.

...these landlords are people of small resources
who have not the amount of capital which is neces-
sary to make even such comparatively small altera-
tions as we have in mind, and it is not likely, with-
out some extra stimulus, that they will do in the
future what they have not found possible to do in the
past. On the other hand, the Bill is so drafted that
the benefits arising out of this use of public money
must go practically entirely to the tenants and not
to the landlords.\(^\text{12}\)

Only one day before Parliament adjourned for the summer, the House
of Commons easily passed on the second reading Chamberlain's bill by a

\(^\text{11}\) Chamberlain Papers, Neville Chamberlain to Ida Chamberlain,
31 July 1926.

\(^\text{12}\) Debates, Commons, 5s, CXCIX (3 August 1926), 2842.
margin of 142 votes. After the recess the measure continued to enjoy an exceptionally early passage due partly to the general approval given to the principle of apportioning financial responsibility between the State and landlord and the inability of the opposition to offer any constructive criticisms. Discussing the Labour Party's inability to challenge the act with rational arguments, Chamberlain noted,

On Wednesday I had the money resolution on Rural Housing on which I daresay...that Wheatley made an outrageous speech. It was so irrelevant that we decided to take no notice of it.13

Thus, it was not a surprise when the Housing (Rural Workers) Bill became law on 15 December 1926.14

13 Chamberlain Papers, Neville Chamberlain to Ida Chamberlain, 21 November 1926.

14 The Housing (Rural Workers) Act applied to England, Wales, and Scotland but not to Northern Ireland. County councils and county borough councils were empowered to administer financial assistance in the form of loans and grants. Their first duty was to decide what properties qualified for such aid. No assistance would be given where the value of the dwelling after alteration would exceed £400, or where the estimated cost of the work was less than £50. The deadline for applying for such aid was 1 October 1931.

Grants dispensed by the councils could not exceed two-thirds of the estimated cost of the work or the sum of £100 in respect of each dwelling; thus, the landlord had to bear at least one-third of the cost of any improvement. The local authority and the Exchequer shared the cost of the grant equally. Rents on houses receiving grants were standardized at a "normal agricultural rent" which the measure defined as the average rent paid during the preceding five years before the completion of alterations. The landlord received the grant as a "free gift" provided that he agreed not to increase the rent of the house by more than 3 per cent of the amount spent on improvements for twenty years. The local authority had the power to distribute the grant either by a lump sum payment after completion of improvements, or by the payment of periodic sums for a period not exceeding twenty years.

Landlords who received a loan from a county council or a county borough council to recondition a house which they let were under no
The Minister of Health had a particular interest in reconditioning rural cottages which involved much more than his usual desire for a pragmatic and economical housing policy. Like so many of the leading twentieth-century British statesmen, Neville Chamberlain had a keen and reverent appreciation for the beauty of the English countryside. Thomas Jones, the Cabinet's Deputy Secretary from 1916 to 1930, recalled that during Chamberlain's Premiership he had displayed an enthusiasm surpassing any of his predecessors for the birds, trees, and shrubs at Chequers, the Prime Minister's country residence since 1918. Believing that the Rural Housing Bill would help to preserve the serenity of pastoral England, Chamberlain took a very personal interest in this measure. He must have surely rung a responsive chord in even the most crusty Member when he recounted for the House the obvious reasons for preserving the architecture of the old English cottages such as existed in the Cotswold district of Gloucestershire and in East Kent.

I must say [reflected Chamberlain] that it seems to me it would be something like an act of vandalism if we were to destroy these reminders of an older and obligation to limit their rents. The councils obtained funds for such loans from the Public Works Loan Board. The period of repayment was fixed at twenty years, and during this time the local authority held a mortgage on the property upon which a loan had been made for repairs. Parliamentary Papers, Vol. II (Bills; Public, Vol. II), 28 July 1926, "Housing (Rural Workers) Bill," 1-15.

15 Thomas Jones, Lloyd George (Cambridge, Massachusetts, 1951), 125.

more picturesque world in order to replace them with buildings which...cannot be said to harmonize with their surroundings. 17

Of the major bills which Chamberlain promulgated while Minister of Health, the Rural Housing Act was the only one which did not yield significant results. The Economist forecasted the difficulties facing the measure when it wrote after the second reading that the poorer landlords would be unable to assume the financial obligations which the act placed upon them; restricting assistance to houses of an appraised value no greater than £400 confined it to an exceedingly small class of rural cottages. 18 By the end of 1929, the year that Chamberlain left the Ministry of Health, grants and loans made to rural property owners under the terms of the 1926 act had reconditioned only 1,922 houses. 19

Chamberlain's scheme was an imaginative effort to raise the standard of accommodation afforded agricultural labourers who comprised, during the twenties, Britain's most economically deprived class. The Minister saw in his act a means to improve living conditions for this group without resorting to housing subsidies. Nevertheless, he was always dubious of the measure's chances for success and showed little

17 Debates, Commons, 5s, CXCIX (3 August 1926), 2841.

18 CIII (7 August 1926), 242.

surprise when reviewing the act's progress for the Commons in the spring of 1928, he observed that

...the fears I expressed when the bill was before this House, that the conditions upon the houseowner were so onerous that they would prove far from attractive to him, have been entirely filled....

When Chamberlain returned to the Ministry of Health late in 1924, significant advances were being made in the manufacture of prefabricated houses which could be erected quickly and cheaply on the building site from standardized, factory-produced parts. Four firms made such houses in 1925, but Chamberlain and the rest of the Cabinet considered that the G. & J. Weir Engineering Company of Cathcart, Glasgow, produced the most durable as well as the cheapest of these "steel houses" as they were commonly described. During his second tenure as the Minister of Health, Chamberlain led an unwavering crusade for the acceptance of the new kind of house as a regular part of the nation's building program.

In February 1923 Bonar Law had asked William D. Weir, the managing director of the Weir Engineering Company and previously the

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20 Debates, Commons, 5a, CCXVII (15 May 1928), 881.

21 These were the firms of Atholl, Braithwaite, Weir, and Wild.

22 By paying less than building trade wages to his workmen and by using lighter materials, Weir could build a house of three apartments in Lanarkshire in 1925 for £90 less than his nearest competitor. PRO, Cab. 24/171. C. P. 49, "Memorandum by the Secretary of State for Scotland," (28 January 1925), 2.
Director-General of Aircraft Production at the Ministry of Munitions in 1918, to make suggestions as to how the total number of houses in Great Britain might be rapidly increased with new building techniques. As a result, Lord Weir's firm designed a house of composite design which was made structurally with a timber frame and steel sheeting. The Weir houses were not really steel houses per se. Rather, they were built with a timber frame, covered with steel plates on the outside, and lined on the inside with a material composed of compressed wood pulp and asbestos which looked like a very thick, smooth, brown cardboard.

In an effort to avoid monotony the Weir Company designed six different types of houses which included one-storied bungalows and two-storied varieties. Weir applied principles of standardization and mass-production at all stages of the work. Without the need for bricklayers, joiners, or plasterers, unskilled labourers could bolt the house onto a previously poured concrete foundation at the site. At all phases of manufacturing and erecting the steel houses, Weir planned to draw his work force entirely from the ranks of the unemployed, giving preference in hiring to those craftsmen outside the building trades who were without work in their own occupations. For every Weir house

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24. Debates, Commons, 5s, CLXXIX (16 December 1924), 858.
completed the Glasgow industrialist predicted a £75 savings in unemployment benefit.25

Due to the opposition of the building unions to Weir's insistence that men working on his prefabricated houses should receive less than the standard wage paid to skilled building craftsmen, the government's program for steel houses collapsed in 1928. That Weir was hostile to trade unionism generally cannot be denied. Even The Times' obituary at his death in 1959 noted that "although Weir was willing enough to employ trade unionists, he was dead against collective bargaining."26 However, Weir embodied the practical, pragmatic qualities which Chamberlain himself displayed, and it is not surprising that the Minister wrote of the Scotsman,

I have had a very pleasant time with Lord Weir who must I think have taken a fancy to me as I have to him. He is very simple & straightforward but a first class business man and the sort of man in whom you can always rely to help you in a difficulty.27

During the Labour interim Winston Churchill, who was an especially close friend of Lord Weir, persuaded the Scottish engineer to

25 Glasgow Herald, 13 January 1925, based on a radio broadcast made by Lord Weir in Glasgow on 12 January 1925.

26 3 July 1959.

27 Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain, 10 August 1926. After becoming Prime Minister, Chamberlain had another opportunity to work with the man whose abilities he valued so highly. From 1935 to 1938, Weir served as an adviser on air rearmament and Imperial defense but asked to be released from these duties when Lord Swinton, the Secretary of State for Air, tendered his resignation in May 1938.
continue his study of house construction by unconventional methods. Wheatley also encouraged Weir's work and thoroughly discussed the details of steel houses with him. Due to Wheatley's enthusiasm, in September 1924, Weir erected a model steel house at Cathcart and 8,000 people inspected it, including the leaders of the three political parties and the representatives of many local authorities. Labour's first Minister of Health was sufficiently convinced that new building methods could add rapidly to the supply of working-class houses; therefore, on 10 September 1924, he appointed a special committee headed by Sir Ernest Moir, a leading British engineer widely acclaimed for his achievements in the design of bridges and tunnels, to determine the feasibility of employing new materials and construction techniques in house building. The Moir Committee soon concluded that steel houses could play an important role in overcoming the shortage of houses for the less prosperous members of the State. Within a month after Wheatley had appointed the committee, Moir wrote him that "the steel house is one that is deserving of encouragement and should form part, at least...of the structures that go to house the people."
After returning to the Ministry of Health, Chamberlain lost no time in studying the possibilities of fostering the construction of prefabricated houses on a national scale and soon, with his usual zeal, he was championing steel houses, especially those built by Weir. Early in December 1924, he spent a weekend in western Scotland visiting the four firms which made steel houses. Accompanied by Sir Kingsley Wood, his Parliamentary Secretary, and Sir Arthur Steel-Maitland, a Birmingham M.P. and the government's Secretary of Labour, the Minister of Health made the most thorough of his inspections at Weir's Cathcart works on 7 December and then lunched with the Scottish industrialist at the latter's home.  

Returning to London, Chamberlain first shared his enthusiasm for steel houses with the Commons. "I am not going to try to force a new house upon anyone who does not want it," he told the Lower Chamber.

What I am anxious for is that working people should have an opportunity of judging for themselves and should not be put off by prejudiced accounts from people who may have their own interests to serve in preventing the introduction of new methods of construction.  

The first step in his program was to arrange for local authorities to construct demonstration steel houses for public inspection. In return the Exchequer would furnish a local authority £200 for each demonstration house it built. On 5 January, Chamberlain invited several of

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31 The Times, 8 December 1924.

32 Debates, Commons, 58, CLXXIX (16 December 1924), 858.

33 Ibid., 859.
the urban local governments to attend a conference at the Ministry of Health to discuss his ideas for building steel houses. As a first step, he encouraged each of the twenty-five cities and boroughs represented to build two demonstration houses of the type made by G. & J. Weir. But difficulties with the building trades of unimagined dimensions quickly followed.

Back in May 1920, after long negotiations with representatives of both contractors and building operatives at the Midland Grand Hotel, St. Pancras, the National Conciliation Board had accepted for the first time the long-standing demand of both the contractors and employees by establishing a national wage scale for the construction industry. Thereafter, local authorities had to pay the nationwide building wage scale on all municipal housing projects. As the building unions first organized their opposition to the Weir houses in January 1925, Sir John Gilmour, the Secretary of State for Scotland, who worked closely with Chamberlain on the campaign for steel houses, told the Cabinet that representatives of the building unions had assured him of their intentions to resist doggedly any attempt to erect houses where the builders received other than the national wage scale paid in the industry, regardless of the construction techniques employed. Skilled building labour in 1925 earned wages varying from 1s. 6d. to 1s. 9d. per hour, while unskilled building labourers received 70 per cent of the

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34 *The Times*, 7 January 1925.

35 *The Times*, 14 May 1920.
skilled rates. The unemployed craftsmen which Weir hired to produce the parts for his houses received 1s. 2½d, while labourers employed on the site earned an hourly wage of 10½d; the number of hours worked was 47 per week for Weir’s house builders, as compared with the 44 hours that a member of a building union spent each week at his job. 36

Although Chamberlain tried to avoid favoring any one of the four firms which manufactured prefabricated houses, he had little doubt that Weir’s firm was the only one sophisticated enough to produce steel houses inexpensively and in large numbers. In late February at a meeting of the Cabinet Committee appointed to study the large scale building of Weir houses, 37 Chamberlain suggested additional benefits which might be realized if the Weir scheme proved successful. Not only would Weir’s houses reduce the rent required of working-class occupiers, but a triumph of new methods might also work to break the existing building trade monopoly. 38 Chamberlain was certain that his plans for Weir houses would be killed if the unions forced the Glasgow firm to pay the national wage scale, and he accepted Lord Weir’s contention that there could be no healthy industrial revival until the

36PRO, Cab. 24/171. C. P. 49, "Memorandum by the Secretary of State for Scotland," (28 January 1925), 1.

37The Earl of Birkenhead, the Secretary of State for India chaired the Weir Houses Committee of which Chamberlain, Gilmour, Arthur Steel-Maitland, and Sir Douglas Hogg, the Attorney-General were also members.

38PRO, Cab. 27/266. Weir Houses Committee, 1st Conclusion, (24 February 1925), 3.
costs of production came down. On this broader premise Chamberlain was willing to approve paying workmen employed in putting up these prefabricated houses less than building trade wages. He even accepted, perhaps naively, the Scotsman's optimistic hypothesis that the widespread use of standardized parts in house building would be the first step towards reorganizing British industry on American lines. 39

To mobilize public opinion in favor of demonstration steel houses, Chamberlain agreed to Steel-Maitland's suggestion that the Ministry of Labour appoint a court of inquiry to investigate the labour difficulties involved in building the prefabricated houses for exhibit. If the court determined that the manufacture and erection of steel houses did not require skilled building labour, Weir's case for paying non-union wages would be greatly strengthened. Meeting on 4 March 1925, the Cabinet authorized the Minister of Labour to appoint such a court. 40

Sir John Bradbury, formerly the principal British representative on the Reparation Commission, chaired the three man court on which Concemore T. Cramp, the industrial secretary of the National Union of Railwaymen and chairman of the Labour Party in 1925, and David Milne Watson, the governor of the Gas Light and Coke Company, were the other two members. The court began its deliberations on 19 March and heard evidence from Lord Weir, from building employers, and trade union officials. Then, on 24 April the Bradbury court of inquiry released its

39 Ibid., 4.

40 PRO, Cab. 23/49. Cabinet Conclusions, 14 (25), 5, of 4 March 1925.
conclusions in a White Paper which completely vindicated the position of Chamberlain and the government. Considering that the assembling of the Weir steel house involved significant departures from traditional building trade practices, the court saw "no reason why the Weir scheme...should not be fully developed, as an auxiliary and emergency scheme side by side with the present development of the building industry."\(^4\)

Insisting upon their right to maintain jurisdiction over the rates of pay and working conditions in all kinds of construction, both the Amalgamated Union of Building Trade Workers and the National Federation of Building Trades Operatives vehemently opposed the court's recommendations.\(^4\) However, it fell to Robert Coppock, the moderate secretary of the National Federation of Building Trades Operatives, to point out the deeper implications of blatantly ignoring the hard-won national wage scale. Coppock told Bradbury and his colleagues:

> There is...an increasing development of class feeling in this country. A great responsibility rests upon those, who, by any conscious or deliberative act, aggravate that class feeling. The promotion and development of the Weir scheme is likely to deepen the division of the classes. It is going to set the workers as a class apart, living in dwellings which those higher in the social scale will not live in.\(^4\)

\(^{41}\) Parliamentary Papers, Vol. V (Reports; Commissioners, & c., & c., Vol. XIII), Cmd. 2392, "Report by a Court of Inquiry Concerning Steel Houses," (24 April 1925), 19.

\(^{42}\) The Times, 1 May 1925.

Believing intensely that steel houses could quickly add to the number of new working-class dwellings, Chamberlain was irked with many leaders of the Labour Party who opposed new construction methods simply to curry the favor of the unions. John Wheatley, who in the previous year had enthusiastically encouraged Lord Weir to develop steel houses, completely reversed his position in 1925 and now called the prefabricated houses merely "costly decanting vessels for the surplus population." The Labour hierarchy, however, had shown considerable alarm at Wheatley's previous approval of steel houses, and Chamberlain noted humorously in his diary,

"A few days ago I was lunching with the conference of Approved Societies and thus present was J. H. Thomas. We left together...and taking me by the arm he began confidently—"from what Waldorf (Astor) tells me I've heard that Wheatley had come right out in favour of steel houses when he was M/Health." I replied that that was undoubtedly so. "Are you got any think in writin?" asked J. H. T. I said "No, it was founded on conversation with his staff...." And I added that my staff had expected Wh. to come all out in support of me but that I had always been sceptical. Thomas said—"But what a traitor! Mac & me is very much disturbed about the whole thing.""

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44 Birmingham Post, 4 March 1925.

45 Previously the Parliamentary Secretary to Prime Minister Lloyd George in 1918, to the Ministry of Food in 1918, and to the Ministry of Health from 1919 to 1921, the Second Viscount Astor was the owner of the Sunday Observer at the time of his conversation with Chamberlain.

46 Chamberlain Papers, Diary, 20 February 1925.
Labour's attack on houses built by new construction methods appealed to the rawest emotions. Birmingham's Socialist weekly press decried that "the present age is remarkable for the many varieties of tinned foods for popular consumption, and Lord Weir is now out to provide us with a new line in canned families, via the steel house." 47

George Hicks, the articulate secretary of the Amalgamated Union of Building Trade Operatives, based his opposition to steel houses firstly upon Weir's disregard of the national wage scale; 48 but speaking at Rothesay, in June 1925, he roused his Scottish admirers by shouting that the steel house "stood in the same category as margarine in the place of butter and egg powder instead of eggs." 49

Nevertheless, it strengthened the Unionist endorsement of steel houses when two of political Labour's more rational spokesmen took positions on the issue which transcended the clamor of partisan and sentimental rhetoric. In what Chamberlain described as "statesmanlike and courageous words," 50 John R. Clynes, for many years the president of the National Union of General Workers and the Lord Privy Seal in the first Labour government, said in an interview with the Daily Express that if the houses themselves were acceptable and were capable of

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47 Town Crier, 14 March 1925.
48 Lansbury's Labour Weekly, 28 March 1925.
49 Birmingham Post, 6 June 1925.
50 Birmingham Post, 6 February 1925.
meeting an emergency, the fact that unskilled labour would be absorbed in erecting them should not be offered as an objection. In addition, Edward Rosslyn Mitchell, a rising Labour M.P., a successful Glasgow solicitor, and the Socialist candidate who defeated Asquith at Paisley in the general election of 1924, saw no justification in the building trades' opposition to a program which had a good chance of providing a solution to the housing shortage. Wrote Mitchell in Glasgow's Socialist weekly Forward,

> The conservatism of craft Unions is well-known. They have had a hard fight, but to threaten to stop brick houses if steel houses are being built is conservatism carried to absurdity....the Labour Party, whose whole reason of being is to develop the standard of life of all the people, will fail in its real purpose if it allows itself to be cajoled or threatened into opposition to a proposition which at one and the same time offers a solution for the two most distressing problems of to-day—houselessness and unemployment.52

Any local authority which permitted the G. & J. Weir Company to build demonstration houses and to pay less than the normal building trade rates risked the walkout of union builders on their regular housing projects. As a consequence, Chamberlain regretfully told the House of Commons in May 1925 that only ten local authorities had started construction on model houses and that only four steel houses

51 15 January 1925.

were actually completed. A strike began in Lanarkshire on 30 May when the building committee of the county's Middle Ward contracted two demonstration steel houses from the Glasgow firm. Immediately 300 union builders downed tools on a total of 322 houses which the Wheatley subsidy was helping to finance in the county. This incident in Scotland served as a clear warning to local authorities in the rest of the country who told the Ministry of Health quite candidly that if they ordered any Weir houses, a stoppage similar to that in mid-Lanark would surely take place.

So strongly did the Tory leadership believe in the potential of prefabricated dwellings, especially those which Lord Weir produced, that the Prime Minister announced in the Commons on 18 December 1925 that the government had decided to finance 2,000 steel houses itself through the Scottish National Housing Company. Created in 1914 to build homes for workers at the Rosyth naval yard, the company was an agency of the Scottish Board of Health. It had previously borrowed from the Public Works Loan Board but would now receive a £200,000 grant from Parliament. When the 2,000 steel houses were completed,

53 Debates, Commons, 5s, CIXXXIII (21 May 1925), 671.
54 Daily Herald, 1 June 1925.
55 PRO, Cab. 24/175. C. P. 466, "Memorandum by the Secretary of State for Scotland to the Scottish Housing Conference," (11 October 1925), 1.
company would let them to tenants and act as the landlord. The Baldwin government planned to contract 1,000 of the total with Lord Weir's firm.  

The debate on the £200,000 supplementary estimate to finance the Conservatives' latest housing scheme was a bitter one. Labour members focused their opposition on Lord Weir who would supply one half of the steel houses to be built by the government in Scotland. Although Macdonald and his colleagues on Labour's front bench were firmly convinced that the Tories were using Weir to pressure their industrial supporters in southwestern Scotland "to smash up trade unionism," the Conservative majority passed the estimate without difficulty. But the hostility of the Labour movement to Weir houses became further solidified when the Labour Party's annual conference, meeting at Margate in October 1926, passed a resolution condemning "the Tory adventures in substitute house building, particularly in relation to the 'Weir' House, as most pernicious and unmitigated evils...."  

When the House of Commons passed the estimate, the government expected that most of the 2,000 special homes for Scotland would be under construction by the end of 1926; however, the year-long dispute in the coal industry delayed this result. In November, foundations had been laid for 1,800 houses, the roofs were on 1,000 of these, yet the number

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56 Debates, Commons, 58, CIXXXIX (18 December 1925), 1898.

57 Birmingham Post, 21 February 1926.

actually completed was only 440, and many were unoccupied because in some districts workers refused to connect them with gas mains while the coal controversy continued.\textsuperscript{59}

Anticipating a great demand for steel houses, Weir had converted an abandoned shell factory at Cardonald, Scotland, into a facility for producing his houses in 1925, but the actual construction of only a limited number brought the prominent engineer a considerable financial loss on the project. In June 1927, he wrote Sir John Gilmour that the Scottish National Housing Company's delay in receiving site plans was creating a serious financial loss for his firm which would incur a total deficit of £8,000 if it were required to deliver the 1,000 pre-fabricated houses previously contracted. As a result, Weir asked that his contract be reduced to only 500 houses,\textsuperscript{60} and the Cabinet felt justified in releasing him from the previous obligation.\textsuperscript{61}

By early 1928 Lord Weir had decided to liquidate his investment in the Cardonald factory. Writing to the Lord Provost of Glasgow, he asserted that the housing shortage in the city could be overcome at a 50 per cent greater rate if his steel houses were adopted on a large scale. The industrialist drew attention to the fact that at Springboig near Glasgow, the Scottish National Housing Company had 42 Weir houses under construction and that this contract would be completed and the

\textsuperscript{59} The Times, 16 November 1926.

\textsuperscript{60} PRO, Cab. 24/187. C. P. 177, Lord Weir to Sir John Gilmour, 8 June 1927.

\textsuperscript{61} PRO, Cab. 23/55. Cabinet Conclusions, 36 (27), 7, of 15 June 1927.
homes occupied by March 1928. Confident that 40 houses a week could be put up by the methods used at Springboig, he asked Glasgow's city fathers to investigate the project. Should they be sufficiently impressed with it, he promised to hand over to them all the physical assets of the Cardonald facility, other than stock, cash, and transport vehicles, as a going concern on the condition that they use the factory to build not less than 5,000 Weir houses for the city. He promised to lay down no conditions for the offer, but he hoped that the city would recruit all workers for its steel housing projects from the unemployed and especially from idle craftsmen. In the previous year the Cardonald plant had provided jobs for 400 men who would otherwise have been without work.62

Glasgow quickly rejected the proposal. George Morton, a leading spokesman for the city council's housing committee, generally disapproved the quality of the steel houses. Since the city was furnishing new homes at a rate of 100 per week, there was no reason for the council to depart from its present policy if that rate continued.63 Following the refusal of Glasgow's housing committee to accept Weir's offer, the company officially announced on 24 February 1928 its decision to close the factory at Cardonald. It discharged most employees

62 The Times, 16 January 1928.

63 Ibid.
immediately and paid off the rest at the end of March when the plant
and surplus materials were sold at auction.64

That the production of houses in Scotland had risen to over
20,000 annually by 1928 was another reason for Chamberlain's inability
to persuade the Scottish local authorities to accept the steel house.
His subsidy program and the revival of the building industry were
stimulating construction in the north to new heights, where it had
always lagged behind the rest of the country. During the period from
1925-1928, 2,500 Weir houses were built, mostly in Scotland and prin-
cipally in Dundee, Edinburgh, Glasgow, and Greenock. It was certain
that no more would appear after Glasgow refused as a gift the facility
for producing them. In a leader entitled "A Successful Experiment,"
The Times concluded that Chamberlain's campaign for steel houses had
not been in vain. Said The Times,

The steel house has proved good in itself....it
has proved itself the father of the brick house, as
it was always intended to be, and Scotland has
actually achieved more success than England in pro-
ducing the low-rented house which offers a real
escape to the slum-dweller, and not merely a cheap
residence to members of the lower middle class....
Mr. Chamberlain will not miss two lessons of the
Scottish experiment which have a very real bearing
upon the still unsolved problem of the slums. The
first is that courage paves the way to success, and
the second that not too much attention need be paid
to critics whom events have so singularly dis-
credited.65

64 The Times, 25 February 1928.

65 The Times, 7 August 1928.
Having enacted legislation to implement his policies for building new houses and for reconditioning rural properties, Chamberlain's last challenge in the housing field was to formulate a plan which might someday lead to the eradication of urban slums. In March 1923 after he had become Minister of Health for the first time, The Times wrote confidently that it was an "open secret" that Chamberlain planned to tackle the question of slum clearance on broad national lines at the earliest possible date.66 He always believed that the "most salient and most urgent problem in connection with slums [was] the overcrowding of the people."67 Until he found a remedy for Britain's housing shortage, it was impossible to deal with slums as a separate problem. By 1928 Chamberlain's housing policy had yielded such tangible results that he could confidently tell a Conservative meeting at Exeter that before he left office he hoped to "put forward proposals which [would] speed up the reconditioning of houses in overcrowded towns and...give a substantial number of unfortunate slum dwellers a chance for a better life...."68

Disraeli's Artisans' Dwellings Act of 1875 first gave local urban authorities the power to condemn buildings, or even whole congested areas, as unfit for human inhabitation, to have the buildings torn down and new houses built, or to have the existing structures repaired.

66 29 March 1923.

67 Debates, Commons, 5s, CCXVII (15 May 1928), 886-887.

68 The Times, 3 March 1928.
However, the limited financial resources of local governments always prevented them from taking advantage of the measure to any appreciable extent.  

A clause in Chamberlain's 1923 housing act provided a Treasury subsidy for local authorities amounting to one half the annual loss on their slum clearance projects. Yet with most attention given to building new houses, municipal governments largely ignored this significant provision. Little progress was made on reconditioning slums in the 1920's. Early in 1929 Chamberlain told the Cabinet that in the ten years since the armistice, local authorities had presented the Ministry of Health with only 118 schemes for regenerating slums, and these affected the lives of only 75,000 persons. Of all the projects submitted, only 30 had been completed.

Chamberlain did not realize his plans for improving the condition of the urban tenement dweller during his tenure as Minister of Health, but they exhibited some of his most imaginative attempts at social amelioration. Although always recognizing that local authorities considered generous housing subsidies to be the best means of dealing with the housing shortage, Chamberlain understood that the cultural

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69 For example in the twenty-four year period from 1890 to 1914, only 43 local authorities put forward any schemes for slum clearance. Debates, CLXXIX (18 December 1925), 1871.


71 PRO, Cab. 24/202. C. P. 100, "Memorandum by the Minister of Health," (27 March 1929), 4.
deprivation of generations of slum residents had created intangible human problems which were just as difficult to overcome as the absence of comfortable homes. He concluded, therefore, that only a more scientific management of municipal housing and a nationally co-ordinated effort to educate the slum dweller for a higher standard of living could furnish a lasting cure for the degradation of the metropolitan poor. 72

In order to acquire a better understanding of the intricacies of housing problems, Christopher Addison the first Minister of Health had created a Housing Advisory Council in 1920 composed of M.P.'s and housing experts. Neville Chamberlain was one of the council's fourteen members. The full council did not meet regularly but simply served as the nucleus for seven committees formed from amongst members of the council and additional authorities brought in from outside to help consider the more complex aspects of housing policy. 73

Chamberlain chaired the council's Committee on Unhealthy Areas and, while serving in this post from 1920-1921, developed his basic ideas for preventing and remedying urban slums. Richard L. Reiss, a prominent Liberal barrister at Lincoln's Inn and the chairman of the Executive of the Garden Cities and Town Planning Association, was his able assistant. During the committee's investigations, Chamberlain

72 Ibid., 12.

became acquainted with Ebenezer Howard, who was the originator of the "garden cities" concept and who in 1903 had established Letchworth, the first such town in Herefordshire. Chamberlain adopted Howard's schemes for urban decentralization as the best solution for reducing the dimensions of the urban slum problem.

Knighted in 1927 for his work as a social reformer, Ebenezer Howard (1850-1928) led a varied career. Born in the City of London and educated privately, he went to America in 1872, became a professional shorthand writer, and served as a stenographer in Chicago's court system for seven years. Returning to England in 1879, he joined the firm of Gurney & Sons, the official stenographers to the Houses of Parliament. Always interested in housing problems since observing the crowded conditions at Moorgate as a child, Howard wrote *Tomorrow: A Peaceful Path to Real Reform* in 1898, and here he outlined a scheme for building a new model town called the "garden city." The publication of this significant work led to Howard's founding of the Garden Cities Association in 1899. When the first garden city appeared thirty-five miles northwest of London in 1903, it was the most comprehensively planned town in the world. Until his death, Howard served as the President of the International Garden Cities and Town Planning Association which he founded. *The Times*, 2 May 1928.

Howard defined a garden city as a town designed for healthy living and industry; of a size that makes possible a full measure of social life, but not larger; surrounded by a rural belt, the whole of the land being in public ownership and held in trust for the community. Ebenezer Howard, *Garden Cities of Tomorrow* (London, 1945), 26.

The urgent need to relieve the congestion of the cities and the depopulation of the countryside prompted Howard to develop the concept of garden cities. Since the great metropolitan cities continued to grow because they possessed qualities which drew people to them, Howard believed the country could be made equally attractive by transposing the better features of town life to country districts. It would be possible, he believed, to maintain a town of 30,000 in which every advantage of a large city—industrial employment, shops, education, entertainment, and health facilities—could be provided without the congestion of an urban industrial center.

A private corporation would raise money to finance the garden city; it would lay out the town and let the land on revisable leases. The creation of the second garden city began in 1919 at Welwyn, twenty miles north of London near Hatfield. By 1951 the town had a population
The conclusions of the Committee on Unhealthy Areas emphasized a concern for planning and scientific property management. The report called for the creation of a new authority with jurisdiction over the Home Counties as well as London; it would be empowered to prepare a general plan of growth for the area and to control its transportation system. Throughout the country where dense overcrowding existed, Chamberlain and his colleagues recommended halting future demolition of houses to make way for factories and suggested encouraging the garden city movement with State assistance in the initial stages of land development. The committee believed that the remaining urban slum properties could be materially improved if local authorities bought tenements by invoking their powers of compulsory purchase and then repaired and managed them as had Octavia Hill, the nineteenth-century housing reformer.

The recommendations of Chamberlain's Unhealthy Areas Committee were not published as a separate White Paper. Rather the committee presented its conclusions to Dr. Addison who included them in the Second Annual Report of the Ministry of Health published in August 1921.


Octavia Hill (1838-1912) began her career as a housing reformer in 1865 with the purchase of three dilapidated houses in the Marylebone
Although Chamberlain's work with housing subsidies, contributory pensions, and the reform of the poor law prevented him from campaigning actively for garden cities while Minister of Health, there is little doubt that the evidence presented to the Unhealthy Areas Committee was the origin of his interest in urban decentralization.\(^78\) As an honorary vice-president of the Town Planning Institute, Chamberlain told the Institute's tenth anniversary dinner at the Savoy Hotel in 1926 that slum improvement involved not merely substituting good buildings for bad ones, but that it was really a question of redistributing part of the population.\(^79\) Then, speaking at the dedication of a new railway station at the Welwyn Garden City, he told the residents of the "planned town" that an intense multiplication of garden cities could solve the housing problem once and for all.\(^80\) The following year

area of northwest London. For the remainder of her life, she bought and repaired old tenements and, through a system of volunteer women, trained as rent-collectors, she strove to reform drunken and shiftless tenants. Her rent-collectors could be more accurately described as social workers who used their weekly calls for the rent as a means to establish friendly relations with the underprivileged occupants and to help them acquire self-respect and independence. Miss Hill did not ordinarily build new buildings but purchased run-down dwellings which she renovated by degrees. David Owen, *English Philanthropy, 1660-1960* (Cambridge, Massachusetts, 1964), 388-389. Also see Geoffrey P. A. Best, *Temporal Pillars* (Cambridge, England, 1964), 488-489; and Robert H. Bremmer, "'An Iron Scepter Twined With Roses': The Octavia Hill System of Housing Management," *The Social Service Review, XXXIX* (June 1965), 222-231.


\(^79\) *The Times*, 8 May 1926.

\(^80\) *The Times*, 6 October 1926.
Chamberlain spoke in Letchworth at a dinner honoring Ebenezer Howard, who had received a knighthood at the new year's honors. After describing Howard "as the pioneer of a great idea that contained enormous possibilities for the good of the country," the Minister asserted confidently that the building of garden cities on a national scale would provide the ideal solution to the country's most difficult problem—the overcrowding of the industrial towns. Controlling his enthusiasm, Chamberlain told the partisan audience that unfortunately the financial position of the country and public opinion were not yet sufficiently conditioned for such a revolution in town planning. 81

When Prime Minister in 1938 Chamberlain appointed a Royal Commission headed by Sir Montague Barlow, formerly the Minister of Labour in Baldwin's first government, to make a thorough study of the economic, technical, and sociological aspects of more equally distributing Britain's industrial population. The commission issued its report in January 1940, and for the first time attention focused upon urban congestion as a major national problem. 82 After the work of Chamberlain's Unhealthy Areas Committee, the Barlow Report was the only step taken during the interwar years to encourage the development of garden cities. The outbreak of the Second World War checked long-range town planning until 1945, when the Labour government's policy of creating new towns

81 The Times, 5 February 1927.

carried the broad idea of garden cities to a logical conclusion. The bombing of British cities in 1940-1941 focused attention upon a more scientific planning of towns and cities, and Britons began to speculate about better things which could be built upon the rubble. It was a lucky coincidence for the nation that due to Chamberlain's initiative in 1938 the Barlow Report provided a starting point for the reconstruction.83

Sir Frederic J. Osborn, a close friend of Ebenezer Howard, currently the vice-president of the Town and Country Planning Association, and at the age of eighty-five one of the most respected town planners living in Britain today, believes that Neville Chamberlain did more than any other British statesman to encourage the development of satellite towns as a relief for the urban plethora.

But for the disaster of the Second World War, I think Chamberlain would have initiated legislation for building New Towns, and that he had this intention when appointing the Barlow Royal Commission, one of his first decisions on becoming Prime Minister. I have no doubt he was converted to the Garden City principle when Chairman of the Unhealthy Areas Committee in 1920....Up to now, I think, Chamberlain is the only figure of Prime Ministerial or Presidential rank in the world who has seen the policy of urban dispersal and new towns as of top political priority.84

Late in 1927 The Times praised the Minister of Health for successfully promulgating legislation to overcome the housing shortage and

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the reconditioning of rural cottages but lamented that the government had not yet put forth a policy for the slums. Referring to The Times article, Chamberlain wrote thoughtfully to his eldest sister.

I had done two, it said, and now it remained to do the third. And the Liberals together with some of the Unionists who can't see how the problem is to be tackled successfully are coming on a deputation to the P.M. to ask for a Royal Commission. But, as I have a policy, and know what I am aiming at, I see no necessity for hanging everything up while a R.C. plods on its weary way.

Still the problem remained and early in 1929 the Saturday Review reckoned astutely that "slum clearance and houses for poorly-paid workers form the next step in the housing problem." The need to increase the number of houses in Britain as the foundation of the government's housing policy prevented Chamberlain from defining a tangible policy for urban slums until his last year as Minister of Health. Then the Conservative Party's defeat in the general election of May 1929 made the realization of the final stage of his housing program impossible. Confident that the nation would again give the Tories a mandate for safe government, Chamberlain told a Birmingham audience late in 1928 that he would soon present the country with a slum policy: it would be based not upon the total demolition of

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85 15 September 1927.

86 Chamberlain Papers, Neville Chamberlain to Ida Chamberlain, 25 September 1927.

87 CXXXVII (23 March 1929), 380.
substandard urban property but as in the case of rural houses, it would center upon improving and reconditioning older houses.\textsuperscript{88}

Remaining true to this prediction, Chamberlain presented the Cabinet with a long-range slum program late in March 1929. Believing that no legislation could substantially improve the slums within the existing generation, he predicted gloomily, but honestly, that the possibilities for the abolition of slumdom were not bright. The first proposal of the Chamberlain scheme called for greater State assistance to landlords and local authorities in order to encourage the reconditioning of substandard property. Considering that "the root of the slum problem [lay in] the question of management," Chamberlain proposed a revolutionary and nationally uniform system of municipal property management based on the Octavia Hill system and the studies of the Unhealthy Areas Committee. He called for the creation of a National House Management Commission which would be composed of unpaid workers from all classes of British society. This body would advise the Ministry of Health on the formulation of governmental policy for the metropolitan areas. The national commission would appoint local commissions which would consult with their respective local authorities and prepare plans for reconditioning unsanitary property which the municipal governments had acquired through their powers of compulsory purchase. After appropriate reconditioning, the local commissioners would manage the renovated houses. In the tradition of Octavia Hill, they would "attempt to deal

\textsuperscript{88} Birmingham Post, 12 October 1928.
with the human problem by education of the tenants to a higher standard." For Chamberlain, who had often walked the squalid streets of his Ladywood constituency, "the key to slum improvement [was] to be found in good management" which could be elevated into a profession and carried out upon national rather than upon local lines. 89

No sooner had Chamberlain presented his slum policy to the Cabinet than the Party began to prepare for the general election which took place on 30 May. The Minister of Health deeply regretted that he had not achieved more significant results in relieving urban congestion. He used the occasion of a national radio broadcast, one of several made by the leaders of all parties, to reflect upon the role of slum amelioration in the government's housing program. Said Chamberlain,

When I went to the Ministry of Health in 1924, I was in hopes that, before the end of this Parliament, the provision of new houses would have advanced sufficiently to enable me to deal with the old....Except in so far as we have been able to reduce overcrowding, little has yet been possible to improve these conditions, and so these old houses remain the last, but by no means the least, problem to be tackled in connexion with housing. 90

Although Chamberlain's highest aspirations for improving slums, for building steel houses, and for reconditioning rural cottages were not realized, his achievements in housing policy while Minister of Health were of tremendous significance. His primary goals were always

89PRO, Cab. 24/202. C. P. 100, "Memorandum by the Minister of Health," (27 March 1929), 6-11.

90The Times, 17 April 1929.
to relieve overcrowding and to restart the engine of private enterprise in house building. There can be no doubt that in these most important facets of the government's housing program he was successful. Private enterprise built 709,555 houses between 1923 and 1929, of which over 320,000 received the Chamberlain subsidy before it lapsed in 1929. When these totals are coupled with those built with the Wheatley subsidy, which Chamberlain had reduced to make it operate more efficiently, over 1,000,000 houses were constructed in Britain during the Birmingham statesman's seven year tenure at the Ministry of Health. When Stanley Baldwin discussed Tory housing policy before the Party Conference at Great Yarmouth late in 1928, he was not totally unjustified to say that he wished Neville Chamberlain could be kept at the Ministry of Health forever.


92 *Daily Telegraph*, 26 September 1928.
CHAPTER VII

THE MINISTER OF HEALTH TIGHTENS HIS CONTROL OVER LOCAL GOVERNMENT

If housing was a serious problem for British governments in the twenties, unemployment was a nearly catastrophic one; it seemed to be of unremedial proportions. In 1925, for example, the average monthly total of unemployment for insured workers over the age of sixteen amounted to 1,226,000 or 12.7 per cent of the total labour force.¹ In 1927 Beatrice Webb noted in her diary:

Is there any practicable solution, should this unemployment prove not only to be chronic but also progressive? If such a disaster is actually imminent will any change in administration, policy and procedure avail to alter the result? Might it not be a question of muddling through, curbing and checking the present poor law administration, until a lowered birth rate, emigration, and even a higher death rate brought about a new equilibrium of population to national resources?²

Unemployment was not spread equally throughout the country but was confined to some four or five industries and certain distinct localities. Shipbuilding, dock work, textiles, and the steel industry led the unemployment statistics and, in many cases, the men on the unemployment


registers had been there for many months. The root of the difficulty besetting the local poor law authorities was the extent to which they were compelled to assist able-bodied persons thrown back on the poor law by reason of abnormal unemployment.  

The foundation of the poor law was the great Elizabethan statute of 1601 which aimed as much at suppressing vagabondage as relieving distress. It had created "overseers of the poor" who were to set the poor to work, put impoverished children out as apprentices, and furnish relief for those persons in need of it. The law of 1601 required each parish to maintain its own poor and the body of overseers included not less than two and not more than four substantial householders, appointed each year by the justice of the peace.

In the 1920's the machinery was much more complicated with the administration of poor relief mainly in the hands of local boards of guardians, supervised by the Ministry of Health ever since at its creation in 1919 it had absorbed the functions of the Local Government Board. The Local Government Board dated from 1871, at which time it had assumed the functions of the poor law commissioners created by the Poor Law Act of 1834. The 1834 act was the most important piece of legislation for the destitute since the original seventeenth-century statute. During Chamberlain's tenure at the Ministry of Health the local administrative unit for the poor law was the board of guardians

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3 PRO, Cab. 24/165. C. P. 135, "Memorandum by the Minister of Health," (29 February 1924), 4.
as it had been since 1834. It was a *bona fide* governing body which consisted of duly elected guardians chosen by all the adult residents of a district known as a poor law "union." In 1925 there were 635 such unions in England and Wales.4

The guardians served without compensation and administered relief of three kinds: outdoor relief, dispensed in weekly cash payments to the able-bodied and the unemployed not covered by unemployment insurance or to those whose insurance had expired; indoor relief furnished to the aged, the blind, the tubercular and otherwise infirm in institutions and hospitals maintained in their respective unions; and medical relief in the form of free medical treatment which did not necessitate confinement. Guardians were not empowered to levy a poor rate but issued "precepts" to overseers who in turn levied a poor rate.

The London County Council governed the great metropolitan county of London, and the capital's poorest districts benefited from the Metropolitan Common Poor Law Fund to which all boroughs within the county contributed. The fund simply provided a subsidy from the wealthier areas to the poorer ones. During the twenties the high rate of unemployment placed a heavy strain upon the facilities of many East

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4 There were, however, no poor law unions in Scotland where the administration of the poor law was in the hands of 869 parish councils. In the rural parishes of England and Wales the elected Rural District Councilors also served as the guardians of the poor, but in urban districts, guardians were elected as guardians only and balloting was always secret. Since the passage of the Representation of the People Act of 1918, even those persons receiving relief were permitted to vote in the guardians' elections.
London unions where the number of men out of work was exceptionally high. In these areas the rateable value of property upon which the poor rate could be levied was extremely low and further added to the difficulties of providing for the deserving poor.

In 1921 "Poplarism" became a new term in the English language. George Lansbury, a leading Socialist of the period and formerly both the mayor of Poplar and the M.P. for Bow and Bromley, led the Poplar borough council in a crusade to pay outlandishly generous scales of relief to the unemployed in that Thames-side borough. On 1 September 1921, Lansbury and 29 other councilors went to prison and remained there until 12 October. As long as Poplar's burden for poor relief was so great, they refused to make their borough's required payment to the ICC for common county expenses. Lansbury and his colleagues went to jail primarily to focus attention on the need of reforming the archaic poor law system. The New Statesman later reflected that "whatever [might] be the merits or demerits of the Poplar policy...Mr. Lansbury

For example, in February 1924, four boroughs in East London exemplified the problem of poor relief and low rateable values. Poplar with a population of 162,618 and a rateable value of £931,968 had 32,463 persons in receipt of poor law relief. The adjoining borough of Stepney with a population of 249,738, and a rateable value of £1,646,220, had 17,798 persons in receipt of poor relief; Bermondsey, with a population of 119,455, and a rateable value of £1,012,275, had 9,209 persons in receipt of relief; while Shoreditch with 104,308 persons had a rateable value of £854,926 and 9,209 persons in receipt of poor law relief. Gleanings and Memoranda, LIX (April 1924), 446.

Charles L. Mowat, Britain Between the Wars, 1918-1940, 129.
and his colleagues [had] done a real service in forcing the need for poor law reform under the politicians' noses."\(^7\) Through the work of Lansbury and his followers, "Poplarism", or the payment of excessive relief scales to the able-bodied, became a common procedure during the early 1920's in the Socialist-dominated unions especially hard hit by the depression.

Unemployment insurance administered through Labour exchanges cut across the poor law which was in local hands. When Chamberlain returned to the Ministry of Health in 1924, he began at once to deal with the problem in a fair but businesslike manner. The problems he encountered between 1925 and 1928 with guardians who insisted upon paying extravagant scales of relief further solidified his determination to abolish the boards of guardians altogether and to transfer their duties to the county and the county borough councils, thus raising the general efficiency of poor law administration and avoiding the needless duplication of institutional services. In dealing with recalcitrant guardians, who in all cases were dominated by Labour majorities, Chamberlain showed clearly that mental and moral integrity rather than an appeal to the heart guided his actions.\(^8\) His policy in the guardians' disputes during this three year period again helps to explain why he never enjoyed the wide popularity enjoyed by Joseph Chamberlain among the working class.

\(^7\)XXII (23 February 1924), 562.

\(^8\)Sir Keith Feiling, *Life of Neville Chamberlain*, 142.
In November 1921 the passage of the Local Authorities (Financial Provisions) Act had authorized the Minister of Health to make advances in the way of loans to boards of guardians to meet their current expenses in cases where they were financially unable to provide relief; the Minister could also refuse permission for increased borrowing in cases where relief seemed extravagant. These loans were made on the suggestion of a committee headed by Sir Harry Goschen, a prominent business leader and the Director of the National Provincial and Union Bank of England, which worked closely with the Ministry of Health interviewing guardians to substantiate the need for such advances.

On petition from certain Poplar ratepayers in June 1922, Sir Alfred Mond, then the Minister of Health, issued an order forbidding the payment of relief beyond a defined scale. But the Poplar guardians declared the order unworkable and persistently disregarded it. They borrowed heavily from the Ministry of Health during the next eighteen months. By ignoring the Mond order, the Poplar guardians rendered themselves liable to surcharges which, by the time the Labour government took office in January 1924, amounted to nearly £100,000. The surcharges levied by the auditors from the Ministry of Health were impossible to collect from the guardians of the economically depressed union. Neither Mond and Griffith-Boscawen nor Chamberlain in 1923 had tried to recover them or to enforce the 1922 Poplar order. But before

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9 For a couple with six or more children the maximum rate of relief fixed by Mond was 41s. a week plus rent and a coal allowance of 1s. 6d. per week.
Parliament met in February 1924, John Wheatley rescinded the surcharges along with the 1922 scale in order to relieve the Poplar guardians of their contingent liability. Even though the Mond order was unenforceable, Wheatley's action aroused orthodox Tories like Chamberlain and set the stage for the latter's struggle with three Socialist boards between 1926 and 1928. Chamberlain's determination to cut waste in poor relief made possible by loans from the State led to his promulgation of special legislation in 1926 and 1927, and his conflicts with the boards of guardians at West Ham in East London, Chester-le-Street in the Durham coal fields, and Bedwellty in Monmouthshire in South Wales served as an accidental prelude to his local government act of 1929 which abolished completely the boards of guardians.

Chamberlain's first encounter with a recalcitrant board of guardians came in the poor law union of West Ham which comprised an entire county borough in Essex on the north bank of the Thames. Three quarters of a million people lived in the area, but lying outside the county of London, West Ham did not benefit from the Metropolitan Common Poor Law Fund as did its neighboring unions of Bermondsey, Poplar, and Stepney to the west. Wholly a dock and industrial area, West Ham included the Royal Victoria Docks as well as plants for flour-milling and the manufacture of rubber and chemicals. Work on the East London docks was the essential occupation of male workers in the union, yet in 1925, 29 per cent was the average rate of unemployment for dock labourers, and only shipbuilding surpassed dock work as the job hardest hit by the
To further complicate West Ham's difficulties in furnishing relief, the exceptionally large union had a low rateable value which amounted only to £3,500,000 in 1925. By August 1925 a crisis had developed in the union. Already loans granted by the Treasury to the board amounted to £1,540,000; the weekly expenditure for relief payments totaled nearly £20,000 and the number of recipients was approaching 70,000. Many large families received 60s. a week which was far in excess of the average working wage earned in Britain at this time.

In his letters to his sisters Chamberlain sagaciously anticipated the difficulties he would soon encounter with the West Ham guardians. Writing to Hilda in April 1925 he noted,

I had three other deputations this week—one from the West Ham Guardians who say I am 'worse than Mond' but who I believe from private information made up their minds that I was so disagreeable they would just have to cut down their expenditure.

And two months later he was even more irritated when he wrote his eldest sister,

I seem to have a terrible number of deputations this time. I have another this week from the West Ham Guardians who are defying me at present but want

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11 PRO, Ministry of Health (hereafter referred to as M. H.) 57/94. "The Effect of the Poor Law System on the General Strike and Coal Dispute," (1926 but otherwise undated), 8.

12 The Times, 11 August 1925.

13 Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain, 26 April 1925.
money. They threaten that if I don't give it then they will go on strike. I reply that I decline to give it unless they reduce their extravagance in the distribution of relief. So there is a deadlock & it remains to be seen what will happen next.\textsuperscript{14}

On 3 August 1925 Chamberlain reported the West Ham situation to the Cabinet. In June its guardians had asked the Minister of Health for an additional loan of £350,000. But after consultation with the Goschen Committee he refused to make the advance until they agreed to reduce expenditures and to scrutinize more closely the actual economic conditions of relief recipients. In spite of pressure from West Ham's two M.P.'s—Will Thorne, a founder and secretary of the National Union of General Workers since 1889, and Jack Jones, a long-time organizer of unskilled labourers in London and a frequent British delegate to international Socialist congresses—the guardians refused to make any concessions to the Minister of Health.\textsuperscript{15} \textit{The Times} attributed the guardians' obstinacy to alter their relief scales to the activities of a body known as the Resistance Committee. Dominated by Communists the committee represented the organized unemployed in the union. While negotiations for the loan were in progress, this committee passed a resolution stating that under no circumstances must the guardians consent to reduce the present scales of relief, and the majority of the

\textsuperscript{14}Chamberlain Papers, Neville Chamberlain to Ida Chamberlain, 21 June 1925.

\textsuperscript{15}\textit{PRO}, Cab. 24/174. C. P. 379, "Memorandum by the Minister of Health," (3 August 1925), 1-2.
board voted accordingly. The Times, 11 August 1925. 

17PRO, Cab. 24/174. C. P. 379, "Memorandum by the Minister of Health," (3 August 1925), 2.

18Ibid., 3.
standing relief; to make reductions of 6d. per head in payments or a
reduction elsewhere in the relief scale producing approximately the
equivalent economy; to lower the maximum family payment from 60s. to
55s. weekly; and to implement an alteration in the existing scale of
deduction so that where the incomes of a household exceeded 40s., 75
per cent of the excess over 40s., in lieu of the 50 per cent then
operating, should be deemed available for the general maintenance of
the household.\textsuperscript{19}

The West Ham guardians took no action on Chamberlain's proposal
until they met with him on 29 September. The chairman of the board,
Samuel W. Moule, asked for a relaxation of the restrictions which the
Ministry of Health had placed upon the union, and he hoped this might
be achieved by permitting them to deal with the permanent cases of
destitution in their usual manner and by treating the unemployed sep­
arately according to the department's directive. Chamberlain did not
compromise. Although recognizing that withholding needed financial
assistance might be illegal, he informed the deputation that he was
prepared to ask Parliament for the power to suspend elected boards of
guardians and replace them with his own nominees in those unions which
refused to exercise economy and to ascertain genuine need in dispensing
relief.\textsuperscript{20} "The Guardians cannot have it both ways," speculated the
\textit{Nation} in anticipation of West Ham's answer to the ultimatum. "They

\textsuperscript{19} \textit{The Times}, 11 August 1925.

\textsuperscript{20} \textit{The Times}, 2 October 1925.
cannot claim both an unfettered discretion to fix the scales of relief in the name of local autonomy, and an unlimited right to draw on the public purse in the name of national responsibility." As expected, the West Ham guardians rejected the Minister's terms on 1 October.

The decision to ignore Chamberlain's conditions was, however, only a short-lived act of defiance. The board desperately needed at least £300,000 and the Ministry of Health was the only place where it could obtain such a sum. By a vote of 30 to 14 the West Ham guardians regretfully accepted the reduction in the scale of relief on 16 October and duly received the loan. East London boiled with anger. Will Thorne and Jack Jones, the borough's two M.P.'s, had urged the board to accept Chamberlain's terms, and when at Canning Town on 18 October they tried to explain to a crowd of the unemployed that there was no other course open to the guardians than the one chosen, the militants shouted them off the platform.

Although the government made no announcement of its intention to supersede boards of guardians who borrowed and paid excessive rates of relief, the left-wing press anticipated that such an act would soon follow, and it was ready to pass stern judgment upon such a drastic policy. The *New Statesman* noted that it was a common belief of British revolutionaries that the peaceful conquest of political power by the working class was impossible; when victory seemed imminent, reactionary forces would "throw off their cloak of constitutionalism" and offer

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21. *XXXVII* (26 September 1925), 752.

forceable resistance to democratic decisions which they disliked. "Mr. Chamberlain's proposal is calculated to justify the prophecies and strengthen the hands of the extremists," concluded this potent voice of the left.23

Events soon proved the New Statesman partially correct in its prediction of Chamberlain's future policy. Early in February 1926, he presented to the Cabinet a thorough plan for exercising a tighter control over poor law unions which borrowed from the Ministry and maintained the unemployed at too generous a rate. Although he had defined a broad role for State assistance to the working class with his housing policies and pensions act, the chicamery at West Ham only solidified his determination to discipline Labour extremists who disregarded the rule of reason.

The Representation of the People Act of 1918 had given recipients of outdoor relief for the first time the privilege of voting in elections for boards of guardians. Chamberlain considered this to be a gross abuse of the franchise and a major cause of the West Ham predicament. He proposed, therefore, disqualifying persons who had received poor law assistance (other than medical relief) from voting at such elections. Secondly, Chamberlain believed a new constitutional method would have to be found to prevent abuse of the 1921 statute which allowed boards of guardians in unions with a low rateable value to borrow from the Ministry of Health to finance relief in periods of

23XXVI (30 January 1926), 471.
particular economic distress. He favored legislation authorizing the Minister of Health to supersede boards of guardians and to replace them with his own nominees if the former refused to perform their duties or grossly abused their offices by granting excessive rates of relief to the unemployed. As a third point Chamberlain suggested disqualifying for some extensive period the members of boards of guardians who persisted in pursuing illegal actions. Such power, he believed, should be granted to the courts since it would be unwise to give a Minister the authority to penalize political opponents. Chamberlain ended his memorandum by calling the three proposals the "minimum" which should be accepted.24

Any effort to curtail relief was certain to arouse the united hostility of the working class, but the Minister of Health did not hesitate. As with most matters of domestic legislation passed by Parliament during Baldwin's first two governments, Chamberlain provided the impetus, even as in this case when it required advocating a policy which laid him personally open to charges of callousness and inhumanity. Beyond the attacks which soon focused upon the Minister for his program to control extravagant guardians, he was looking to a much broader goal—the complete reform of the poor law and local government. For once, Chamberlain was in complete agreement with the New Statesman which shared his dilemma when it wrote late in 1925, "Of all the great

24PRO, Cab. 24/178. C. P. 50, "Memorandum by the Minister of Health," (9 February 1926), 3-5.
reforms in government that are projected, the reform of local government is the most urgent." 25

By the end of April 1926 the Baldwin government had refused to continue its subsidy to the coal industry which it had granted in the previous year and, in turn, the miners rejected the owners' demands for district agreements and lower wages. As a result the Industrial Committee of the Trades Union Congress' General Council supported a nationwide strike which took off the job enough men working in key industries and services to paralyze the normal life of the nation. The nine day general strike lasted from 4-12 May and delayed Chamberlain's plans for implementing legislation for stricter control of the boards of guardians who borrowed money from the Ministry of Health. Although his role in determining governmental policy during the general strike was not as significant as that of the Prime Minister, Birkenhead, Churchill, or Steel-Maitland, 26 Chamberlain was one of the Cabinet's most rigid adherents to the belief that the strike should be called off before negotiations were resumed with the miners. 27 His position on the strike was an uncomplicated one. "Constitutional government [was] fighting for its life," and "the best and kindest thing...[was] to strike quickly and hard." 28

25 XXVI (14 November 1925), 135.

26 See Charles L. Mowat, Britain Between the Wars, 1918-1940, 310-331.


28 Sir Keith Feiling, Life of Neville Chamberlain, 158.
On the first day of the general strike Chamberlain directed his attention to the immediate necessity of limiting the scales of relief given to the families of strikers by boards of guardians who depended upon loans from the Ministry of Health. This was his most important contribution towards helping the strike to proceed smoothly towards a settlement without violence. In this highly controversial task he did not hesitate to formulate a policy which embraced his usual concern for efficiency and economy. Before the strike began the amount of money borrowed by the guardians had reached huge proportions. By 1 May 1926, 43 unions in England and Wales had obtained loans from the Ministry of Health which totaled £2,802,250. From the strike's beginning Chamberlain believed that a debt of such magnitude gave him a whip hand over the boards where relief during the dispute would be dispensed on the largest scale and that it provided him with the best means of enforcing economical administration.29

On the first day of the strike Chamberlain informed the Cabinet that it was important that the guardians "take all possible steps to conserve their financial resources in face of the demands that [would] be made upon them."30 The notorious Merthyr Tydfil judgment of 1900

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30 PRO, Cab. 24/179. C. P. 184, "Memorandum by the Minister of Health," (4 May 1926), 1.
established the precedent that the poor law authorities had neither the power nor the obligation to support a man involved in a trade dispute; they could, however, relieve the wives and children of a striker if his dependents were destitute. In cases where a man was debarred from relief by reason of the Merthyr Tydfil judgment, Chamberlain recognized that the existing relief scale of 5s. per week for a striker's wife and 2s. per week for each of his children would be quite inadequate for full maintenance. He proposed, therefore, in cases where no conditions of exceptional need existed that a woman and each of her children should receive a maximum of 12s. and 4s. per week respectively.\(^{31}\) The Cabinet sanctioned the Chamberlain scale the day after receiving his memorandum.\(^ {32}\) The Ministry of Health implemented the policy at once by sending a circular letter\(^ {33}\) explaining the scale to all the boards of guardians, and this directive became binding upon all the unions which had borrowed money from the Ministry of Health.

Chamberlain's sudden declaration of a national relief scale at the onset of the strike yielded significant but generally unheralded results. When the Ministry of Health's inspectors investigated the effect of their chief's action later in the year, they reported:

> It is generally agreed that the recommendation of a maximum scale of outdoor relief in the Circular

\(^{31}\)Ibid., 2.

\(^{32}\)PRO, Cab. 23/52. Cabinet Conclusions 24 (26), 2, of 5 May 1926.

\(^{33}\)Ministry of Health Circular, 636.
of 5th May did a great deal towards securing uniformity in administration; but the fact that the scale most certainly had the effect of preventing wholesale relief by supplementing unemployment benefit does not seem to have been recognised.\textsuperscript{34}

Although anxious to achieve economy in outdoor relief, Chamberlain was equally determined to provide adequately for the families hardest hit by the strike, who generally lived in the areas of long-standing unemployment. A later analysis of the relief dispensed during the nine days in May vindicated his action. Local opinion in the areas most plagued by unemployment and the reports of the medical officers from the Ministry of Health agreed almost unanimously that the physical condition of children improved during the strike, especially in the boroughs and villages which provided free meals at school.\textsuperscript{35} Chamberlain concluded, therefore, that in the unions not directly affected by the coal dispute, the recommended scales did more than counterbalance the extra relief expenditure necessitated by the strike, and he was gratified with the results of his order.\textsuperscript{36}

\textsuperscript{34}PRO, M. H. 57/118. Coal Dispute, 1926, "Effect of the Circular Letter of 5th May 1926, Based upon the Reports of Poor Law Inspectors, 1926-1927," (undated), 4.

\textsuperscript{35}PRO, M. H. 57/94. The Effect of the Poor Law System on the General Strike and Coal Dispute, 1926, "IV. General Strike: The Coal Dispute," (1926 but otherwise undated), 1. For a contrary judgment see Julian Symons, The General Strike, 223.

\textsuperscript{36}PRO, M. H. 57/94. The Effect of the Poor Law System on the General Strike and Coal Dispute, 1926, "III. General Strike: Financial," (1926 but otherwise undated), 1.
Although most of the poor law unions had administered relief efficiently and fairly during the general strike, the May events created further difficulties in West Ham. Owing the Ministry of Health a debt of nearly two million pounds, which probably could never be repaid, the guardians applied in late May for an additional loan of £430,000. Even before the beginning of the strike the union had done little to achieve the economies demanded by Chamberlain in the previous October and, in April 1926, the scale of outdoor relief for a family in West Ham still averaged a high 55s. per week. During the general strike hundreds of people with no real claim for assistance had presented themselves at relief stations on the advice or invitation of irresponsible guardians. The board's policy of furnishing weekly payments to widows, deserted wives, and each of their children at the rate of 10s. a head was an excellent example of ignoring its pledge to Chamberlain in the previous autumn as well as a flagrant violation of the Minister's 5 May directive.

Chamberlain outlined the situation in West Ham to the Cabinet on 16 June. He believed that there was agreement in the country that persons genuinely entitled to assistance ought not to suffer because of mismanagement by a poor law union; but if the latter refused to


38 The Times, 5 June 1926.

39 The Times, 23 June 1926.
distribute funds properly, then he was ready to obtain legislative power to control immediately the expenditure of relief through the Ministry of Health. If West Ham proved unwilling to reduce its scales and to be more discriminate in dispensing relief, there could be no doubt after the conclusion of the general strike that Chamberlain was ready to take legislative action to supersede their authority.

Meeting on 17 June the West Ham guardians discussed a letter from Chamberlain which gave them one week to decide whether they would reduce their scales of relief and refrain from their reckless and indiscriminate manner of dispensing poor law assistance as a condition for the loan. A week later on 24 June the board decided by a vote of 36 to 10 to refuse Chamberlain's conditions. Advocating that the Minister of Health should be given power to suspend extravagant boards, the Birmingham Post urged editorially that "an example [should] be made of the West Ham Guardians."

Almost immediately after West Ham had refused his conditions for additional assistance, Chamberlain introduced the Boards of Guardians (Default) Bill in the House of Commons on 29 June. It was a measure which he had possessed in drafted form for several months before the

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40 PRO, Cab. 23/53. Cabinet Conclusions, 40 (26), 1, of 16 June 1926.

41 The Times, 25 June 1926.

42 25 June 1926.
It provided that where it appeared to the Minister of Health that the board of guardians for any poor law union had ceased, or was acting in such a manner as would render it unable to discharge any or all of its responsibilities, he could turn them out and substitute such persons as he thought fit. One year would be the maximum term for the appointed guardians, but Parliament could renew such appointments. Although most boards consisted of several dozen members, Chamberlain proposed to appoint a much smaller number who would devote full time to their work. In the three cases where he superseded boards in 1927 and 1928, he assigned three nominees to each of the recalcitrant unions.

When Chamberlain introduced the measure on 5 July he reminded the House that the bill "[was] an attempt, not to destroy local government but to save it," and that the act would have never been brought forward if it were not for the action of the guardians at West Ham. He was especially disturbed that in this union, and in others with high percentages of unemployment, the guardians' elections were fought on the promises of extravagant doles, now that the recipients of poor law assistance had enjoyed the right to vote for the guardians since 1918. Having set the mood for his address, Chamberlain next discussed

43 Sir Keith Feiling, *Life of Neville Chamberlain*, 140.


45 Debates, Commons, 5s, CXVII (5 July 1926), 1639.

46 Ibid., 1642.
specific cases of abuse in the troubled East London union. There was
the incident of a married woman, living apart from her husband, with
two single daughters. The three earned £5. 12s. a week between them,
but the guardians had gladly paid her 25s. weekly for one month and
15s. a week afterwards. A single man, twenty-one years of age, living
with his parents and whose father earned £4 a week, received 10s. per
week for twenty weeks. "Would anybody contend," asked Chamberlain,
"that it is the duty of a Minister, when he is faced by a deliberate,
prolonged, and repeated maladministration...to go on lending the tax-
payers' money without any control over the expenditure of that
money?"47

From the standpoint of simple economics the measure's justifica-
tion was beyond dispute. But George Lansbury, the originator of
Poplarism, made a moving plea for rejection on sheer humanitarian
grounds. The former mayor of Poplar blamed the plight of the poor in
Birmingham, Middlesborough, Poplar, West Ham, and all the other areas
suffering from the depression in trade upon the economic consequences
of the war and added,

...neither I nor anyone else ought to have any-
thing but what we earn from the community...everyone
ought to earn his or her livelihood while able-bodied
...[but] it does not lie with those who support the
present condition of affairs to point the finger of
scorn at the victims of a system which enables a few
to be rich and the many to be poor....the first thing

47 Ibid., 1654.
I would do would be to take the problem away from the Poor Law guardians and local authorities, and make it a national business to be paid for out of national funds.  

With the Tory majority firmly united after the general strike, Labour's opposition to the Boards of Guardians (Default) Bill was ineffective. The act passed its third reading in the House of Commons only ten days after its introduction by a margin of 195 votes on 9 July. Its passage in the Lords was only a formality and the measure received the Royal Assent on 15 July.

The press generally viewed the bill favorably. For example, the Nation concluded, "The Government's case over the Boards of Guardians (Default) Bill is...unanswerable"; however, the more powerful Liberal voice, the Manchester Guardian, saw a dangerous precedent in the Minister of Health's act. In a leader which appeared the day after Chamberlain's speech during the second reading the Guardian said:

It is a very strong step to ask for power to supersede local authorities...One day the workers are told that, with votes in their hands, they are acting foolishly as well as wrongly in seeking their ends by the methods of a general strike. The next day they are told that unless they use those votes in a manner that seems reasonable to their rulers, their representatives will be pushed aside and nominees of the Government will take their place.

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48 Debates, Commons, 5s, CXVII (5 July 1926), 1639.

49 XXXIX (10 July 1926), 404.

50 6 July 1926.
Chamberlain had promulgated the Boards of Guardians (Default) Act primarily to deal with the situation in West Ham. Therefore, on 19 July 1926, he superseded the guardians in that union and replaced them with his own appointees. Sir Alfred Woodgate, became the chairman, and he served with Alan Beal and John J. Scott; all three were career civil servants, and Chamberlain gave them a twelve months' term as the new guardians for West Ham according to the provisions of the act. Woodgate had been the Director of Establishments at the Ministry of Health from 1919 to 1924, and the Evening Standard was confident that he would bring about economy in the debt-ridden union. Woodgate was an old hand at wielding the fiscal axe. At the Ministry of Health in 1920-1921, he had reduced the size of the staff from 6,462 to 4,134, and by April 1922 he had achieved a savings in administrative cost which amounted to £863,000. Referring to the Evening Standard's figures, the Poor Law Officers' Journal, the official voice of the 635 boards of guardians, remarked that if Woodgate's economizing at the Ministry of Health was justified, what must have been the extravagance of that department before his changes went into effect? "The population of the Ministry of Health even in 1920-1921," quipped the Journal, "was very much less than the population of West Ham."
On 31 August Chamberlain suspended a second board of guardians, this time at Chester-le-Street, one of the five unions in the Durham coal fields. Before he displaced them, the Chester-le-Street board had consisted of 59 members of whom 39 were miners' officials, miners, or miners' wives. When the coal stoppage began in May 1926, an "emergency committee" of the board took full charge of relief and assumed the authority to add to its number. The emergency committee began at once to co-opt the remaining Socialist guardians, and the independent guardians were excluded by them from participating in the dispensing of relief. Chester-le-Street bore the characteristics of a soviet during and after the general strike. The Labour majority used its power to raise the level of wages, to subsidize trade unionists, and to ignore family earnings. Weekly outdoor relief which cost £2,505 at the end of April grew rapidly, and by the end of the general strike averaged £11,000. In the middle of August, shortly before Chamberlain superseded the guardians, about half the population of 86,000 received outdoor relief. When the three appointed guardians issued their second report in January 1927, they could report that by the week ending 4 December 1926, which was the last week of the coal strike, they had reduced the number of recipients from over 40,000 to 29,136 and the cost

54 Sir Keith Feiling, *Life of Neville Chamberlain*, 140.
to £4,870. Estimates were that expenditure would be further reduced by February 1927 to £946 for only slightly more than 3,800 persons.\textsuperscript{55}

Chamberlain was confident that he could eventually persuade recalcitrant Labour guardians to tow the line in dispensing reasonable amounts of outdoor relief. Writing to his eldest sister, shortly after suspending the board at Chester-le-Street, he noted,

On Tuesday last I received a deputation of Durham Labour men who came to complain of my behavior to Guardians in their area. Apparently my behavior to them was more satisfactory for the leader who came next day...with timidity enquired whether Veale\textsuperscript{56} thought he had been rude to me, explaining that he had not intended to be but had been struck with the contrast between his own speech and the polished manner in which I had 'hit them fairly and squarely between the eyes.'\textsuperscript{57}

There was, however, some truth in the New Statesman's observation that while curbing the extravagance of certain guardians was necessary, the lamentable fact was that Chamberlain performed it "with such gusto."\textsuperscript{58}

The last board of guardians disciplined by Chamberlain was the one for the union of Bedwellty in Monmouthshire, South Wales. On 5


\textsuperscript{56}Douglas Veale, Chamberlain's personal private secretary since November 1924.

\textsuperscript{57}Chamberlain Papers, Neville Chamberlain to Ida Chamberlain, 22 October 1926.

\textsuperscript{58}XXVII (7 August 1926), 461.
February 1927, here as at West Ham and Chester-le-Street, three nominees of the Ministry of Health took over the duties of the elected guardians. The genuine distress of Bedwellty was apparent, but its relief was, according to Feiling, indiscriminate and its board riddled with nepotism. The union was a small one and included some 139,872 persons. From 3 March 1927 until 31 March 1928, the new guardians cut the average number of weekly relief cases from 9,346 to 1,931, although the low rateable value of property in the area (£616,055) made it impossible to pay off either the principal or the interest on their loans from the Ministry of Health.

Until the Conservative government fell in June 1929, these three appointed boards were annually renewed. Of all Chamberlain's policies while Minister of Health, none came under more severe criticism from Labour critics than this practice of suspending local officials duly elected by Socialist majorities. Yet to the pragmatic Chamberlain, the issue was a clear one and hinged upon moral integrity. Referring to Chester-le-Street at Darlington in April 1927, he declared that the policy of the Durham union was not an isolated example. Rather it was

59 Sir Keith Feiling, *Life of Neville Chamberlain*, 140.

"definite, deliberate, well planned, [and] thought-out beforehand... It [was] a policy of a Party."\textsuperscript{61}

The need to suspend recalcitrant guardians was the result of an antiquated poor law system which had prompted Beatrice Webb to confide to her diary in 1928 when the Boards of Guardians (Default) Act was in full operation,

How can we show the disaster of unconditional outdoor relief to able-bodied persons without seeming to justify Chamberlain's callous application of the worn-out Principles of 1834? His present policy means semi-starvation to thousands of bona-fide workers (and their children) for whom no work is available within their reach, however willing they are to do it.\textsuperscript{62}

But even this author of numerous tracts on the poor law admitted that many guardians abused the existing system. After inspecting several poor law unions in South Wales in 1928, she suggested a vindication of Chamberlain's policy as she recorded,

South Wales is a jumble of local authorities with no deliberate policy. Labour Representatives of poor quality and the Labour movement broken up into various sections. The only Labour policy is to get as much for the workers irrespective of any consequences. L. R. feeling themselves to be on L.A. for that express purpose. Bankruptcy of L. A. the main force compelling stop of present expenditure especially on preventive services. Only fair to add that there is no evidence in Cardiff and other districts of great misery, in the devastated villages, the inhabitants look thin, strained

\textsuperscript{61}\textit{Yorkshire Post}, 4 April 1927.

and apathetic; but the houses and streets look clean and there is no sign of disorder. Up to now all is respectable and the relations between the different classes of the community are friendly.63

And in April 1927, after returning from Merseyside, Mrs. Webb wrote of a conversation with the clerk of a Manchester union,

He puts all the demoralisation down to the War and the advent of the Labour men on Boards of Guardians....the Outdoor Relief Regulation Order is a farce and the exceptions have become the rule and the scale of relief means complete maintenance.64

Chamberlain had designed his bill to deal specifically with the guardians at West Ham. Two years after suspending them there was substantial evidence that the policy had been successful in this union inhabited by three quarters of a million people. In his last report to the Minister of Health in June 1928, Sir Alfred Woodgate concluded that,

...destitution has been adequately relieved and the financial position of the Union is thoroughly sound. The result, however, does not stand alone. Hand in hand with it there has been taking place the transfer of many men and women from pauperized idleness to the ranks of self-supporting citizens. This redemption of men and women is in the opinion of the Guardians, the most gratifying of their two years' work.65

During April 1926 before the general strike 66,116 persons had received the dole each week in West Ham at a total cost of £28,055, but

65 Parliamentary Papers, Vol. VI (Reports; Commissioners, & c., Vol. XII), Cmd. 3142, "West Ham Union: Third Report of the Board of Guardians on their Administration for the Year 1st June, 1927, to 31st May, 1928," (8 June 1928), 8.
in May 1928 the appointed guardians reduced the number receiving outdoor relief to 21,313 weekly at an expenditure of only £5,769. A Times leader expressed concisely how Chamberlain probably measured his own success when it observed,

The difference between expressing a genuine desire for work and actually looking for it...is psychologically very small, and the proof is that with the removal of a temptation the people of West Ham have readily translated mental into physical activity. Chamberlain no doubt took pride in the fair but firm policy which had carried out his personal commitment to economy and what he would term "moral integrity" in the three poor law unions where he had superseded their guardians.

Early in 1927 Chamberlain took a second step to tighten control over local government bodies which made the maintenance of the unemployed a social policy. By the provisions of a Parliamentary statute of 1844, district auditors from Whitehall were authorized to periodically inspect the financial accounts of the county and the borough councils; in addition they were given the power to levy surcharges upon any member they believed responsible for extravagant expenditure, such as authorizing unnecessary building projects or paying excessively high wages to persons employed by the council. In 1927 Chamberlain focused his attention on the East London borough of Poplar where the government auditors had reported that the council was paying excessive wages to

66 Ibid., 4.

67 10 December 1927.
all its employees, amounting to an established minimum scale of £4 per week. The auditors first levied surcharges in Poplar and later in the year they applied them to the London boroughs of Battersea, Bethnal Green, and Woolwich.

Redress against the councilors surcharged by the auditors was practically nil. Chamberlain looked for a way to keep what he considered fiscally irresponsible Socialists from serving on local governing councils in the areas where extravagance proved to be politically expedient. In most cases the officials surcharged by the district auditors were very poor. Thus a civil suit could not recover squandered sums, and until Chamberlain dealt with the problem, imprisonment was the only way to reprimand irresponsible officials. Yet the gaol did nothing to improve the situation and only made martyrs of the guilty, as had been proven in the case of George Lansbury and his colleagues in 1921.

By mid-1927 there were 97 councilors in the country, mostly in the boroughs with high rates of unemployment, whom the auditors had surcharged and who were liable for imprisonment for making illegal expenditures.68 As chairman of the Cabinet's Committee on the Poplar Audit,69 Chamberlain sought to implement a program which would avoid

68Debates, Commons, 5s, CCVII (15 June 1927), 1030.

69Arthur Steel-Maitland, the Minister of Labour; Sir Douglas Hogg, the Attorney General; Viscount Peel, the First Commissioner of Works; Ronald McNeil, the Financial Secretary to the Treasury; and William Watson, the Lord Advocate composed this committee which Chamberlain chaired.
the "futile and undignified farce"\textsuperscript{70} of threatening to jail Labour politicians responsible for reckless spending as members of local government councils. In March 1927 he devised a practical piece of legislation proposing that in respect of accounts surcharged from 1 April 1927 onwards, every person so liable for an amount in excess of £500 on the judgment of a district auditor would be ineligible to serve on a local authority for five years. To prevent a possible miscarriage of justice any local government official so barred from service would have the right of appeal to the Law Lords.\textsuperscript{71}

On 9 May 1927 Chamberlain formally introduced the Audit (Local Authorities) Bill in the House of Commons. The bill's passage was a slow one, owing to the debates on the Trades Dispute Act, the breaking of relations with Soviet Russia, and the Geneva naval conference which all helped to overshadow and delay the promulgation of Chamberlain's second measure to make local governing bodies more financially responsible. Nevertheless, his steering of the bill again illustrates the Chamberlain commitment to economy and the reduction of waste in government.

In moving the measure's second reading on 15 June, Chamberlain reminded the House that the Audit Bill was not a part of his legislative

\textsuperscript{70}PRO, Cab. 24/185. C. P. 65, "Memorandum by the Minister of Health," (21 February 1927), 3.

\textsuperscript{71}PRO, Cab. 27/340. Poplar Audit Committee, 2nd Conclusion, (16 March 1927), 1; also see Parliamentary Papers, Vol. I (Bills; Public, Vol. I), "Audit (Local Authorities) Bill," (9 May 1927), 1-5.
program when he took office in 1924, and he would not have introduced it were it not for the present situation in Poplar. He outlined the current predicament in local government. While the district auditors enjoyed statutory power to surcharge what they considered illegal expenditure, a local official so affected enjoyed the right of appeal either to the Minister of Health or the courts to have the surcharge suspended. There was really no way to prevent councilors from paying illegal wages as a means of furnishing relief. Chamberlain told the House that his bill was concerned not with punishing an offense but with preventing it; so as not to be troubled with small legalities, he had fixed the £500 surcharge as the minimum amount to warrant the five year suspension.

The stubborness of the Labour opposition, coupled with the Commons' preoccupation with more pressing matters, prevented the Audit Bill from appearing for its third reading until mid-December. Although the bill passed its second reading by a comfortable margin on 15 June, it was kept in standing committee until the recess and was only then released by invoking closure.

Finally on 13 December the House of Commons read the Audit (Local Authorities) Bill a third time, and it received the Lower Chamber's approval by 269 to 118 votes. The Conservatives' robust majority and the mood of the Party after the general strike assured its passage, as

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72 *Debates*, Commons, 5s, CCVII (15 June 1927), 1023.

it had the Guardians (Default) Act in July. The third reading provided Chamberlain an opportunity to express with particular clarity both his commitment to what he would call moral integrity in government and his dedication to fight continuously against waste and corruption. Said the Minister of Health,

    I do not profess to be other than a party man but....Wherever I find inefficiency, extravagance, or illegality in local government, I am going to fight against it, whether those who are responsible for it belong to my party or any other party...I should feel that I was wanting in my duty if I took any other course.74

The measure did not receive the Royal Assent until 22 December but well before the third reading, Chamberlain believed that it was achieving results. In an interview with the Press Association on 2 August, he confidently assured the journalists that his Audit Bill would end the practice of Poplarism once and for all. It was already bringing about the reforms it was meant to attain, and he cited the London borough councils of Battersea, Bermondsey, Poplar, and Woolwich as ones which had taken steps to bring the wages of their employees within the legal but arbitrary limit defined by the district auditors.75

Although problems concerning the franchise belonged to the Home Office, the responsibility of Chamberlain's department for the supervision of poor law administration caused him to urge the Cabinet almost single handedly in 1926 and in 1928 to present legislation to disqualify

74 Debates, Commons, 5s, CCXI (13 December 1927), 2120-2121.

75 Birmingham Post, 3 August 1927.
from voting in boards of guardians' elections persons who had received poor law relief within three months prior to the polling. In February 1926, at the beginning of the West Ham controversy, he told the Cabinet that the disqualification of paupers more than any other action was likely to influence the policies of the guardians. In addition Chamberlain recognized that in any scheme for poor law reform and abrogating the boards of guardians, London Conservatives especially would make such reform conditional upon the disfranchisement of those receiving relief, and he had discussed the problem in a letter to his eldest sister late in 1925.

But they [the London County Council] are thoroughly frightened by Poplar and West Ham, fearing that if the responsibility for Home Assistance were given to the L.C.C. the Socialists would fight the L.C.C. elections on that issue....The remedy would be to go back to the pre-1918 law and disfranchise those in receipt of relief.

The day after he had defined his position in a memorandum, the Cabinet endorsed Chamberlain's proposal and authorized him to meet with William Joynson-Hicks, the Home Secretary, to prepare a draft bill for consideration by the Home Affairs Committee. But to order the drafting of

76 PRO, Cab. 24/178. C. P. 50, "Memorandum by the Minister of Health," (9 February 1926), 4.

77 Chamberlain Papers, Neville Chamberlain to Ida Chamberlain, 22 November 1925.

78 PRO, Cab. 23/52. Cabinet Conclusions, 4 (26), 5, of 10 February 1926.
a bill for preliminary consideration was something quite different from making a serious commitment to disfranchisement. Chamberlain noted in his diary:

...I have found rather to my surprise that my people have got cold feet about disfranchisement of persons in receipt of poor law relief. They say if it is to [be] had to disfranchise them from voting...they will lose their seats. On the other hand if it is confined to the Guardians' elections why make up all this odium when you are going to abolish the Guardians in 2 years....It seems pretty hard to reconcile the two points of view.79

By December 1925 Chamberlain had completed his gigantic plan for the reform of the poor law which included provision for abolishing the boards of guardians and transferring their duties to the county councils and to the borough councils. As the passage in his diary indicates, a bitter campaign with the Labour Party to amend the Representation of the People Act of 1918 would have been a needless struggle if his comprehensive reform of local government could be implemented before the next general election. Chamberlain's enthusiasm for advocating the disfranchisement of paupers from voting in guardians' elections varied in intensity depending upon the short-term prospects of achieving his plans for reforming the poor law. But if the guardians remained, he believed strongly that those receiving relief should not enjoy the right to elect the agents who dispensed it and who frequently used the promise of extravagant assistance to win votes.

79Chamberlain Papers, Diary, 28 March 1926.
For political reasons there was considerable Tory opposition to any proposal which would deny the recipients of outdoor relief even a small part of their franchise. Consequently, on the last day of April in 1926, Chamberlain suggested to the Cabinet that the measure should be postponed for the remainder of the year owing to the strong objections of many Conservatives in Parliament. In addition, the Minister noted optimistically, "I hope next year to introduce and pass the bill for poor law reform and I should, in the interim, avoid any overt dispute with the Boards of Guardians calculated to lead to such difficulties as last year in West Ham." 80

Labour's hostility to disfranchisement in any form was still another force to be reckoned with. Throughout 1926 Chamberlain met with numerous delegations to discuss his plans for the reform of local government, and in July of that year he had received several members of the London Labour Party's executive. The youthful Herbert S. Morrison—who would later be the leader of the London County Council from 1934 to 1940 and a Minister in subsequent Labour governments as well as in Churchill's War Cabinet—promised Chamberlain that Labour would "deprecate very, very strongly" any proposal to disfranchise persons in receipt of public assistance. Such a plan, he believed, was "entirely contrary to the spirit of the age" and would be resented by the mass of the people. 81

80 PRO, Cab. 24/179. C. P. 182, "Memorandum by the Minister of Health," (30 April 1926), 1-2.

81 PRO, M. H. 57/147. Secretary's Papers: Deputations from Various Bodies to the Minister of Health on Poor Law Reform, 1926-1927, "Deputation from the London Labour Party," (13 July 1926), 12.
The government gave little attention to the disfranchisement of paupers in 1927, due to Chamberlain's preoccupation with reforming the poor law and with abolishing the guardians, while Joynson-Hicks devoted his energies to the Equal Franchise Act which became law in 1928. This act removed the unequal treatment of the sexes still present in the Representation of the People Act of 1918 by giving full voting rights to all women at the age of 21, subject to the same three months' residence qualification which applied to the male voter. As will be seen, the Cabinet refused to sanction Chamberlain's program for reforming local government until 1928. Early in that year, he again focused his attention upon depriving relief recipients of their votes in guardians' elections. The Cabinet, however, was reluctant to act fearing the growing strength of very sizeable vested interests which opposed such legislation. All over the country there were large numbers of bona fide working men out of work through no fault of their own. Many were ex-servicemen and it would be unfair to deprive them of their ballots, even if this were confined to the election of the guardians, while at the same time extending the full franchise to younger women. The Cabinet, as a result, instructed Chamberlain to draft a memorandum exploring the advantages and disadvantages of putting his ideas into effect.82

If the political implications of disfranchising paupers were laid aside, the evidence was conclusive that relief recipients voted heavily
in guardians' elections and that the promise of their support helped to insure the payment of excessive doles. Chamberlain believed that in an appreciable number of areas the slogan "Vote for...and more relief" was much more than a caricature of many election addresses. There could be no question that the percentage of eligible voters participating in the election of guardians increased according to the poverty of the union. For example, in the 25 unions in the county of London in 1925, 35.5 per cent of the electorate voted at guardians' elections in Poplar and 29.7 per cent in Bermondsey; 15.2 per cent participated in such polls in middle-class Paddington while only 10.8 per cent voted in Hampstead, the city's most prosperous union.

Chamberlain believed that the enfranchisement of paupers had broken down the old dislike of applying to the guardians for relief and that in many areas those in the greatest need of assistance saw no difference in applying for relief and in making application for unemployment benefits. Since pauperism had doubled in England and Wales between 1913 and 1927, he concluded that disfranchisement, even though unpopular with large sections of the community and their political representatives, was essential to efficient administration of the poor law. If the disfranchisement of paupers in the guardians' elections preceded the promulgation of his plans for local government reform, then Chamberlain suggested that taking the vote away from paupers in

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83 PRO, Cab. 24/193. C. P. 74, "Memorandum by the Minister of Health," (12 March 1928), 1-6.
municipal elections "would follow logically on the transference to mu-
nicipal authorities of the Guardians' functions." He still held that
denying paupers this one aspect of the franchise was vital and neces-
sary, while he would at the same time make adequate provision for pro-
tecting cases of real misfortune such as disability due to mental or
physical sickness.

Meeting on 21 March the Cabinet approved the poor law disquali-

cification for the guardians' elections. It authorized Joynson-Hicks to
take charge of the bill, but if he determined that such a measure could
not be passed in the current session of Parliament, he could withdraw
it for reconsideration pending general poor law reform. The unpopu-
lar case for disfranchising recipients of outdoor relief was now out of
Chamberlain's hand, and "Jix" never introduced legislation to implement
the former's recommendations. With his Equal Franchise Bill already
before the House, the Home Secretary was lukewarm to a scheme which
would restrict rather than extend voting rights. On 28 March 1928,
George Harvey, the Unionist member for Kensington, moved a resolution
asking the government to consider the question of restoring some mea-
sure of disqualification for recipients of poor relief who voted in the
board of guardians' elections. But displaying the typical concern for
political expediency continually exhibited by the Tory leadership

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84 Ibid.

85 PRO, Cab. 23/57. Cabinet Conclusions, 15 (28), 5, of 21 March
1928.
during the twenties, Joynson-Hicks asked Harvey to withdraw the motion after a thorough debate on the very day that the latter had presented it. Reciting for the House the same arguments which the Cabinet had raised on 21 February, the Home Secretary opposed Harvey's resolution on the grounds that the government should deal, not with the voter but rather with the candidate who appealed directly to the pocket interests of the elector. After this speech in the Commons, Joynson-Hicks carried the case no further and was content to concentrate upon his bill for franchising all women at the age of twenty-one.

In 1926 the New Statesman made a prediction which proved true in 1928. The left-wing journal had written,

> We do not and shall not believe...that the present Government seriously proposes to carry through a measure taking the vote away from those unemployed workers who are in receipt of poor relief. For to do this...would be as certain a means of political suicide as any Government could well devise for itself.  

Although the New Statesman was probably correct, had Neville Chamberlain been the Home Secretary rather than Minister of Health, the fate of the proposal to disfranchise recipients of poor law relief in the election of guardians might have been different.

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86. *Debates*, Commons, 5s, CCXV (28 March 1928), 1244, 1248.

87. *XXVI* (30 January 1926), 470.
CHAPTER VIII
THE CAMPAIGN TO REFORM THE POOR LAW

Neville Chamberlain's greatest accomplishment as Minister of Health was his reform of the nation's poor law system which was operating on the outdated principles of 1834 when he first entered the Cabinet. The creation of a Ministry of Health in 1919 had not solved the numerous problems of local government which had evolved since the creation of the poor law unions in 1834. The Poor Law Amendment Act of that year and the Municipal Corporations Act of 1835 had provided the framework within which local government operated, but new conditions and new problems were proving this framework inadequate.

The Local Government Act of 1888 created the administrative county and the county borough as the largest of the local governing authorities in England and Wales. An act of Parliament six years later in 1894 divided the administrative counties into over 1,400 county districts which were classified as either rural or urban districts depending upon their responsibilities and populations. Each of these subdivisions had its own council and carried out the lesser details of administration such as building control, the supervision of cemeteries, the maintenance of sanitary services, the control of parks and open spaces, the supervision of public housing construction, food
inspection, and the prevention of infectious diseases. The act of 1888 first gave certain English and Welsh towns the status of county boroughs. By the provisions of this measure Parliament could create towns with a population of not less than 50,000 as self-contained units for local government with the power to implement every kind of local government service. No other local authority could exercise power within the boundaries of a county borough, but the rural and urban district councils functioned as subordinate local authorities within the administrative counties. The same system operates today and there are 62 counties and 83 county boroughs in England and Wales. In the twenties the London County Council governed the capital and comprised an administrative unit distinctly separate from the rest of the country. There were 28 borough councils within the metropolitan area.

In addition to these often overlapping authorities were 635 poor law unions operating within boundaries drawn in 1834. Elected boards of guardians, serving three year terms without salary, administered the unions. The institution of the guardians was clearly an anachronism by the time Chamberlain became Minister of Health. There was a pressing need to transfer both their powers for dispensing financial assistance to the destitute, for coordinating the public health services, and for maintaining institutions for domiciliary and medical relief, to the larger, wealthier, and more administratively efficient county and borough councils.

During debate on the local government act of 1888, numerous members of the House of Commons, speaking from their knowledge of
and experience in local government, criticized the bill because it did not include provision for poor law reform. Joseph Chamberlain had served as President of the Local Government Board in 1886 in Gladstone's third and most short-lived Cabinet, and it was with some authority that he told the House of Commons during the second reading of the measure which created the county councils:

Then we would come to the question of the administration of the Poor Law. That is the most important of all the omissions to which reference has been made. I think there is a great deal to be said for the inclusion of Poor Law Administration in the work to be given to the new County Councils, otherwise you will have a state of things anomalous in a high degree, which no one can look upon as permanent ....very shortly after the passing of this Bill, I think there will be an overwhelming demand for greater simplicity and unification.¹

Agitation for abolishing the boards of guardians continued. Before leaving office in 1905, Balfour's Conservative government appointed a Royal Commission chaired by Lord George Hamilton, previously the First Lord of the Admiralty (1885-1886) and the Secretary of State for India (1895-1903), to investigate and suggest ways to improve the poor law. In 1909 the commission concluded its deliberations and produced a majority and a minority report which together totaled 1,238 pages.² Agreeing that the principles and the machinery of 1834 were thoroughly

¹ Debates, Commons, 3s, CCCXXIV (16 April 1888), 1360.

outdated, both reports became equally famous. The minority of four led by Beatrice Webb and George Lansbury, urged abolishing the poor law root and branch and redistributing its work while the majority advocated an only less complete transformation. Such a program would have placed the relief of the destitute upon the county and the borough councils which were the main local governing authorities. The commission agreed that services should be specialized under expert officials and not generalized under poor law officers and that poor relief in the traditional sense was an obsolete conception. Sir Robert Ensor, a much respected authority on Britain in the early twentieth century, has written that if any man other than John Burns, the foremost leader of the "new unionism" in the 1880's and a bitter opponent of the Webb's, had been President of the Local Government Board in the Liberal government formed in 1906, the needed reform would have been promulgated before 1914.  

In July 1918 a subcommittee on local government presided over by Sir Donald Maclean, a prominent Liberal solicitor and M. P. for Peebles and Selkirk since 1910, issued its report to the Ministry of Reconstruction which succeeded in reconciling substantial parts of the majority and minority reports of 1909; once again the recommendation was to abolish the guardians. The financial conduct of the guardians in Poplar and West Ham had done more than anything else to carry this

conviction.  In 1918 and 1919, during debate on the legislation which established the Ministry of Health, Lloyd George's Coalition government took an explicit position, which was never repudiated by their successors, that the reform of the poor law should be carried out at the first possible opportunity. In succeeding years all political parties and Parliaments endorsed the principle of transferring the work of the guardians to other local authorities. In 1918 the Labour Party declared in Labour and the Nation that it would "abolish Boards of Guardians...[and] transfer their duties in respect of the children, the sick and the insane to the appropriate committees of County and County Borough Councils...[and] take steps to ensure that the able-bodied worker in distress [was] provided for by a national service...." The Liberal Party echoed Labour sentiment in its 1923 manifesto when it called for reforms in local government and rating which were long overdue. "For some years," said the campaign declaration of a party finally united, "the Poor Law system has been rife for legislative revision."

If all parties agreed on the need to abolish the boards and reform local government, this did not mean that such a step would prove politically expedient. Politicians hesitated to antagonize the more than 20,000 voluntary guardians who took great pride in their work and

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4 Spectator, CXXXVI (9 January 1926), 36.
5 Labour and the Nation (London, 1918), 32.
who had a hundred years of tradition behind them, while the county councilors shied at the prospect of increased responsibilities. Only a Minister who was without personal political ambition and who did not hesitate to champion an unglamorous measure would work to reform the poor law. Neville Chamberlain, however, eagerly took up the task in 1925.

In May 1921 when Sir Alfred Mond was the Minister of Health his department had prepared a memorandum for poor law reform of a far-reaching character which called for transferring the duties of the boards of guardians to the county and the borough councils and for changing the national appropriations for the health services from a system of percentage grants, in which the Exchequer matched local expenditure pound for pound, to a system of block grants whereby the amount allotted to each council would be established by statute for a fixed period of years. Both provisions were fulcrums of Chamberlain's 1929 local government act, but his predecessors lacked the Birmingham statesman's courage and confidence to undertake so complex and, in election appeal so dubious a measure.

After the formation of Baldwin's second government it was clear that the political climate was nearly ready for the reform of the poor law. On 27 May 1925 Sidney Webb, the Fabian Socialist and recognized

7 Sir Keith Feiling, Life of Neville Chamberlain, 143.

authority on the poor law system, introduced a resolution in the House of Commons calling for the enactment of a measure to deal with the poor law which would be framed on the lines of the Maclean Committee's report. Webb moved that the bill should provide for "a complete absorption of the existing Poor Law authorities and their functions in the county, borough, and district councils." After adequate debate the motion carried without a division.

Speaking to a Unionist meeting at Ormskirk in November 1927, Chamberlain told the gathering of the Party faithful that he had begun to think of the reform of the poor law and to formulate proposals for it as soon as he took office in November 1924. From his own service on the Birmingham city council, Chamberlain knew the problems facing the local authorities better than any of his four predecessors at the Ministry of Health. While Minister of Health he reinforced this prior experience by making annual autumn tours between 1925 and 1928 into the counties to inspect the facilities and the work of the local authorities. Chamberlain was the only Minister of Health to make such journies. In 1925 he visited among other places Bradford, Bristol, Liverpool, and Newcastle-on-Tyne, and in 1926 he paid special attention to developments in the rural areas of Devonshire, Wiltshire, Norfolk,

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9 Debates, Commons, 5s, CIXXXIV (27 May 1925), 1487.

10 Birmingham Post, 26 November 1927.
and Lincoln. In 1927 he again visited the industrial centers of the North and spent three days in Manchester. A letter to Ida Chamberlain records his firsthand impressions.

But I am sorry to say that I was confirmed in the impression that the quality of the modern Town Councillors is not improving. The Lord Mayor [of Manchester] himself though a good fellow was quite undistinguished and incapable of guiding the policy of a big town and I did not come across a single representative who really stood out as a man of large statesmanlike views. The explanation given me there as elsewhere was that the educated administrator and business man will not stand up to be heckled and insulted on the platform and though one may condemn that attitude as cowardly and unpatriotic the facts have to be faced.

I spent a day...in Blackburn a typical example of a small county borough, where you find really a rather better state of things. There, there are still a few people who have been accustomed to take the lead and who command general respect.12

Speaking at Blackburn during the 1927 tour Chamberlain told a luncheon audience that while the informal tours over the last three years had added to his store of knowledge, he had another motive, namely to establish closer relations between the focus and the nucleus of the machine at Whitehall and the operative parts of it throughout the country.13 The Manchester Guardian observed editorially that however often one might disagree with Chamberlain, he was one of the few living

11 The Times, 11 October 1927.

12 Chamberlain Papers, Neville Chamberlain to Ida Chamberlain, 22 October 1927.

13 The Times, 21 October 1927.
statesmen who knew what local government meant and who understood the difficulties which a local authority had to face. At the conclusion of the 1927 inspection Chamberlain summed up the effect of the project by noting,

On the whole I feel that the tour was a great success. The people were very pleased everywhere and the 8 speeches I made appeared to give general satisfaction. Moreover I acquired some useful information not so much on specific problems but in getting a general conspectus of the situation and a clearer idea of how the facts stand in the places I visited.

The key to Chamberlain's plans for reforming the poor law was to abolish the boards of guardians and to transfer their duties to the larger and more efficient county councils and county borough councils. His first step in this direction involved a rating and valuation bill which took rating out of the hands of the parish overseers, those officials dating from the first Elizabeth who in 1925 still enjoyed the power to levy the rates or local property taxes.

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14 19 October 1927.

15 Chamberlain Papers, Neville Chamberlain to Ida Chamberlain, 22 October 1927.

16 The rates are contributions made by the constituents of a local government community to the expenses incurred for the common good. The rates are a tax proportional to the annual assessed value of certain kinds of immovable property. The total rates levied varies yearly and is arrived at by apportioning the aggregate amount of money required by the local authority among the owners of real property. The British rating system is not difficult for local governments to operate; all the councils need to know is the annual value of the properties within their jurisdiction and the amount of money they wish to raise. If the latter is divided by the former, the process will yield the rate in the pound which has to be levied. Thus, it is possible for the rates to be more than twenty shillings in the pound. Kingsley B. Smellie, A History of Local Government (London, 1968), 49-50.
Before the passage of Chamberlain's important act the parish overseers, appointed by the justice of the peace in each parish, were the principal rating authorities in England and Wales. Borough councils, rural district councils, urban district councils, and the boards of guardians received money for their annual expenses by issuing a precept or statement of needed funds to the overseers. The county councils also issued charges for their expenditure, but not to the overseers, as the former made their precepts upon the guardians who in turn asked the overseers to levy rates for county expenses within their parish. Irrespective of the poor rate the boroughs, or the towns with corporate status, held the power to raise rates for their own services and could make separate valuations. In 1925 the borough rates and the general district rates (either for rural councils or urban councils) provided part of the funds necessary for services such as education, police, and sanitation while the Exchequer matched local expenditure with percentage grants to help finance these contributions to the general welfare. Certain properties entitled to relief under one rate might receive no relief under another, although two such different rates might be levied side by side. Therefore, it was extremely difficult for the members of the local government councils prior to Chamberlain's act to see exactly what their various services were costing the ratepayers.  

17Debates, Commons, 5s, CIXXXIII (13 May 1925), 1876.
By the terms of the 1925 bill the overseers ceased to levy the rates after 1 April 1927 when either the borough, the non-county borough, the rural district council, or the urban district council became the rating authority, depending, of course, upon in which type of area the parish was located. Thus, the number of rating authorities in rural districts fell from 12,882 to 650 and in the urban and the borough areas from 2,550 to 1,150.

Since 1869 a single valuation system had existed in London. Chamberlain patterned his bill after the London arrangement, and the county boroughs became separate valuation authorities. For other areas two or more of the new rating authorities (e.g. non-borough councils, rural or urban district councils) could join together and become assessment areas on approval of their combination by the Minister of Health. In these areas, an assessment committee would determine valuation and would be composed of members appointed partly by the county

18 Parliamentary Papers, Vol. IV (Bills; Public, Vol. IV), 4 August 1925, "Rating and Valuation Bill," 1-91. Consisting of seventy clauses and eight schedules, the measure was extremely long and complex.

19 Non-county boroughs are, in organization, very similar to county boroughs. Most are towns of great antiquity and came into existence at various times by virtue of a royal charter or special acts of Parliament.

20 Debates, Commons, 58, CXXXIII (13 May 1925), 1877. When Chamberlain explained the rating and valuation bill to the House of Commons, he had rounded off his figures since in 1925 there were 658 rural districts, 785 urban districts, 255 non-county boroughs, and 83 county boroughs in England and Wales.
borough council, the rural or urban district council, the board of
guardians and, except in the case of county boroughs, partially by the
county council. When the system became fully operative in April 1927,
635 poor law unions surrendered their right of valuation to 343 new as­
essment areas.

The bill Chamberlain drafted achieved other long-needed reforms
in rating and valuation. Applying only to England and Wales, the new
precepting authorities now called for a definite sum in the pound in
the form of a single general rate rather than as the lump sum previous­
ly assigned by the overseers to a rateable hereditament. A quinquen­
nial valuation, which had been a feature of the London system since
1869, now applied to each of the 343 valuation areas. Before Chamber­
lain could abolish the boards of guardians and transfer their duties to
the county and borough councils, rating and valuation had to be removed
from the parochial jurisdiction of the parish and poor law union. There
could be no doubt that the 1925 act sounded the death knell for the
 guardians.

21 By the terms of the Rating (Scotland) Act of 1926, which came
into force in May 1927, parish councils in Scotland ceased to be rating
authorities. Town and county councils became the new rating authori­
ties, and the parish councils obtained their poor rates by issuing
requisitions to the former.

22 The hereditament refers to a piece of land or building which is
subject to the rates and which is separately occupied. Each heredita­
ment receives an annual value which technically represents the rent
which a tenant from year to year might reasonably be expected to be
charged, with the tenant paying the rates and the landlord paying for
repairs and insurance. In the case of industrial property not likely
to be let at rent, the method of arriving at annual values is often
artificial and arbitrary.
A common complaint against the British rating system before 1925 had been the inclusion of a manufacturing plant’s tools and machinery as a part of the rateable hereditament, when in a truer sense such items were chattels which many businessmen and politicians believed should be freed from the rates. Industrial property did not benefit directly from the rates which were spent locally and had little influence upon trade. Chamberlain was fully aware of this problem and his bill provided, broadly speaking, that certain classes of machinery, notably those for producing, storing, and transmitting power; for heating, cooling, lighting, and ventilating; and for the transportation and moving of goods should be regarded as part of the rateable hereditament and pay the full rate scale. Other capital goods such as loose tools and machinery were to be exempted from paying rates. This policy Chamberlain believed would help employers in their struggle to increase output and to employ more men. 23

Rating and valuation was a subject baffling to even the local government expert in the Britain of the twenties, and The Times concluded, "The English system of rating [was] marvelous...not because it does not work well, but because it works at all." 24 Nevertheless, before there could be any meaningful reform of local government, it was necessary to place local taxation and assessment upon a modern basis. 25

23 Debates, Commons, 5s, CLXXXIII (13 May 1925), 1891.
24 14 May 1925.
25 Iain Macleod, Neville Chamberlain, 114.
Chamberlain reminded the Cabinet's Committee on Valuation, Rating, and Poor Law Reform late in April 1925 that a rating and valuation bill "was the first step in his contemplated legislative programme, the second stage of which would be concerned with the Reform of the Poor Law." Chamberlain always realized that the passage of such a measure would be a herculean task due to the subject's complexity and the opposition of the vested interests in the rural constituencies which benefited substantially by controlling the rating system. Consequently he wrote his youngest sister when he first began to draft the act that "the more I see of the R[ating] & V[aluation] Bill the more nervous I get about it."

Although the government later proved reluctant to act upon Chamberlain's plan for reforming the poor law and local government, the Cabinet was anxious for him to pass the rating bill during Parliament's first session in 1925 "as an indispensable preliminary to the reform of the Poor Law and other portions of the Government's social reform"

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26 Chamberlain chaired the committee of which the Marquess of Salisbury, the Lord Privy Seal; Arthur Steel-Maitland, the Minister of Labour; Eustace Percy, the President of the Board of Education; Walter Guinness, the Financial Secretary to the Treasury; David Fleming, the Solicitor-General; and Walter Elliot, the Parliamentary Secretary to the Secretary of State for Scotland were also members.

27 PRO, Cab. 27/263. Valuation, Rating, and Poor Law Reform Committee, 6th Conclusion (28 April 1925), 1.

28 Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain, 5 April 1925.
policy." Therefore, it authorized the Ministry of Health to arrange to read the rating and valuation bill for a second time on 12 May.29

Of unusual complexity, the measure was clearly beyond the grasp of most of the House. "As is so often the case, the process of arriving at simplification is rather complicated...,"30 quipped Chamberlain as he began his speech on the second reading. Lloyd George his arch antagonist caught the mood of the occasion when he told the Lower Chamber that he was loth to criticize the rating scheme because "it [required] a good deal of courage to tackle the problem at all," and he complimented the Minister of Health for having the resolution to take the measure in hand.31 In prefacing his address Chamberlain told the Commons that the purpose of the bill was to transfer the duties of the overseers "to the real, living bodies of to-day....to the borough councils, the urban district councils and the rural district councils" which would form the new rating authorities.32 He next traced accurately and concisely the growth of local taxation during the previous hundred years, in an effort to underscore the drastic need to reform the country's archaic rating machinery.

29PRO, Cab. 23/50. Cabinet Conclusions, 23 (25), 7, of 29 April 1925.

30Debates, Commons, 5s, CLXXXIII (13 May 1925), 1873.

31Ibid., 1913.

32Ibid., 1877.
I find in 1840 [said Chamberlain] the total amount raised by rates in the country was just over £8,000,000, and out of that sum £4,750,000 was raised for the poor rate alone, and only a little over £1,000,000 was raised for the purposes of county authorities and municipal corporations. That offers a very striking contrast to what we find today, when the total amount raised in rates has risen to £142,000,000, and out of that only about £31,000,000, or 22 per cent, is attributable to the expense of the Guardians and overseers of the poor. That shows the change in the relative importance in value of these two sets of authorities, and I think is justification for the setting up of the new assessment committees proposed in the Bill.33

The measure passed its second reading by a light vote of 285 to 129 on 13 May, and Chamberlain speculated prematurely about the possibility of an easy passage at succeeding stages. Writing to Hilda Chamberlain he noted,

The Rating Bill was really a triumph though not a spectacular one. After all the panic about it on the part of the Whips you see we got over the 2nd Rdg. quite comfortably in half a day. But it was done by sheer hard work. I slaved away at it every night till one and two in the morning so that when the time came I really felt I had mastered the beastly thing.34

And as on other occasions he did not deny that his own skill and tenacity had played an important part in the measure's early success.

Robinson was saying to me the other day that he & some others had been discussing what Mond would have done with a Bill like R. & V. Apparently he was very lazy and would never like the

33Ibid., 1886.
34Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain, 16 May 1925.
trouble to learn the case. Moreover he was so ir-
regular in his attendance that they never knew where
to catch him....35

It was August before the bill finally passed its committee stage
cauing Chamberlain to record in his diary,

The Rating Bill...has provoked unexpectedly
fierce opposition in the country districts where
all the vested interests of overseers & guardians
& farmers who up to now have successfully wrought
their assessment in their own favour have combined
against us. I have had the greatest difficulty in
getting the Bill past the opposition from our own
side in Comee....

My troubles will begin again in the autumn but
I hope to surmount them as is necessary if I am to
carry out my programme of poor law & local admin-
istrative reform. Meantime we have at the M/Health
done very well this Session with 2 big bills and
quite a number of small ones successfully nego-
tiated.36

With the Locarno Conference beginning in mid-October, foreign af-
fairs momentarily eclipsed domestic politics. Not until 5 December did
the measure pass its third reading in a thin House by a margin of 147
votes, and the Royal Assent followed a fortnight later. "The Act," trum-
peted the Spectator, "is now admitted to be a preliminary to a sweeping
reform of the Poor Law, under which County and Borough Councils will as-
sume all the powers and duties of the Boards of Guardians...."37 Ad-
dressing the first meeting of the Central Valuation Committee, which

35 Chamberlain Papers, Neville Chamberlain to Ida Chamberlain,
23 May 1925.

36 Chamberlain Papers, Diary, 9 August 1925.

37 CXXXV (26 December 1925), 1172.
was a representative national body that the rating act had created to help the Minister of Health correlate a uniform policy for the entire country, Chamberlain told the delegates from the new assessment areas late in the next year that the Rating and Valuation Act had become law with little or no public notice, but in the future it would be regarded as one of the most important of the laws affecting local government ever placed on the statute books.\(^{38}\)

Even before the second reading of the rating bill, Chamberlain had decided upon the main lines of poor law reform. In mid-April 1925 he presented the Cabinet's Committee on Valuation, Rating, and Poor Law Reform an outline which differed little from the 1918 recommendations of the Maclean Committee. After again reminding the committee that the Rating and Valuation Bill was the first step in his contemplated legislative program, Chamberlain endorsed the Maclean proposal which suggested proceeding with poor law reform in two stages. As the first step Chamberlain called for Parliament to transfer the guardians' administrative powers only, postponing the complete abolition of the old system as advocated by the minority report of the 1905 Royal Commission on the Poor Law until the actual experience of integrated administration had resulted in a demand for unified services.\(^{39}\)

On the very day that the rating bill was read a second time in the Commons, the Cabinet adopted the suggestion of the Minister of

\(^{38}\) *The Times*, 23 October 1926.

Health that the scheme should be restricted to transferring the control of the poor law and not to the total abolition of it. The plan would dissolve the boards of guardians but would place their authority for relieving the destitute upon the county and the borough councils. Relief would remain a problem for the local authorities rather than for the central government. The Cabinet agreed to permit the two bodies to co-opt persons who were not members of the councils to assist in the discharge of their new duties. As a result, the experience and knowledge of former guardians would continue to be utilized. The government further sanctioned Chamberlain's suggestion to try to link relief to the able-bodied more closely to unemployment insurance. 40

A fortnight later Chamberlain urged the Cabinet to endorse another far-reaching reform which became an integral part of his reform of local government. In 1925 the county councils and borough councils obtained money for education, the five health services, police, and roads from percentage grants in which the Treasury matched local expenditure pound for pound. As a result, the more prosperous districts received a share of national assistance disproportionate to their needs, while the areas suffering most from the depression in trade were often unable to provide adequate services. Chamberlain now proposed substituting the Exchequer monies for the health services with a block grant; the Treasury would allot financial assistance to the county or the county borough councils according to a formula drafted at a later date.

40PRO, Cab. 23/45. Cabinet Conclusions 25 (25), 9, of 13 May 1925.
and laid down by statute. He wanted to make the block grant constant for some fixed period and first suggested five years as a reasonable term. The substitution of block grants for percentage grants became an important part of Chamberlain's plan for poor law reform, and he incorporated this alteration into a Cabinet memorandum in late September which showed the lines upon which the Ministry of Health proposed to begin negotiations with persons prominent in the field of local government. Nearly a month later on 23 October the Cabinet gave Chamberlain authority to begin negotiations with representatives of the local authorities on the basis of the proposals he had outlined; it specified, however, that "he should make it clear that the Government were not committed to these proposals or to a Bill." 

On 5 December the Ministry of Health issued to the press the text of Chamberlain's proposals for poor law reform which the Cabinet had accepted in October. While giving public notice of its intention to abolish the guardians and to establish a system of block grants, the

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41 PRO, Cab. 27/263. Committee on Valuation, Rating, and Poor Law Reform, 13th Paper (29 May 1925), 6-9.

42 PRO, Cab. 24/175. C. P. 410, "Memorandum by the Minister of Health," (25 September 1925), 1-12.

43 PRO, Cab. 23/51. Cabinet Conclusions 50 (25), 8, of 23 October 1925.

44 The Ministry of Health formally embodied these proposals in Circular 658 of 2 January 1926 and duly distributed them to the local authorities under this cover in the early days of 1926.
government intended the 5 December pronouncement to be only a basis for consideration and discussion. The *New Statesman*, usually hostile to Tory domestic programs, believed the "substitution of a block grant [was] not...a bad plan in itself," while the *Economist* speculated with its usual pessimism that "it [was] open to question whether the county councils [were] as...energetic and progressive bodies as the municipal boroughs and larger urban district councils." To the government it soon became evident that the campaign to achieve the reform of the poor law would be a long and difficult one.

Continuously from 1926 until his proposals became law in the local government act of 1929, Chamberlain met with numerous deputations from specific local government councils and their national organizations. On these occasions he explained the details of the scheme and listened willingly to the suggestions of the municipal solons. On 2 January 1926 the Ministry of Health dispatched a circular to each of the 635 boards of guardians in England and Wales, explaining concisely the plan which Chamberlain had released to the press on 5 December. The coordination and improvement of the facilities for the prevention and treatment of ill health, both institutionally and otherwise; the

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45 XXVI (19 December 1925), 295.

46 CI (26 December 1925), 1080.

47 These delegations most frequently came from the Association of Municipal Corporations, the County Councils' Association, the Rural District Councils' Association, and the Urban District Councils' Association.
coordination of all forms of public assistance; the decentralization of
the responsibility falling upon the Minister of Health; the simplifica-
tion of the financial relations between the Ministry and the local au-
thorities; and the correction of certain anomalies of historic origin
such as the association of the registration service for births, deaths,
and marriages with the provision for poor relief—these were the broad
changes which Chamberlain hoped to achieve by abolishing the boards of
guardians and transferring their responsibilities and institutions to
the county and the borough councils. 48

The guardians' determination to fight to prevent their abrogation
surpassed the government's expectation. Between 14 January and 31 March
1926, 99 poor law unions wrote Chamberlain concerning the proposals for
poor law reform advanced in the January circular, and of this number
only six completely endorsed the preliminary scheme. 49 Thus with the
hostility of the guardians clearly evident, Chamberlain began to nego-
tiate with an almost endless stream of local government representatives.

Frederick Post, the clerk to the Maidstone guardians, spoke for
boards all over the country when he wrote Chamberlain early in 1926
lamenting the loss of the guardians' special knowledge of their unions
should Parliament abolish them and delegate their duties to the county


49 These were the unions of Bristol, Guisborough, Ledbury, St.
Albans, Ulverston, and Wirral. See PRO, M. H. 57/172. Poor Law Reform:
Provisional Proposals, "Observations of Boards of Guardians," (1926 but
otherwise undated), 2.
and the borough councils. Deploiring the loss of the guardians’ "personal touch," Post predicted a return to the very conditions and practices which were "in vogue in the days of Oliver Twist and Mr. Bubble." And more than a year later the most obscure special interest groups were still making their way to Whitehall to defend their positions before the Minister of Health. For example, a deputation from the National Council of Women of Great Britain met with Chamberlain in the spring of 1927 and advocated retaining in some manner the 2,300 women who served as guardians. The Council of Women offered no proposals of their own but reminded Chamberlain that "the Poor Law had made a very special appeal to women" and claimed without arrogance that their services had improved the system. With his usual candor Chamberlain told the feminists that it was impossible for him "to make an omelette without breaking eggs"; he did not doubt that there would be a period of time after the proposals went into effect when some parts of the reform might not operate as well as the existing system was functioning in 1927. While the Minister of Health favored "co-opting" some of the more qualified guardians by the county and the borough councils, he refused to promise that a minimum number or a certain proportion of women would be incorporated into the final statute until discussions

had further progressed with both the Cabinet and the local authorities.\footnote{PBO, M. H. 57/147. Papers Concerning Deputations from Various Local Government Bodies Concerning Poor Law Reform, 1926–1927, "Deputation to the Minister of Health from the National Council of Women of Great Britain," (5 April 1927), 2.}

During his annual tour of inspection in October 1927, Chamberlain told a gathering of rural councilors from northwest Lancashire in Ormskirk that his object in reforming the poor law was first to improve the health administration of Britain. By transferring the poor law hospitals in England and Wales to the county and borough councils, he hoped to remove the stigma of pauperism from the poor law hospitals which had prevented the majority of people from using them.\footnote{Birmingham Post, 22 October 1927.}

In an interview with the \textit{Birmingham Post} late in 1927, Chamberlain again deplored a condition in which thousands of beds in the poor law hospitals\footnote{In the 1920's there was a total of approximately 120,000 beds in the poor law hospitals in England and Wales. Sir George Newman, \textit{The Building of a Nation's Health}, 159.} stood empty while every voluntary hospital had a queue of people waiting for admission. "In the name of common sense," asserted the reform-minded Minister, "hospital accommodation should be treated as a whole, so that there \textit{[will]} be no waste." When in the future the control of the poor law hospitals passed to the counties and boroughs with the abolition of the guardians, Chamberlain promised to create a national committee representative of the two kinds of hospitals. On this
committee would sit members from both types of facility as well as representatives from the medical profession. Such a system, Chamberlain believed, would be a hospital policy for the entire country. This was one of the most powerful arguments prompting him to try to reconstitute the poor law in the first place, and it was his first goal in advocating the long-needed reform.\(^5^4\)

Only a Minister with Chamberlain's dedication and total commitment to pragmatic administration would have embarked upon a program to reform the poor law and local government. Chamberlain himself recognized this when he told a deputation from the Association of Municipal Corporations that the reform of the poor law was a task "which every Government naturally [shied] at."

It [was] not one out of which a lot of kudos [could] be got; certainly not a lot of electoral advantages. It [was] only when you get a Minister who cares about these things for themselves and not for party advantages that you have any chance of carrying them through....\(^5^5\)

At the same time there can be no doubt that Chamberlain's endless meetings with local government officials often tried the patience of a statesman who is not remembered for tolerating the ideas of lesser men. This is clearly evident in a letter to his sister Ida, written in the

\(^{54}\) *Birmingham Post*, 15 October 1927.

\(^{55}\) *PRO*, M. H. 57/138. Poor Law Reform: Representatives of the Association of Municipal Corporations, "Notes from a Deputation Received by the Minister of Health," (21 July 1926), 25.
summer of 1926 when he was negotiating almost daily with the municipal authorities on his proposals for reforming the poor law.

On Tuesday morning I addressed the Rural District Councils Assoc. & in the afternoon the Victoria League both in the Guildhall. I thought I had considerable success with the rural gentlemen who are naturally very much inclined to be critical of a 'town minister'. There was rather a rude interruption at one moment and I took full advantage of it to appeal for co-operation. I saw afterwards that some of the speakers had attacked me for 'ignorance' and 'soft soap'. But these half-educated bumpkins always take special pleasure in belabouring a bigger man than themselves when he isn't there and I felt confident that I impressed the audience as a whole. Before Chamberlain's scheme to reform the poor law reached the statute books as the Local Government Act of 1929, it took on an entirely new complexion derived not only from continual conflicts in the Cabinet but also from economic necessity. What had begun as an administrative reform became caught up in a broader program to relieve poverty wrought by unemployment and the depression in trade. The latter innovation sprang from Winston Churchill whose plans for adding a new system of distributing Exchequer monies to the local governing bodies ran counter to Chamberlain's original scheme and caused the Minister of Health much difficulty. The trouble began early in 1926 and lasted until the reform of the poor law and local government finally became law in February 1929. The first disagreement with Churchill sprang from Chamberlain's plan to create a system of block grants for the health services. The Minister of Health wanted block grants to replace

56 Chamberlain Papers, Neville Chamberlain to Ida Chamberlain, 3 July 1926.
percentage grants for the health services alone; the majority of the Cabinet did not endorse the use of block grants on an extensive scale, while Churchill championed block grants for all local government services which the central government subsidized. In April 1926 the government appointed an interdepartmental committee headed by Sir George Barstow, the Controller of Supply Services at the Treasury, to study the question of substituting block grants not only for health but also for education, police, and roads.

The committee did not issue its first report to the Cabinet until the last days of July, and in the interim, Chamberlain discussed the advantages of block grants with representatives from numerous local authorities. The London Labour Party's executive met with the Minister of Health on 13 July and vigorously protested the block grant on the premise that the annual allotment of a fixed sum would tend to reward the backward local authority which did not perform its duties in an efficient manner. Led by Herbert Morrison and Harold Laski, the latter a distinguished professor of political science at the University of London, the executive believed that the percentage grant on approved expenditure was the best method of State assistance because it enabled the State to check extravagance and careless administration. Chamberlain, however, contended that as a rule the progressive authority did not need to be stimulated; it was progressive because that was its nature and it would be progressive regardless of the government's grant
policy. A week later Chamberlain further explained his endorsement of the block grant principle to a deputation from the Association of Municipal Corporations. "I do not desire to see [the Local Authorities] spoon fed and tied to the apron strings of Whitehall," he told the delegation. Rather, he hoped to make central control over local government as elastic as possible so that the Ministries dealing with the local authorities could devote their attention to helping the weaker ones become more effective. He believed that the central government should concentrate on maintaining a certain minimum standard rather than upon checking every item of expenditure. As long as the percentage grant existed such interference was inevitable the Minister of Health believed.

Due to the general strike the Barstow Committee did not issue its interim report to the Cabinet until 29 July 1926 when the eleven-man interdepartmental study group endorsed the general principle of the block grant on the basis that such a "coherent and logical system" would be greatly expedited if it could be carried through with the simplification of the local administrative machinery. The committee pointed out that the new system of block grants could be paid either as


58 PRO, M. H. 57/138. Poor Law Reform: Representatives of the Association of Municipal Corporations, "Notes from a Deputation Received by the Minister of Health," (21 July 1926), 28.
four separate service grants, one for each of the four main services—education, police, public health, and roads—or the entire Exchequer assistance to local authorities could be combined into a single general grant paid annually to the appropriate local governing body.59

Churchill seized the committee's interim report as a tool to broaden Chamberlain's limited vision of block grants solely for the health services into a more grandiose reform to deal with poverty and unemployment. In November Churchill drafted a memorandum to the Cabinet calling the proposed general grant "the most hopeful line of approach" for the State to assist the local authorities; he saw no inherent difficulty in associating a system of general block grants with a major overhaul in local government which could be carried into effect concurrently with the reform of the poor law.60 At first Chamberlain did not detect the Chancellor's dogged determination to see the general block grant incorporated into any reform of local government. In a letter to Hilda Chamberlain he voiced premature optimism regarding the Cabinet's attitude toward poor law reform and discussed too lightly Churchill's position on the grant question.

I had a not unsatisfactory reception at the Cabinet for my Poor Law proposals. I did not ask for any decision but was allowed to talk for about 40 minutes and Jix observed afterwards that he now knew more about the subject than he did when he was at the


60 PRO, Cab. 24/182. C. P. 395, "Memorandum by the Chancellor of the Exchequer," (November 1926 but otherwise undated), 1-3.
Ministry which is perhaps not surprising. There were some murmurings about the effect on the voters but in Walter Guinness' absence they did not go very far. Winston of course was eloquent upon his grand scheme but it seemed to me that it met a rather chilly atmosphere. On the whole I thought it was not a bad beginning.\(^6^1\)

Further difficulties appeared when the Barstow Committee presented the Cabinet its second report on 9 December. After the committee's first pronouncement in July, the Ministry of Health drafted a formula for the distribution of block grants for the health services based upon the average assessable value per head of population throughout England and Wales. Now the Barstow Committee judged a formula calculated on this principle to be unworkable for a general grant and proposed in its place a formula based upon a uniform rate per head of hypothetical population, built upon the actual population, and weighed both by a factor representing the rateable value of an area and the number of children attending elementary school.\(^6^2\)

Chamberlain, Churchill, and Eustace Percy, the President of the Board of Education, met at once in private conference and continued to discuss the merits of a general grant for nearly a fortnight. Churchill stood firm behind his "grand scheme" while Percy's position remained constant as he insisted that the incorporation of national funds for education be postponed for three years in order to give the local

\(^6^1\) Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain, 27 November 1926.

educational authorities time to forecast accurately the amount of money they would require for a fixed number of years into the future. Percy, however, concurred with Chamberlain that block grants should be established at once for the health services. Since the three Ministers most concerned with the grant question could not agree upon the best method to alter the existing system for distributing Exchequer aid to the local authorities, the Cabinet in December 1926 authorized Chamberlain to put his proposals for the administrative reform of the poor law into a draft bill but not to include any financial provisions until the government had resolved the larger question of whether such legislation should include a general block grant for education, police, and roads as well as for health.

The new year had no sooner begun than Chamberlain detected growing opposition in the Cabinet to poor law reform. To Hilda he wrote early in February,

The fact is the Cabinet has got cold feet in view of the General Election although we hope to put that off till late in 1929. I think they are all wrong, and that we shouldn't win elections by doing nothing but by establishing a record of useful work. If I were in S. B.'s place I would call the Members together and tell them that they weren't returned to take a holiday and I believe they would respond because they are an extraordinary lot.

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63 PRO, Cab. 24/182. C. P. 398, "Memorandum by the President of the Board of Education," (23 November 1926), 1-3.

64 PRO, Cab. 23/53. Cabinet Conclusions 67 (26), 3, of 17 December 1926.

65 Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain, 5 February 1926.
On 2 February the Cabinet decided that Chamberlain’s plan for poor law reform should go into the King’s Speech minus block grants which would be discussed during the summer and introduced in 1928. His frustration over the postponement Chamberlain noted in his diary:

...the great majority of the Cabinet was obviously hostile to P. I. Reform, not on merits, but because they think it will be unpopular....I could see at once how joyfully they welcomed an excuse for putting it off and I....jumped at the P. M.'s proposal as the only chance. But of course I was desperately disappointed & fully realise all the dangers of delay of the chances it gives to the enemies of reform. However, I shall fight my best during the summer and as now we have no bills at all in my Dept. I shall be able to devote more time to it.  

In February 1927 the Prime Minister at Chamberlain’s request appointed a Cabinet Committee on Block Grants. At the committee’s first meeting Churchill persistently urged the endorsement of a general block grant and believed that the exclusion of education and police would destroy the scheme. He favored the change from percentage grants to block grants because year after year the Treasury was forced to find large sums of money to match the totals spent by the local authorities;

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66 Chamberlain Papers, Diary, 12 February 1927.

67 Ibid.

68 Churchill chaired the committee of which Chamberlain, William Joynson-Hicks, the Home Secretary; Sir John Gilmour, the Secretary of State for Scotland; Lord Eustace Percy, the President of the Board of Education; Viscount Peel, the Secretary of State for India; and Sir Imaning Worthington-Evans, the Secretary of State for War were also members. The committee issued no report. After its second meeting on 28 February 1927 the Cabinet Committee on Policy on the Relief of Industry took over its duties.
such a policy lacked effective central control while at the same time Whitehall received little recognition for its extensive yearly assistance to local government. Chamberlain, on the other hand, supported the principle of the block grant because it gave the local authorities increased discretion in spending Exchequer money; in addition, he felt that the block grant probably afforded the best method of dealing with the necessitous areas question since the payment of one sizeable general grant to the areas hardest hit by the depression should logically lead to a reduction of the rates which in turn would help to revive industry and lead to the employment of more men. 69

From the beginning the committee on grants was divided over which departments should render their financial assistance to the local authorities through the general block grant. Both the Board of Education and the Home Office rejected the block grant for their departments while Churchill lobbied fervently for the new kind of grant as a means to improve the Party’s standing with the working-class electorate by making huge new sums of money available to the poorest districts. In his diary Chamberlain recorded,

With regard to Poor Law the P. M. at my request set up a Cabinet Comme. to examine the Barstow proposals for a block grant formula covering Health Police Education & roads. I wanted Percy as chairman but Winston insisted on taking this position himself and made a bad start by declaring that unless all came in the Treasury wd. oppose any changes in the system. The H. O. have declared their objection to a block grant for police on the ground

69 PRO, Cab. 27/339. Committee on Grants, 1st Conclusion (23 February 1927), 1, 3.
that it wd. weaken their control over the L. A. and though Eustace is favourable the Duchess of Atholl his Parr. Sec. is strongly opposed to Block Grants for Education & talks of her resignation if it is pressed. I still remain of opinion that it wd. have been better to start with Health alone but of course it is the Treasury that has forced the larger issue & I hear that Winston is now...much alarmed at the difficulties that have arisen and...it is likely that the scheme will break down.\textsuperscript{70}

While Chamberlain struggled with the Cabinet's grant committee, Baldwin's fear of political repercussions prevented him from urging either the Cabinet or the Party to endorse the Minister of Health's plan for abolishing the guardians. Chamberlain's diary again takes up the story.

Baldwin said that the public knew nothing about the proposals & was not interested in them. That the Guardians were hostile & that members for rural constituencies were nervous less they should antagonise their principal supporters. I pointed out that this was only to be expected if we did no educational work...and expressed the belief that if we made firm declaration of our policy & showed determination we shd. soon get public opinion on our side....It is obvious that the P. M. has got very cold feet & would give no lead. He wants to postpone & postpone and then he will say that P. L. is too unpopular to be introduced before a General Election.\textsuperscript{71}

And in a letter to Hilda, Chamberlain indicated his dismay that the Prime Minister had failed to commit the Party solidly to poor law reform. For the first time since becoming the Minister of Health, he confessed a weariness with his job.

\textsuperscript{70}Chamberlain Papers, Diary, 4 March 1927.

\textsuperscript{71}\textit{Ibid.}
We have had a second meeting of the Block Grants Committee which did not pass off any better than the first and I hear Winston is very depressed about it and thinks the scheme is going to break down....The P. M. has got very cold feet again....He refused to take any step which would definitely commit us to Poor Law reform...and harps continually on the danger of alienating our supporters in the Rural Districts....If Poor Law goes down it will be a nasty snub for me but I shall try and get alums through and then I think I shall have done with the Ministry of Health.72

With his own plans for an all-inclusive block grant thwarted by Chamberlain's insistence that the block grant be allotted for the health services alone, Churchill prepared to withdraw from the controversy altogether. Chamberlain observed,

There remains the difficulties of the financial proposals. I hear that Winston is so disgusted with the Block Grants Comee. that he is preparing a memorandum saying that he despairs of the general unified grant & that he won't have anything else.73

The Chancellor's memorandum reached the Cabinet on 21 March and its content justified Chamberlain's fears. Churchill bluntly informed the committee that the Treasury was no longer a "motive power" in the question of block grants, and he would gladly drop the entire scheme if requested to do so by his colleagues. His frustration focused upon the "resisting powers" of the small local governing bodies and the particularism of the government departments. "If the love of Whitehall

72 Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain, 5 March 1927.

73 Chamberlain Papers, Neville Chamberlain to Ida Chamberlain, 12 March 1927.
control is too deep-seated," Churchill wrote, "...it would certainly not be worth while for either the Treasury to incur the expense or the Government the unpopularity which would be involved."74

Chamberlain's discouragement over his plans for poor law reform now took on new proportions as his frustration with Churchill's obstinacy intensified.

As for Poor Law the difficulties seem to mount and multiply every day. Winston declared his desire to drop the block grants altogether....Robinson himself more than hints his own feeling of despair and his advice is to get out while the ship is still afloat. Sometimes I almost despair myself, but I cannot bring myself to give in as long as any possibility of success remains.75

I have been so busy that I have made very little progress this week in Departmental work. Robinson told me of more difficulties about my new ideas for Poor Law but I think there is no doubt that we can evolve a workable scheme. The trouble is that Winston...is going to make the difficulties. Like the P. M. he is unable to understand the working of the great system—he frankly says so—and he is alarmed that we should make ourselves unpopular on the ground of excessive expenditure. I explain that what I want is not any more expenditure but some re-arrangement of the present expenditure as between local and national resources and that he will have anyway to find something for this purpose.76

The Cabinet's solution to the March loggerhead on the grants question was to relegate the issue to the autumn session of Parliament at


75 Chamberlain Papers, Neville Chamberlain to Ida Chamberlain, 26 March 1927.

76 Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain, 3 April 1927.
which time the government postponed poor law reform until 1928. In the interim Chamberlain accepted a slight modification to his original proposals for reforming the poor law which went a long way to satisfy the objections of the Conservative Party's stalwarts in the agricultural districts. The Tory opposition to the poor law scheme came to a head on 9 March 1927 when Chamberlain met at Westminster with over 150 of the Party's Members from the rural constituencies to explain his proposals. Reminding the Minister of Health that unlike the situation in West Ham there had never been any charges of wrong doing against the boards of guardians in rural areas, the country members asked him not to abolish the guardians in such regions. They contended that the existing system should not be scrapped because of "other sins," and this substantial block of the Conservative majority in the House of Commons was anxious to achieve some compromise between the two points of view.  

The Parliamentary correspondent of the Birmingham Post reported that there was some "plain speaking" at the March caucus and that Chamberlain was surprised at the strength of its opposition which was directed mainly against his proposals to abolish in toto the boards of guardians.  

Realizing that their support was vital for the promulgation of any local government reform, Chamberlain did not turn a deaf ear to their argument. Instead of completely abrogating the responsibilities

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77 The Times, 10 March 1927.

78 15 March 1927.
of all the former guardians, he altered his scheme in a manner which made provision for retaining the services of the most dedicated of them. The plan for poor law reform authorized the county and the borough councils to create public assistance committees to deal with outdoor relief, and the Minister of Health wrote into his proposals a stipulation allowing the councils to co-opt the former guardians to a maximum total of one-fifth the total membership of the assistance committees. This relatively minor concession had the desired effect on the rural solons who rose to Chamberlain's bait. In early April he was writing to his sister with some relief,

So far negotiations on the Poor Law are going very satisfactorily that is to say that the Agricultural members are being gently shepherded into the fold I have prepared for them while under the impression that they are shepherding me there.80

In 1927 many competent commentators were confident that Chamberlain's ambitious scheme for poor law reform could never become law within the life of the existing Parliament. Due to the opposition to the Minister of Health's proposals from the Conservatives in the rural constituencies, even the loyal Birmingham Post noted in June that "there [was] a general feeling in political circles that very little more [would] be heard of the measure."81 The New Statesman, while convinced that Chamberlain was in earnest about the bill which he had promised in

79 Ibid.

80 Chamberlain Papers, Neville Chamberlain to Ida Chamberlain, 9 April 1927.

81 23 June 1927.
1925, took it for granted that reactionary forces both in the Cabinet and in Parliament had told him that "he had better stop fancying he was Sidney Webb."82

By the summer of 1927 Churchill had begun to realize that the problems of unemployment could no longer be ignored. Looking for some politically attractive alternative to protection, he devised the idea of relieving agriculture and industry of the burden of the local rates by paying the local authorities a direct subsidy out of taxation.83 The rates, unlike the income tax, varied in amount in different parts of Britain; local governments levied them upon business and industry even if they made no profit. Their rate burdens grew heavier with the continuation of the postwar economic collapse and the increasing poverty of the industrial districts. In the twenties the heavy basic industries, which suffered the most from the depression in trade, were located in the areas with the highest concentrations of longstanding unemployment and, as a result, these regions required an exceptionally high rate burden in order to support poor law relief.

Churchill brought derating into local government reform as a condition of his support for Chamberlain's plans for administrative reform.

82 XXX (31 December 1927), 372.

83 In 1875 an act of Parliament reduced the rates on agricultural property in England and Wales by one-fourth; in 1896 a second act reduced agricultural rates by one-half; while in 1923 still another act cut the rates on this type of hereditament by an additional one-quarter. In all cases Exchequer grants made up the losses to the local authorities.
reform, and the Chancellor was "doubtful whether such a Bill in isolation would be sufficiently above [the] inertia and local jealousies to be good politics...." Chamberlain, after serving in the Cabinet with the quick-change artist of British politics for nearly three years, was no longer surprised at the fruits of Churchill's creative imagination and wrote in his diary following the latter's first suggestions for a derating scheme,

I have had a remarkable success with the Agricultural Committee who have accepted the new proposals...The trouble now is that Winston has again gone off the deep end & is in full cry after a new and I fear fantastic plan for distributing 30 millions of taxation among the ratepayers. He has a fruitful mind but I do wish he were steadier. I fear in pursuing these imaginative fluxions he will lose all interest in really practical proposals. What we ought to do is 1) Block grant health services including enough new money to make up any deficiencies caused by the rearrangement of areas under the Poor Law scheme 2) add a further block grant to deal with necessitous areas 3) if desired give some money to help quicken the operation of my new slum improvement scheme. This would be better electoral [bait] than Winston's & it is only as an election cry that he wants it.

As the year drew to a close Chamberlain was thoroughly disgusted with Churchill's grand plan for the total derating of agriculture and industry, and he was firmly convinced that it would not work.

Of course I should not lend myself to anything that was unwise, immoral and dangerous [he wrote his sister Ida]. But if I had refused to look into the possibilities of Winston's scheme I should have

84 PRO, Cab. 24/192. C. P. 8, "Memorandum by the Chancellor of the Exchequer," (20 January 1928), 10.

85 Chamberlain Papers, Diary, 16 June 1927.
appeared to him to be merely obstinate and unfriendly. My purpose was to convince him by specific reasoning that his plan would not work or alternately to find some other scheme which would not be open to the objections I saw in the original one. 86

On 20 January 1928 Churchill outlined for the first time in writing his gigantic scheme for completely removing agriculture and industry from the burden of the local rates. Bowing to political expediency, he prefaced his memorandum to the Cabinet by observing that "the advocacy of a general system of protection for home manufacturers and home-produced food would divide the country upon lines much less advantageous to the Conservative Party than the...cleavage between Socialism and anti-Socialism." 87 The object of Churchill's plan was to accord productive industry total rate relief upon all property used for actual production, beginning with the sources of natural supplies and including the various stages of transport and conversion which would culminate in the finished article ready for sale in the market place. The Exchequer would make up the loss in rates to the local authorities, and only such productive hereditaments as existed in 1928 would be eligible for relief. Churchill also advocated excluding railroads, docks, canals, harbors, and the gas and electricity industries from the rates on the condition that they give immediate and equivalent relief,

86 Chamberlain Papers, Neville Chamberlain to Ida Chamberlain, 17 December 1927.

87 PRO, Cab. 24/192. C. P. 8, "Memorandum by the Chancellor of the Exchequer," (20 January 1928), 1.
in the case of transport to heavy freight traffic and in the case of the utilities to the consumer. Agricultural land and buildings other than dwelling houses would be relieved of the last remaining rate burden which amounted to only one-fourth of the total assessable annual value in 1928. Such a proposal, the Chancellor believed, would have the effect of a "modern scientific tariff" upon home industry and the export trade without raising the explosive political controversies associated with protection. 88

Churchill had carefully calculated the financial implications of his scheme. The local authorities would lose £38 million to derating but would receive £41 million in return. First Churchill proposed a new tax on imported liquid fuel at the duty of 3d. a gallon which would yield £15 million in 1928 if it were incorporated into the budget of that year; the revenue from the liquid fuel tax would increase by £1 million each year thereafter. A balanced budget, economies in all departments of State, and a cut in the service estimates, largely at the expense of the navy, would provide nearly £15 million more, while another novel proposal calling for the creation of a low national rate fixed at approximately 5s. in the pound of assessed value, levied on all derated industry and paid into the Treasury, would furnish still another £13 million. The Chancellor of the Exchequer planned to attach this spectacular scheme to Chamberlain's bill for poor law reform, and he stipulated that the total £41 million from the Treasury would be

88 Ibid., 3-5.
distributed to the county and the borough councils in a unified block grant for all their services by a general characteristics formula based, not only upon the arithmetical loss of population but also upon the number of children and the ratio of unemployment.  

Immediately after Churchill presented his memorandum on derating to his colleagues, the Cabinet's Policy Committee on the Relief of Industry began to discuss the proposal. As in the previous year Chamberlain was hesitant to endorse Churchill's design. His criticisms stemmed largely from his own broad experience in local government. For the Birmingham statesman the total derating of industry would divorce manufacturers from active participation in local government. In order to avert this situation he supported Churchill's plan for a fixed national rate of 5s. which would apply to productive industry equally throughout Britain after derating went into effect. But the Minister of Health wanted industry to pay such an assessment directly to the local authority instead of to the Exchequer as Churchill had originally suggested. In addition to actively involving industry in the local governing process, the retention of this small contribution would make


90. Winston Churchill chaired the committee of which Chamberlain, Sir Laming Worthington-Evans, the Secretary of State for War; Sir Philip Cunliffe-Lister, the President of the Board of Trade; Walter Guinness, the Minister of Agriculture and Fisheries; Sir John Gilmour, the Secretary of State for Scotland; Eustace Percy, the President of the Board of Education; and Lieutenant-Colonel Wilfrid Ashley, the Minister of Transport were also members.
the scheme more acceptable to the local governing bodies and at the same time would afford industry no financial benefits should it leave the areas of high unemployment.91

Chamberlain and Sir John Gilmour, the able Secretary of State for Scotland, challenged the inclusion of railroads among the hereditaments to be derated. To Chamberlain the railways' role in the commerce of the nation was solely one of distribution; to make them part of the derating program would bring strong pressure to extend relief to purely distributing agencies such as shops and the larger facilities making retail sales. "I do not see how a fish and chip shop can possibly be regarded as a productive industry," noted the Minister of Health with obvious exasperation.92

Churchill's eloquence successfully persuaded the committee to endorse momentarily the total derating of productive industry. On 26 March, however, the majority of the eight man task force agreed to reject the Chancellor's proposal for the 5s. national rate,93 and Chamberlain wrote his sister Ida that Churchill's ideas were changing "like

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91 PRO, Cab. 27/364. Committee on Policy for the Relief of Industry, 5th Conclusion (12 March 1928), 1-4.

92 Sir Keith Feiling, Life of Neville Chamberlain, 146.

93 PRO, Cab. 27/364. Committee on Policy for the Relief of Industry, 7th Conclusion (26 March 1928), 1.
a kaleidoscope." He wearily concluded a lengthy discussion of derating by lamenting,

I don't know what form it will take when it comes before the Cabinet on Thursday. But I am not looking forward to this week as I shall have to take my decision whether I am going to support the Chancellor oppose him or press for modification. A great responsibility rests upon me for half the Cabinet don't in the best understand the question (including the P. M.) and I believe they really rely on me to give them the lead.\textsuperscript{94}

The committee's report on derating which the Cabinet received three days later was in many ways a compromise. The majority endorsed Churchill's scheme for the complete derating of productive industry, while a minority supported relieving industry by two-thirds of the rates in order to limit the strain on the Exchequer in financing the project as well as to keep industry actively involved in the local government process as Chamberlain had urged. The committee altered Churchill's original plan by excluding gas and electricity from derating since this would leave nearly £12.5 million in the hands of the local authorities and would help to soften the new burdens placed upon the Exchequer.\textsuperscript{95}

Attached to the memorandum were a series of reservations presented by Chamberlain and Sir John Gilmour. For Chamberlain the "case against total exemption [was] overwhelming," even though he recognized that

\textsuperscript{94} Chamberlain Papers, Neville Chamberlain to Ida Chamberlain, 24 March 1928.

anything less than the Treasury's proposals would impair the logical basis of the scheme. Chamberlain still assumed that if total derating were realized, the participation of industry in local government would be lost, and he continued, therefore, to urge the Cabinet to accept a fixed national rate which industry would pay directly to the local authorities. The Minister of Health expressed his special concern over the proposal to derate the railroads which were solely agencies of distribution. Even if current legislation excluded retail businesses from derating, Chamberlain felt that it was within the range of possibility that pressure to include them might be taken as an inducement to future political controversies. Less than a week after the Cabinet had received his objections to the Policy Committee's report, Chamberlain was writing his sister regretfully,

I have had a very harasing time over the great scheme, and have even contemplated resignation though the P. M. says the Cabinet would never let me go. But I have been pushed very hard and W. C. has succeeded in winning over all the members of the Committee who were not themselves concerned with Local Gov't.

...I am determined not to give way and the result must be either that the scheme will be abandoned or more probably that a compromise will be found and a modified plan adopted which Gilmour & I can accept. Even then it won't be plain sailing because when the inevitable opposition develops we shall be reproached with having taken out all the drive and there will always be the possibility that the Cabinet will run away and leave us to manage....


\[97\] Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain, 31 March 1928.
When the Policy Committee presented its report to the Cabinet it had still not agreed upon the extent that industry should be derated. Not until six days after the Cabinet had received the report did the committee reach a decision which was a compromise between the positions taken by Chamberlain and the Chancellor of the Exchequer. The Cabinet met on 4 April and Churchill announced to his colleagues that on the previous evening the committee had agreed unanimously to recommend the exclusion of all public utilities and railroads from the scheme. Instead of totally derating productive industry as he had originally intended, the committee had decided to retain one-fourth of industry's yearly local rates which would be paid directly to the local authorities. For the moment it seemed that Chamberlain had carried the day. The Cabinet's decision to exclude railways from the program and to reduce the rates on productive industry by three-fourths would still involve industry in the local governing process, while the uniformity of the reduction applied nationwide would provide no incentive for it to leave the necessitous areas.

To celebrate his triumph Chamberlain went to Scotland to fish on the River Dee, but his victory proved to be only a short-lived one. In his absence Churchill recovered his fighting spirit, and when the Cabinet met again on 19 April, he reopened the question of derating rail transport. Although the Chancellor was content not to disturb the

98 PRO, Cab. 23/57. Cabinet Conclusions 20 (28), 7, of 4 April 1928.
decision to derate productive industry at three-fourths its annual charge, after lengthy interviews with representatives of the railway companies, he had become convinced that including them in the scheme, along with canals, docks, and harbors at the same reduction applied to industry, would furnish a great stimulus to commerce because the railroads would pass on to the manufacturers in the form of reduced freight costs the benefits which they would receive from the partial remission of the rates. As a result, the Cabinet agreed to reexamine the question and to deal with reinstating the railroads at a special meeting to be held the following day at the House of Commons. That afternoon Chamberlain conferred with Baldwin in his chambers at Westminster and he found his chief looking "very worried."

He said the Central Office which had been much attracted by what he called 'the original scheme' (meaning the plan whereby railways were included in derating & the 5/- flat rate was paid to the Rating Authorities) was now feeling very flat because the scheme was shorn of the finish which they had thought would most recommend it....I said they had not spoken about railways but only about the flat rate.

...I had always objected to the railway plan on the ground that it was only a camouflaged subsidy & I had reserved to myself the power of arguing against it in Cabinet though I had never suggested that I should resign if the Cabinet decided against me. I believed that it was too late to bring in the railways as the time table was already [drawn] and further legislation wd. be necessary. Would it not

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99 Pro, Cab. 23/57. Cabinet Conclusions 22 (28), 2, of 19 April 1928.
be better to postpone the question of railway freight for the gen. election when we should have time to go into it exhaustively and see what alternative methods were possible.\textsuperscript{100}

In the evening Chamberlain and the Prime Minister dined at St. Stephen’s Club, and the latter disclosed a conversation with Churchill only a few days before at which the Chancellor had candidly voiced his aggravation with the Minister of Health.

The Chancellor had made a regular scene. He had marched about the room shouting and shaking his fist & had launched on a tremendous tirade against me. I had been always pouring cold water on his scheme and evidently I was jealous of him.\textsuperscript{101}

When the Cabinet assembled at 10 Downing Street the following day Baldwin prefaced the discussion on derating by telling the Ministers that since the Cabinet had decided against the total derating of productive industry, several members of the government believed that the plan in its present form was not the best one possible; since the Cabinet had rejected the complete derating of industry, could the question of including rails in the scheme again be discussed? Churchill dominated the long debate which followed. Finally the Cabinet agreed to include railways, canals, docks, and harbors in the derating provisions of the local government bill, but Chamberlain and Gilmour still saw no merit in such a policy. In the interest of publicity the Central Office and the Prime Minister had come over to Churchill’s side.\textsuperscript{102}

\textsuperscript{100} Chamberlain Papers, Diary, 19 April 1928.

\textsuperscript{101} Ibid.

\textsuperscript{102} PRO, Cab. 23/57. Cabinet Conclusions 23 (28), 4, of 20 April 1928.
Chamberlain, however, did succeed in holding the Cabinet firmly to its previous commitment that railroads would pass on to industry their benefits of rate relief by making a proportionate reduction in their charges for freight. Furthermore the Cabinet did not alter its position that industry would continue to pay one-quarter of the local rates which was a principle that Chamberlain was even more anxious for the government to retain. The Minister of Health sank his objections for the sake of unity, but he could still see no logic in the Treasury subsidizing agriculture and industry by furnishing them various degrees of relief from local rates.

...the temporary arrangement under which the railroads are to be given a subsidy equivalent to their rates in order that they may pass it on to the 'basics' illustrates more clearly than ever the point I have consistently made to the Cabinet in considering this matter namely that the proposal is nothing but...the camouflage for a subsidy to coal steel and agriculture as direct as that which we gave to coal in 1925. The permanent plan under which we pay the subsidy to the local authorities in order that they may pass it on to the railways in order that they may pass it on to the selected trades is so utterly illogical, so complicated & so completely contradictory of the opinion universally expressed a little while ago that the State subsidies were economically unsound that I could not imagine that it would not be torn to pieces at once. S. B. on the other hand was always attracted by the scheme and thought the camouflage was sufficient to enable us to get away with it.104

103 Sir Keith Feiling, Life of Neville Chamberlain, 145.

104 Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain, 29 April 1928.
Although he would have scarcely agreed with the *Spectator* that the "Government's scheme of rating reform [was] the most promising remedy for unemployment that [had] yet been devised," Chamberlain had little time to lament the Cabinet's approval of Churchill's de-rating proposals. He continued to meet with delegations from the local authorities to iron out their last objections to poor law reform, and in November 1928 he presented the House of Commons a bill to reform local government which provided both for the abolition of the boards of guardians and the derating of productive industry along the lines the Cabinet had accepted on 20 April. The measure rested upon these twin pillars, and it brought Chamberlain his greatest acclaim as a Parliamentarian and successfully climaxed his distinguished career as Minister of Health.

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105CXL (23 June 1928), 928.
CHAPTER IX
THE LOCAL GOVERNMENT ACT

After the Cabinet had decided to include derating in the bill for the reform of local government, the Ministry of Health began to prepare the final draft of the measure which Parliament received in November 1928. Chamberlain continued to meet with representatives from various local authorities to explain his plan. In June 1928 he issued a White Paper which discussed his scheme in detail. It promised that legislation would be submitted to Parliament as early as possible in the autumn session, "to give effect to the administrative and final adjustments of local government." The Birmingham Post speculated that once the proposals were reasonably understood, few people would accept them quietly, and it noted that the White Paper promised "to lift public and Parliamentary criticism of the scheme to a new and higher plane."

At the Party Conference at Yarmouth, in a speech on 27 September, Chamberlain was eager to explain the complex measure to the Party workers and, if possible, to arouse their enthusiasm for a program

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2 30 June 1928.
which made little appeal to persons other than the specialists in munici-
pal administration. As a statesman who prided himself upon his ex-
perience in the councils of Birmingham, he particularly stressed at the
Yarmouth meeting the beneficial changes which poor law reform would
make in local government. This he believed was more important for the
welfare of the country than relieving productive industry of its rate
burden. Making the county councils and the borough councils the cen-
tral financial authorities would mean a wiser and more statesmanlike
supervision over expenditure; by substituting block grants for the vari-
ous percentage grants currently in operation, the local authorities
would have far greater independence and initiative than in the past.
Concluding his address, Chamberlain admitted that it was uncertain
whether the scheme would be an election winner or not, but at any rate
"it [would] form a notable part of that great work to ameliorate the
condition of the people which [was] the proud record of the Conserva-
tive Party." 3 Speaking of what was to be his last significant reform
while Minister of Health, Chamberlain had sounded again the familiar
theme of Tory Democracy.

Exceedingly pleased with the reception shown him by the Party
stalwarts, he confided jubilantly to his diary that he had achieved a
"surprising success" at Yarmouth.

3Neville Chamberlain, "Conservative Rating Reform" (London, 1928),
11. Pamphlet based upon Chamberlain's speech at the Conservative Party
Conference, 27 September 1928.
Not only did the audience give me a great reception but when I sat down they cheered for several minutes & finally all rose to sing: For he's a jolly good fellow. This was a very gratifying tribute of a personal character but it was even more welcome as evidence that it was possible on such a subject to arouse enthusiasm among the delegates and ever since I have had from all quarters evidence of the impression made at the time & the good effect that has followed in the country.  

By the early autumn of 1928 Chamberlain had little doubt that his proposal to abolish the guardians would be realized, but he still recognized that it would be a difficult task to pass a bill of such unusual complexity. To Ida he wrote,

I think it is now pretty clear that we shant have a great deal of trouble from the Guardians who realise that the game is up, but that the real fight will be over finance. I always knew we should have trouble over finance but that I don't really mind as it is not a question of principle. But Lord! there are a lot of controversial points in the Bill; we should never get through it without a guillotine.  

In February 1923 the Bonar Law government had appointed a Royal Commission under the chairmanship of the fifth Earl of Onslow, a cousin of George V, to study the existing system of local government in Britain and to make suggestions for its improvement. The commission issued its first report in August 1925, and soon afterward it began a more thorough investigation of the relationship between the county, the borough, and the district councils only to find that the Minister of 

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4 Chamberlain Papers, Diary, 28 September 1928.

5 Chamberlain Papers, Neville Chamberlain to Ida Chamberlain, 6 October 1928.
Health was already actively engaged in making a comprehensive study of the poor law system which also included a study of the operation of the various councils of local government. As a result, the Onslow Commission temporarily suspended their own sittings in order to give time to the elucidation of Chamberlain's ideas. But Chamberlain's position on local government reform had already relieved Onslow and his colleagues of the fear held by the members of most Royal Commissions: that is to say the fear that a valuable report might be pigeon-holed and forgotten.

The measure which Chamberlain finally presented Parliament for local government reform was largely representative of ministerial views and was actually formulated without such assistance as the Royal Commission might have conceivably given had the bill been delayed for another five years. It was to Chamberlain's credit, however, that he consulted regularly with the Onslow Commission and gave prompt consideration to their suggestions. The Minister remained in constant touch with the members of the commission between 1925 and 1929, and he received particular assistance from the volumes of evidence the commission had collected.  

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6 The three reports of the Royal Commission on the Poor Law furnish a tremendous reservoir of information for the student of local government. The commission reported on three separate occasions, and its findings did more to call attention to the need for overhauling the Victorian system than to present an actual legislative program, the latter function being Chamberlain's own preoccupation after mid-1925. For further study of the reports of the Onslow Commission see, Parliamentary Papers, Vol. VI (Reports; Commissioners, & c., Vol. XIV), Cmd.
Prior to the introduction of the local government act, many of the delegations which visited Chamberlain in his Whitehall office came to express doubts about the complicated formula devised by the Ministry of Health for the distribution of block grants. The formula was one based upon general characteristics which operated independently of actual expenditure. The Rural District Councils' Association, whose members had the most to lose by Chamberlain's proposals to abolish the boards of guardians, made a special representation to the Minister of Health early in November 1928 to protest what to them was the government's puzzling formula for distributing the block grants. Chamberlain assured the deputation that the Ministry had put some very clever people on the task of distributing the block grant and that the general characteristics formula was not the "first shot." The rural councilors especially "made fun of" the attention given in the formula to the proportion of children under five years of age. But always sensitive


7See Appendix B.

8There were no separate elections for the guardians in those unions exclusively in rural districts where the rural district councilors also served as the guardians.
to the sufferings of the young, Chamberlain explained precisely that it was not ridiculous to relate the number of babies directly to local government expenses. Rather, the Minister was convinced that the number of children in an area in proportion to the total population was a very real measure of the wealth or poverty of a district. The number of children under five years of age did not relate just to the services provided by the local authority. The issue was much broader and related closely to the rateable value per head of population. In a speech a week later at London's Holborn Restaurant to the National Farmers' Union, which represented over 100,000 ratepayers in England and Wales, Chamberlain reminded a rather hostile audience that the number of children in Britain was considerably higher in the industrial areas of the country which suffered the most from the depression in trade. Concluding his explanation of the intricacies of the formula incorporated into the local government bill, Chamberlain noted that

...if on the whole the formula produces the effect...of directing the money into those parts of the country where we want it to go, I think we can accept the formula without bothering too much as to how it is based.¹⁰

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¹⁰PRO, H. L. G. 43/25. Local Government Reform: Rating Relief Scheme, "Proceedings of a Conference Between the Minister of Health, the Minister of Agriculture and Fisheries, and the National Farmers' Union," (13 November 1928), 19.
During the autumn of 1928 knowledgeable opinion and the political press eagerly anticipated the second reading of the government's bill which Chamberlain had scheduled for 26 November. Although having deplored what she considered to be Chamberlain's callous treatment of the guardians at West Ham, Chester-le-Street, and Bedwellty, Beatrice Webb quietly applauded the probable disappearance of the guardians.

...the Guardians are being swept away without anyone paying the least attention to their fervent protest. Francis—the head of the Poor Law Department—who was staying the week end here, says that there is no sign either at Westminster or in the Constituencies of questionings or protests on this issue; every M. P. and every Local Councillor and official is 'doing sums or getting sums done for him' with regard to the exact effect of the derating proposals. Doubtless their abolition will add centres of discontent and even fury against the present Government—indeed the unpopularity of the Conservative Government grows apace—but the Guardians are thoroughly discredited and even Clerks to Guardians are saying confidentially outside their boardrooms, that their Boards are not fit to govern.

Lloyd George's mouthpiece the Daily Chronicle, consistently hostile to Chamberlain as Minister of Health, found that the "vast new Local Government Bill did [not] improve with re-reading." Observing correctly that none of the local authorities had ever asked for the measure, the Chronicle ventured to say that nearly all of them would "heave a sigh of unqualified relief, if it were dropped."

11H. W. S. Francis was an Assistant Secretary at the Ministry of Health.


1316 November 1928.
delight that Churchill's "ingenious Budget,"14 which made the relief of industry dependent upon local government reform, had given Chamberlain a second chance to reform the poor law after widespread opposition had forced the shelving of the Minister of Health's first proposals in 1926.15 Even the New Statesman had a good word for the future bill: "Though it falls deplorably short of our expectations, it does weaken the Poor Law system."16 Perhaps the independent Sunday Times best understood the real significance of the local government act:

Looking at nationally, the Bill is seen to contain provisions of solid advantage to the country. The whole is greater than the parts, and it is to the whole that attention should be chiefly directed.17

Due to the intricate nature of Chamberlain's measure for reforming local government, it should be briefly summarized. In addition to abolishing the boards of guardians and transferring their powers to the councils of the counties and the county boroughs, the act completely derated agricultural land and buildings and derated productive industry by three-quarters. It recast the financial relations between national and local resources by substituting an annual block grant for the

14 Churchill formally announced the derating scheme in his fourth budget speech which he delivered to the House of Commons on 24 April 1928.

15 CXXXI (17 November 1928), 721.

16 XXXII (24 November 1928), 213.

17 25 November 1928.
existing haphazard arrangement of assigned revenue grants. The block grants, which would be apportioned every five years, replaced the percentage grants for the five health services; repaid the local authorities for losses incurred by the total exemption of agricultural hereditaments; and provided financial assistance to the county councils for all main and secondary roads for which the counties would henceforth be responsible. The bill, however, did not furnish the local governing bodies block grants for education, police, and housing; the monies for these services continued to come from the traditional system of percentage grants.

The Exchequer's contribution for the block grants consisted of three expenditures. After the Cabinet fixed industrial derating at three-fourths of the yearly rate charge, the Treasury estimated that the loss of rates to the local authorities would be £24 million in 1929 and that the sum would increase by £1 million in each succeeding year. Sixteen million pounds were required to compensate for the losses to the local authorities by the discontinuation of percentage grants, while an additional £5 million of new money, which Churchill had promised to

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18 When the county councils and the county boroughs were first created in 1888, it was deemed reasonable to divert to their use certain State taxes arising from the areas of their jurisdictions. It was believed that as the local area became more prosperous, the proceeds from these taxes would correspondingly increase and help the local authority to provide expanding services to meet local needs. Taxes selected for this form of treatment, by reason of their local character and the prospect of their increase with expanding prosperity, were the license duties on male servants, armorial bearings, dogs, a share of the probate and estate duties, and the surtaxes upon beer and spirits.
furnish the local authorities, created a total financial liability upon the Exchequer to £45 million in 1929 when the local government act became law.\(^{19}\)

After the promulgation of the act the block grants would be distributed according to the general characteristics formula devised by the Ministry of Health. Furthermore, the measure instituted periodical reviews of county districts (rural and urban) after which would follow the adjustment of their boundaries. In addition to these major reforms the bill provided for remodeling the registration services and transferred to the counties and the boroughs the responsibility for recording births, deaths, and marriages—all duties which had formerly belonged to the poor law union. With the passage of the act registrars received a fixed annual salary for the first time and no longer had to depend upon a system in which they were remunerated by uncertain fees.\(^{20}\)

Following the introduction of the Local Government Act for England and Wales, Sir John Gilmour presented the House of Commons a

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\(^{19}\)These figures apply only to England and Wales. As a result of the derating proposals in the local government act for Scotland, the Exchequer would pay £4,125,000 annually in grants to the Scottish local authorities during the first quinquennium, and of this figure, £922,000 would be new money. Debates, Commons, 5s, CXXXIII (3 December 1928), 874.

separate local government bill on 3 December to deal with the special conditions in Scotland. There were no rural or urban district councils in Scotland; 869 parish councils administered poor relief, and education was entrusted to an ad hoc educational authority for the county in place of the borough, the county, and the urban district councils which performed this function in England and Wales. The Scottish act made a new classification of all burghs, containing a population of 20,000 or more persons, and "small burghs", or all other towns. Thirty-three administrative counties henceforth included all small burghs, and the county councils and the town councils of the large burghs became the local authorities for administering the poor law, the major public health services, town planning, the maintenance of primary roads, police, lunacy, and mental deficiency. Parallel to the English bill the Scottish local government act abolished the parish council as the agency for distributing outdoor relief north of the Solway Firth. Agriculture in Scotland became rated at one-eighth of its gross annual value, while industry and transport paid one-fourth of the rates, on the same scale as applied to productive industry and transport in England and Wales. Block grants would make up the losses to the local authorities and would be distributed according to the general characteristics formula which was to be employed in the rest of the country. 22

21 In Scotland a burgh is an incorporated town which has local jurisdiction for certain services.

The House of Commons was crowded on 26 November 1928 when Chamberlain began his second reading of the Local Government Act in a speech which lasted two and a half hours. Speaking with hardly a note he analyzed each of the measure's eight sections and twelve schedules and gave a lucid and comprehensive explanation which was long remembered for the way it held the attention of the House. The Minister of Health rejected any suggestion that the idea to abolish the boards of guardians and to transfer their functions to the councils of the counties and the boroughs was one original with him; rather with a reference similar to that made on the second reading of the contributory pensions act in 1925, he spoke with filial reverence of Joseph Chamberlain's wish to abrogate the guardians' responsibilities in 1888 and of his own desire to see realized a reform previously advocated by his father. Reminding the attentive Chamber that there had been no serious attempt to reform municipal government since 1894 when Parliament created the rural and urban district councils as subordinate local administrative authorities within the counties, he portrayed the gigantic changes which had taken place in the country since that time. With the population of England and Wales increased from 29,000,000 to 39,000,000 and its distribution altered considerably, new services had developed

23Two days later the measure passed its second reading; the committee stage commenced on 13 December and concluded, after thirteen days' discussion, on 1 February 1929 without any vital amendment upon matters of principle. The third reading followed on 18 February and the Royal Assent came on 27 March 1929.
while the expenditure of the local authorities had increased from about £36,000,000 in 1891 to nearly £250,000,000 in 1928.24

Chamberlain's speech included much more than simply a tedious rendition of the act's provisions, which filled 173 pages. Rather, the Minister of Health raised the issue of local government reform to a higher plane and used the occasion to express sincerely his own belief that social reform of any kind depended upon the success of local administration. The influence of his Birmingham apprenticeship and the Chamberlain family's traditional interest in improving the condition of the people were quite evident as he eloquently told the House:

> It is not everybody who has had the advantage of being born and bred up in a town such as I have, a town commanding great resources, governed for many years by men who have been brought up in high and enlightened traditions, and by officials of exceptional capacity, judgment and experience. But it is just because I have seen for myself what local government can do, what I think it ought to do, because I know how many places there are in the country where it does not reach to those ideals, but where I would like to see it come up to them, and because to my mind local government reform means social reform, that I rejoice to-day the opportunity has been given to me to bring forward this Measure which will...effect great reforms in bringing up the standard of the backward authorities somewhat nearer to what they ought to be.25

Arthur Greenwood, the Parliamentary Secretary to the Minister of Health in the first Labour government and soon to be the Minister of Health in the second Labour Cabinet, led the attack for the opposition

24 _Parliamentary Debates, Commons, 5s, CCXXIII_ (26 November 1928), 68, 72.

25 _Ibid.,_ 69.
in the debate on the second reading. After complimenting Chamberlain for "the way in which he had stated his case," Greenwood proposed that the measure was really not a local government bill. Churchill had been conspicuously absent from the House during the second reading, and for Greenwood, the "Chancellor of the Exchequer [appeared] to be a little ashamed of his own child." He went on to explain that from 1925 through 1927 there was no hint that Chamberlain's poor law proposals depended upon a revival of trade. But when unemployment became more and more menacing in 1928 and with the prospects of a general election becoming increasingly near, the Conservative Party had nailed derating to the mast of poor law reform. "The Bill," said Greenwood, "is an eleventh-hour invention to get the Government out of a difficulty. The germ of it...was born in the fertile but feverish brain of the Chancellor of the Exchequer." 26 This appraisal, by the man who became Chamberlain's immediate successor at the Ministry of Health, was in many ways an accurate one.

Two days later Sidney Webb resumed the Labour attack. In the opinion of the Fabian Socialist the measure was actually eight bills combined into a single act and warranted a much more detailed debate by the House than would be possible so late in the session. However, after Chamberlain's unusually brilliant second reading speech, the appeals of Greenwood and Webb had little effect. Webb quipped that

26 Ibid., 109-110.
relieving industry of the rate burden would enable coffin-makers nei-
ther to make their product cheaper nor to increase the demand for it; 
most of his remarks were only a flippant assault on the bill's pro-
visions for derating. "It is...important to note," wrote the Birming-
ham Post, "that a man of Mr. Webb's standing does not resort to triv-
alities like this unless he can find nothing better to talk about." 28 
Shortly after Webb had again taken his seat the House went to the lob-
bies. Chamberlain's careful negotiations with the Party's rural mem-
bers during the previous three years assured their allegiance, and the 
bill passed its second reading easily by 344 votes to 165. 
There was little doubt in Chamberlain's own mind that his second 
reading speech had guaranteed the final passage of the Local Govern-
ment Act, and to his diary he confided with unusual zeal, 
Bryan Pell, the Clerk, who has of course had a 
long experience said it was the greatest speech he 
could remember—he could only compare it with Haldane's speech in introducing the Territorial 
Army....one of the oldest gallery reporters said he 
remembers nothing like it in recent times, but it 
was like one of Father's speeches at his best in 
the early eighties. (His recollection must have 
become very dim!) Naturally I am grateful at this 
'personal triumph' as the papers call it, but what 
I care about & like more is the fact brought home 
to me by what many M. P.'s have said that it has 
heartened them to feel that they can suffer the 
consequences and has given them material which 
they can use effectively all through the country. 
It should be a great help towards a happy result 
at the Gen. Election. 

27 Debates, Commons, 5s, CCXXXIII (28 November 1928), 448. 
28 29 November 1928.
I believe that the 2nd Rdg. speech really won the victory for from that day the opposition never looked up. The crucial part was the negotiations with the L. A.'s and thanks to careful handling they were shepherded into asking for concessions on the lines on which I had always contemplated that I might make them safely. My final offers to them were of such as enabled them to accept and members of the Party to feel that they could go to their constituents with confidence.29

The press gave Chamberlain particular acclaim for the skill which he had displayed on the second reading. The Sunday Times declared that "his speech was one of the few Parliamentary performances to which the word 'great' must be applied,"30 while the enthusiasm of the Spectator was completely unrestrained. Believing that the local government act would be regarded as a landmark in British political and social progress, it could "not remember to have seen the early movements for a great political battle more brilliantly managed than they [had ] been by Mr. Chamberlain."31 The Times called the second reading speech "a masterly Parliamentary performance," and observed that Chamberlain's "dignified sincerity [had] lifted the debate...above the petty atmosphere of party controversy."32 Even the Manchester Guardian, which had always been cool to the Minister of Health and which regretted that he

29 Chamberlain Papers, Diary, 1 December 1928.

30 2 December 1928.

31 CXXXI (1 December 1928), 805-806.

32 27 November 1928.
had not transferred to the State the cost of the able-bodied poor, wrote editorially that "Mr. Chamberlain [seemed] entitled to claim some credit as a reformer."  

Generally lamenting the fact that Chamberlain had done nothing to disassociate himself from a system which created pauperism nor did he offer any constructive schemes for providing work to the unemployed, criticism in the press was unusually moderate. The reservations of the *Economist* were typical of the skeptical commentators as it stood fast to the position that the State should take over from the local authorities the entire administration of out-relief to the able-bodied and coordinate it with the existing schemes of unemployment insurance.  

The Local Government Act passed its second reading on 28 November, and on 11 December the Prime Minister presented to the Commons the government's rigid schedule for the succeeding stages of the bill. Regarding the Local Government Act for England and Wales, Baldwin announced that a timetable would be established: thirteen days would be given to the committee stage; three days would be allotted to the report stage; while only one day would be allowed for the third reading with the Prime Minister giving due notice that the House would adjourn promptly at 10:30 on that day.  

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33. 27 November 1928.  


35. *Debates*, Commons, 5s, CCXXIII (11 December 1928), 1950.
guillotine on the guardians' need to tidy up their affairs before transferring their duties and institutions to the county and borough councils since, exclusive of the derating proposals, the measure would take effect on 1 April 1930. In addition, another cogent reason for this maneuver by the Tory leader arose from the constitutional necessity of holding a general election in 1929. The Prime Minister, always attuned to the "political interests" of the Members, felt quite sure that there was a general feeling in all parts of the House that the sooner the legislative program could be "wound up" the better it would be for everyone.

While the House of Commons debated the measure in its committee stage, Chamberlain continued to meet with delegations from the associations of the local authorities. On 17 December he received representatives from the County Councils' Association, the Association of Municipal Corporations, and the Urban District Councils' Association. After lengthy discussion, he consented to several final concessions which he felt it possible to propose to Parliament by way of amendment to the Local Government Bill for England and Wales. Because it was impossible to foresee the exact working of the formula and because proper data did not yet exist upon which to base it, the municipal solons were anxious to have an experimental period during which as little change as possible from the existing system should take place; then, before the

36 The Scottish local government act took effect on 16 May 1930.

37 Debates, Commons, 5s, CCXXIII (11 December 1928), 1950.
end of such a period it might be possible for an investigation to be made regarding the actual results achieved under the new act. Secondly, the authorities feared that during one of the five-year periods in which the Exchequer block grant would be made that Parliament might impose upon them some new services necessitating a financial liability for which no provision had been made in the Exchequer's block grant.

Believing these points to be legitimate objections, Chamberlain promised the 17 December petitioners full redress for their grievances. Even though the Commons had passed the bill on the second reading when Chamberlain met with the three local government associations, it had not yet dealt with the financial clauses of the measure as it was just beginning its sittings as a committee of the whole House. As a result, Chamberlain had the opportunity to make certain alterations in the bill simply by adding amendments to it, and he quickly offered a remedy for each of the questionable points raised by the 17 December delegation.

In place of the first scheduled five year grant period, the Minister of Health provided for two shorter terms of three and four years respectively; during this entire seven year period the compensation which the Treasury would pay to the counties and the boroughs to make up for their losses resulting from derating and the new block grants would be guaranteed at a sum totaling at least 75 per cent of the amounts they had previously received. These initial periods of three and four years would be followed by two periods of five years, and the portion of the new block grant allotted to the local authorities for
the first two five-year periods would be guaranteed to be at least 50 per cent for the first five years and 25 per cent for the second five years of the total Exchequer monies which they had received before the passage of the Local Government Act. As an extra financial bonus to the local authorities, Chamberlain promised to pay them ls. per head of the population in their area in addition to the sum to be furnished by the block grant for as long as the new method of dispensing Exchequer monies remained in operation, and he duly added this provision to his bill. Chamberlain had, therefore, proved willing to amend the act to extend the transitional period leading up to the full working of the formula from fifteen to seventeen years at which time the Treasury would continue to pay the block grants quinquennially.

Since the formula for the distribution of the block grant hinged upon population, the associations of local authorities had expressed special concern that quinquennial calculations of the formula would be based upon a census taken only once every ten years. Readily acknowledging the logic of this argument, Chamberlain amended the Local Government Act to specify that after 1931, the census would be taken at five-year intervals so that the distribution of the grant would depend upon an accurate count of population instead of merely an estimate of it. Chamberlain promised to specify in the bill that should Parliament later make provision for the local authorities to provide new services involving substantial expenses, Westminster would also furnish the additional funds required. Finally, to assure the county and the borough councils that they would receive full compensation for their losses
incurred by the derating of agriculture and productive industry, the
Minister of Health promised to include in the Exchequer block grants,
which were first to be paid for the fiscal year 1930, any claims for
derating which the local authorities filed before 1 October 1930. 38

During the third reading of the Local Government Act in February
1929, Chamberlain told the House of Commons that he had made the con­
cessions "not merely willingly but gladly." The concessions he had
granted the associations of local authorities cost the Exchequer lit­
tle, and he made them because they seemed to go a long way in what he
believed was not an unreasonable request on their behalf. 39 The an­
nouncement of the Minister's last surrender seemed only to bring him
further acclaim when the Ministry of Health released them on 19 De­
cember. The Economist described the alterations accepted by Chamber­
lain as "big concessions" and went on to add that he "[had] gained a
reputation for courtesy in debate and for sympathy towards the real
grievances which [had] moved his opponents." 40

Beatrice Webb had already written in her diary that "so far as
the Chamberlain Bill goes it does break up the Poor Law in respect of

38 Parliamentary Papers, Vol. VI (Accounts and Papers, Vol. XV),
Cmd. 3257, "Local Government Bill: Amendments to Part VI of the Bill
proposed by the Minister of Health after discussions with local
authorities," (January 1929), 3-7.

39 Debates, Commons, 5s, CCXXV (18 February 1929), 806.

40 CVII (22 December 1928), 1155.
the non-able-bodied," when Parliament reassembled on 22 January 1929 following the Christmas recess. It immediately resumed debate on the committee stage of the bill. The Spectator observed that "the debates on the committee stage...[were] boring in the extreme." The amendments offered by the opposition and the few remaining Tory rebels were insignificant, and it is not difficult to see why the government, at Chamberlain's request, had applied the guillotine. At the first meeting of the Commons following the holiday recess, W. J. Harold Briggs, a Unionist back-bencher representing Manchester's Conservative stronghold of Blackley, moved an amendment to exclude breweries, distilleries, and tobacco factories from the derating scheme on the premise that these industries were "well off" and that a relaxation of the rate burden on them was not likely to lead to an increase in employment. Once the Cabinet had attached derating to the Local Government Bill, Chamberlain accepted the decision and now championed this part of the measure as fervently as any other. Remaining consistent to his belief that productive industry making a profit should not be discriminated against by withholding rate relief, Chamberlain reminded a sparsely attended House that Briggs' proposal threatened the fundamental principle of the bill, which was to remedy the injustice of demanding from industry and agriculture a contribution to local expenditure out of proportion to the benefits they derived


42 CXXXII (2 February 1929), 149.
from it. If the industries mentioned by Briggs were too prosperous,
then the logical remedy was to impose heavier taxation upon them.43

Due largely to the Commons' weariness with the Local Government
Act, the measure passed the committee stage on 1 February; though the
margin of consent was a comfortable 107 votes, barely 200 of the 615
members bothered to be present on the concluding day of the commit­
etee's deliberations to do honor to Chamberlain or to frown upon both
the measure and its instigator. The three day report stage followed at
once, but neither the Labour Party nor the Liberal Party nor the last
dissident Tories made any constructive criticisms. To his sister
Hilda, Chamberlain wrote,

The opposition had...difficulty in keeping the
debates going on [the] report stage and man after
man rose with the obvious intention of using as much
time as possible.44

Chamberlain moved the third reading of the bill on 18 February,
this time before a well-attended House, in a speech which retraced
nostalgically his long struggle to reform local government. Describing
his desire to consult thoroughly with the local authorities concerning
the form and details which the measure should finally take, the theme
of this address hinged upon his own fundamental approach to local ad-
ministrative reform. He reminded the members that in its main outlines

43Debates, Commons, 5s, CCXXIV (22 January 1929), 69-73; 78-80.

44Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain,
6 February 1929.
the bill had remained almost exactly as it had come to the Commons. The credit for this he gave to the government's careful drafting of the complex legislation, but there can be little doubt that Chamberlain was thinking that his own staff at the Ministry of Health deserved most of the credit. The Minister was quick to pay tribute to the "great associations of local authorities," who were always part of the plan and with whom his negotiations had reached "a happy and fortunate conclusion" after the second reading.\footnote{Debates, Commons, 5s, CCXXV (18 February 1929), 802-803.}

Qualified observers had little doubt that the passage of the third reading would be only a formality, and the one day allotted for debate on 18 February by the timetable drawn in the previous December proved more than adequate. The Nation and the Saturday Review did not even bother to cover the bill's final stage in the Commons. "Mr. Neville Chamberlain obtained a third reading for his local Government Bill...cool, suave, precise, competent to the end,"\footnote{CXXXXII (23 February 1929), 261.} said the Spectator, while the Birmingham Post was astonished at the way the opposition had "weakened and shrivelled" in face of the "accurate and comprehensive knowledge" possessed by the Minister of Health.\footnote{19 February 1929.} The Manchester Guardian preferred to applaud the civil servants whose careful drafting had prevented further alterations in the Commons and commented...
with sarcasm but considerable truth that "bureaucracy had produced perfection." 48

The Royal Assent for the Local Government Act followed on 27 March after a brief debate in the Lords where the Earl of Onslow skillfully piloted the measure. On the very day of the Royal Assent Chamberlain received his greatest tribute from the press. It fell to The Times to express his accomplishment most eloquently in a leader entitled "Finis Coronat". Said The Times,

...it may safely be predicted that when the history of the present age is written the Local Government Act of 1929 will take its place as one of the outstanding legislative achievements of the twentieth century. Hardly ever in the whole course of our Parliamentary history has a Government in its last year of office ventured to initiate a measure...while containing so little to attract the popular favour so eagerly pursued by the party tactician, appeals so profoundly to all that is solid and statesmanlike in the judgment of the country....The credit for this remarkable achievement must be accorded in the first place to Mr. Neville Chamberlain, whose masterly leadership and imperturbable resourcefulness have deservedly won for him a Parliamentary triumph such as has been accorded only rarely even to the greatest Parliamentarians of the Victorian Age. 49

Chamberlain recognized that local government was never static, and he had freely admitted that his Local Government Act would have to be adapted to new conditions before the passage of very many years. 50

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48 19 February 1929.

49 The Times, 27 March 1929.

50 Debates, Commons, 5s, CCXXIV (23 January 1929), 218.
The legislation of succeeding decades built upon the act of 1929, and it is beyond question that Chamberlain's reform of local government helped substantially to lay the foundation for Britain's welfare state of the future. The abolition of the poor law so clamored for by the Socialists finally came with the Unemployment Act of 1934 which for the first time accepted the principle that joblessness was a national rather than a local concern. This measure, which Chamberlain staunchly supported in the Cabinet of the National Government and in Parliament, created as a national institution the Unemployment Assistance Board which provided money to the able-bodied unemployed and their dependents in so far as the persons in this category were not covered by unemployment insurance. In 1940 the responsibility of caring for Britain's infirm and destitute elder citizens, for whom the noncontributory old age pension was inadequate, passed from the public assistance committees of the county and the borough councils to the Unemployment Assistance Board which at this time became known simply as the National Assistance Board.

The evolution of poor relief from local direction to central administration received a further impetus from the National Assistance Act of 1948 which today operates in partnership with the local governing bodies; Whitehall distributes monetary benefits to the nation's impoverished while the county or the borough council provides

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51Sir Keith Feiling, Life of Neville Chamberlain, 231; Iain Macleod, Neville Chamberlain, 164, 170.
accommodation and local welfare. Thus, within three years after the conclusion of the Second World War, the time had arrived when poor relief, first instituted as a parish service in the reign of Elizabeth I, reformed in the nineteenth century by the amalgamation of the parishes into poor law unions, and transferred to the county and borough administration by Chamberlain's bill, had at last become a national responsibility. The abolition of the boards of guardians was a logical step in this progression, but it is doubtful whether the central government could have accepted the responsibility for out-relief even at this late date were it not for Chamberlain's persistent efforts to promulgate the most encompassing local government act yet to reach the statute books in the twentieth century.

At the conclusion of the Second World War after fifteen years of abnormal economic conditions, historians were reluctant to pass equitable judgment upon the derating provisions of the Local Government Act. But as the cost of local government consistently soared after the war, the derating of industry became more and more vulnerable to the criticism of politicians and municipal administrators. Today agricultural land and buildings are still totally exempted from the rates in all parts of Britain, but it was not until the passage of the Local Government Act of 1958 that Parliament altered the industrial provisions of the Chamberlain act by raising the exemption on industrial

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52 Sir Keith Feiling, Life of Neville Chamberlain, 148.

53 In 1961 agricultural land was removed completely from the valuation lists in Scotland.
hereditaments to 50 per cent of the annual valuation instead of the 25 per cent relief afforded by the Churchillian intrigues of 1928. Three years later with the Rating and Valuation Act of 1961, Parliament totally abolished the privileged status afforded industrial property; the measure went into effect in 1963 and since this date, all industry in the United Kingdom has paid the full burden of the rates.

The financial innovations of Chamberlain's local government act can still be seen in British local government. The Local Government Act of 1948 abolished the block grant per se and introduced a new form of government assistance known as the Exchequer Equalization Grant which the Treasury paid to the local authorities whose rateable value was below the national average as again ascertained and weighed by a special formula. The Local Government Act of 1958 readjusted the central government's method of grant distribution, but the system still operates on principles similar to those inaugurated in 1929. The legislation of 1958 further adapted the financial relations between the central government and the local authorities by abolishing many of the percentage grants which still remained, including those for education, the care of deprived children, certain town planning matters, and the fire service; in their place, Parliament substituted what is now simply known as the "general grant". The annual aggregate amount of the general grant is prescribed in advance by a general grant order from the Minister of Housing and Local Government, and Parliament confirms this order for a period of not less than two years. Such money is distributed among the local authorities by means of "basic grants" and "supplementary grants". The total population coupled with the number of
children in a county or borough determines how the Ministry of Housing and Local Government will dispense the basic grant to the local authority. The formula for allotting the supplementary grants takes into account the number of old people, the school population, the density of population, and any recent decline in road mileage within the boundaries of the local governing body. A local authority is free to spend its general grant on any service it desires and is not required to use it only for those services previously covered by the percentage grant.

The system of percentage grants is still operating in Great Britain for the maintaining of municipal police departments and for some types of road construction. For all the remaining local services this method of distributing financial assistance from Whitehall has disappeared. Currently the police grant is paid at 50 per cent of the local authority's expenditure on law enforcement, but it is subject to the condition that the Home Secretary is satisfied that the service rendered meets a certain minimum standard defined by the Home Office. In respect to roads and bridges, the central government makes percentage grants to the local authorities towards the building of new routes, improving old ones, and the maintenance and repair of local roads; percentage grants for these services vary depending upon the type of improvement, but they generally range from 20 to 75 per cent of the total cost of a road project.

At the promulgation of the Local Government Act Baldwin's second administration was nearing the end of its five year term. No sooner had the measure reached the statute books than the Conservative Party began to prepare for the general election. Anxious to capitalize on
the Party's passage of the Equal Franchise Act and the newly drawn registration rolls, the Central Office with Baldwin's approval scheduled the election for the late spring. In many ways Baldwin's second government had been the most enlightened and effective administration for a generation, but there were many disturbing electoral signs for the Tory hierarchy. The loss of five by-elections in both 1928 and in 1929 before the May general election predicted doom for the Conservative Party. In foreign affairs the dispatching of troops to Shanghai in 1926 and 1927 coupled with the general disappointment with the slow progress of disarmament had obscured Austen Chamberlain's earlier triumph at the Locarno Conference. However, unemployment overshadowed all other issues; the government had achieved little success in grappling with unemployment which early in 1929 stood at over 1.2 million or 10.4 per cent of the insured men in the working population.

Regardless of the outcome of the election Chamberlain realized that for multiple reasons he would soon be leaving the Ministry of Health. He wrote to Hilda:

> When I think that in less than four weeks from now it will all be over I feel inclined to gasp. It's so sudden! I can hardly realise that whatever happens I shall very soon be saying goodbye to the Ministry of Health. It will be a wrench to go for I have been very happy there and I should like very much to carry through the slums and the new maternity benefit and...Lunacy Reform...see the voluntary Hospitals established on a proper basis and the Local Authorities over the subsidy stages...in short

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see on the thousand and one things that I have started. But of course in the process a thousand and one new things would get started. One never would get to the end and one might well get oneself and the office into a groove. The office itself is very unhappy in its uncertainty over its future.

To have a Socialist Minister steadily undoing all that I have done to restore the administration to sound principles is a possibility which cannot be ignored but which would really break their hearts if they had to endure it. But I can't believe they will though of course I don't know who on our side might succeed me....I think its pretty well settled in S. B.'s mind now that I shall go to the C[olonial] O[ffice] or...the D[ominions] O[ffice].

The Conservatives fixed 30 May for the polling day, and less than three weeks before the election, Chamberlain spoke hopefully of a Tory victory.

There is no doubt that our stock is rising [he again wrote Hilda] and I hear a good many people.... saying with a sagacious wag of the head 'I shouldn't be surprised if we did a lot better than some people think.'

When the ballots were counted the Conservatives had still outpolled the Labour Party by more than 300,000 votes, but the Tories elected only 260 members which was a loss of 159 seats from the total returned in the general election of November 1924. With 288 seats the Labour Party became for the first time the largest party in the House of

56. Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain, 5 May 1929.

57. Chamberlain Papers, Neville Chamberlain to Hilda Chamberlain, 11 May 1929.
Commons, while the Liberal Party returned 59 M. P.'s for a gain of 19 over their 1924 total. Baldwin resigned on 4 June and Ramsay MacDonald formed the second Labour Cabinet three days later. Contesting Birmingham's Edgbaston Division for the first time, Chamberlain won the safe Tory seat by a margin of 14,760 votes, and the size of the majority must also be interpreted as something of a personal triumph. The Conservative Party's absolute control over Birmingham in national elections terminated with the 1929 contest when the Labour Party captured one-half of the city's twelve constituencies.

Postmortems on the election were quick to follow the 30 May defeat of Chamberlain's party. Writing in his diary Chamberlain laid much of the blame for the Tory reverses upon Stanley Baldwin.


60 *The Times*, 1 June 1929. At Birmingham West Austen Chamberlain retained his long-held seat by the narrow edge of 43 votes. Arthur Steel-Maitland, the capable Minister of Labour, lost Birmingham's Erdington Division by 133 votes. Although opposed by both a Labourite and a Liberal, his majority had been 5,342 in 1924. Leopold S. Amery, the colorful Birmingham statesman who first served as Colonial Secretary and then as head of the Dominions Office in Baldwin's second government, was again returned for the city's Sparkbrook Division but with his 1924 majority of nearly 6,000 now cut almost exactly in half. Twenty-eight year old Geoffrey Lloyd whom Neville Chamberlain had picked as his successor at Ladywood lost the marginal constituency to the Labourite in a straight contest by only 11 votes. Chamberlain's majority there had been 77 in 1924.
The election has come and gone in disaster. We are out and R. Macdonald has formed his second Cabinet. After all S. dallied so long with reconstruction that it never came. I would never criticise him except to A. but the fact is that he lacks the qualities of a leader in that he has no power of rapid decision and consequently no initiative.61

The Municipal Journal and Public Works Engineer, a non-party weekly considered to represent the views of the municipal authorities, blamed the Conservative defeat on the government's scheme of affording rate relief to prosperous as well as to the depressed industries and its failure to find a satisfactory remedy for unemployment.

What the derating proposals failed to effect towards defeat [said the Journal], the Government's unwillingness to accede to the demand for an enlarged public works programme in relief of unemployment, succeeded in achieving. Derating and unemployment account for the disaster that has overtaken a party which, in point of numbers, was among the strongest of modern times.62

The Saturday Review ignored Chamberlain's work at the Ministry of Health when it concluded, "It was a dull Government, it made mistakes and lost opportunities...."63 With the Labour Party receiving both a minority of the popular vote and being a minority in the Commons if the Conservative and Liberal Parties combined against it, the results of the election were undecisive. Essentially the Tories suffered from their "flabbiness" concerning unemployment and disarmament.64

61 Chamberlain Papers, Diary, 8 June 1929.
62 Municipal Journal and Public Works Engineer, 7 June 1929, 849.
63 CIII (8 June 1929), 753.
64 Charles L. Mowat, Britain Between the Wars, 1918-1940, 351.
As this study has shown, Neville Chamberlain was a social reformer whose programs for many of the most pressing domestic ills facing Britain in the 1920's were certainly radical for a Tory minister at this time. His housing policies, his pioneering work with widows', orphans', and old age contributory pensions, and his reform of local government are landmarks in British social legislation and, without them, the second Baldwin government would have been nearly void of any significant achievements in domestic legislation. The election of 1929 brought to a close the part of Chamberlain's career in national politics subject to the least controversy. During the twenty-six months that the second Labour government administered Britain's affairs, he served as the chairman of the Conservative Party's Research Department, and in this capacity he helped to raise the Party organization to a new level of efficiency. Chamberlain entered the National Government on 25 August 1931, again as the Minister of Health, but on 5 November of that year he went to the Treasury. This followed Philip Snowden's resignation as Chancellor of the Exchequer and his elevation to the House of Lords and the general election of 27 October 1931 which gave the Conservative Party 473 seats in the new Parliament warranting the reconstruction of the Coalition Government.

Chamberlain continued to serve with distinction as Chancellor of the Exchequer until he succeeded Stanley Baldwin as Prime Minister on 28 May 1937. Appeasement, Godesberg, the Munich Conference, and the

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65 Baldwin replaced Ramsay Macdonald as Premier on 7 June 1935.
Norwegian fiasco all lay ahead, but Chamberlain's work as a social reformer between 1923 and 1929 had earned him the undisputed right to take the helm when Baldwin retired as the leader of the Conservative Party and of the National Government.
APPENDIX A

Provisional Programme of Legislation, 1925-1927

1925-1926

1. Agricultural Rates. Bill to continue the Agricultural Rates Act, 1923.

2. Valuation (Metropolis). Bill to amend the Repairs Schedule to the Act of 1869 before the next quinquennial valuation in 1925.

3. Rent Restriction. Bill to continue for a further period the Rent Restriction Acts.

4. Milk. Bill to replace the Milk and Dairies (Amendment) Act, 1922, which postponed the operation of the Milk and Dairies (Consolidation) Act, 1915, until 1st September 1925.

5. Therapeutic Substances. Bill to regulate the manufacture and sale of certain therapeutic substances.


7. Rating of Machinery. Bill to amend the law as to the rating of machinery.

8. Tithe. Bill to deal with the redemption and rating of tithe rent-charge.

9. Smoke. Bill to provide for Smoke Abatement.

10. Housing (Consolidation).

11. Town Planning (Consolidation).

1926

12. Poor Law. Bill to reform the Poor Law.

13. Widows' and Old Age Pensions. Bill to establish contributory schemes of pensions for widows and Old Age Pensions at 65.
14. **Local Government.** Bill to give effect to recommendations of Lord Onslow's Commission in regard to creation and extension of County Boroughs and other Local Government matters.

15. **Registration Service.** Bill to reorganise terms and conditions of service of Registrars of Births, Deaths, and Marriages.

16. **Public Health (Amendment).** Bill to amend the Public Health Acts.

17. **Maternity Homes.** Bill to provide for the better regulation of Maternity Homes.

18. **Proprietary Medicines.** Bill to regulate the sale of proprietary medicines.

19. **Food and Drugs.** Bill to regulate the use of preservatives in food.

20. **National Health Insurance.** Temporary Bill to provide for doctors' remuneration on expiry of present arrangements.

21. **Public Health (Consolidation).**

    1927

22. **National Health Insurance.** Bill to give effect to recommendations of the Royal Commission on Insurance.

23. **Mental Treatment.** Bill to give effect to recommendations of the Royal Commission on Lunacy.

24. **Local Taxation.** Bill to reform Local Taxation, including revision of the present system of Exchequer Grants.

25. **Housing.** Bill to deal with Slums, including Town Planning in built-up areas, and (possibly) Housing in Rural Districts.

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\(^1\)PRO, Cab. 24/168. C. P. 499, "Memorandum by the Minister of Health," (19 November 1924), 5-6.
APPENDIX B

1. For each county and county borough a figure of weighed population was arrived at by increasing the population in the standard year as estimated by the Registrar-General—
   (a) by the percentage by which, at the last previous census, the number of children under 5 years of age per 1,000 of the population of the area exceeded 50, and
   (b) by the percentage by which, according to the Valuation list in force on the 1st October, 1929, or on subsequent revisions of the grant in the year prior to the revision, the rateable value per head of estimated population of the area was below £10.

The population so increased was further weighed—

   (c) for unemployment; the number of unemployed insured men was expressed as a percentage of the total estimated population, and where this percentage, averaged over three years, exceeded \( \frac{1}{2} \) per cent, the population increased by (a) and (b) was further increased by a percentage equal to ten times the excess over \( \frac{1}{2} \) per cent;

and in the administrative counties other than London,

   (d) for low density of population; where the estimated population of mile of roads was less than 100 persons, the population increased by (a) and (b) was further increased by the percentage by which the estimated population per mile of roads was less than 200 persons, and, where the estimated population per mile of roads was 100 persons or more, by the percentage which 50 persons bore to the estimated population per mile of roads.

2. The total amount of the formula grant allotted to each county borough and to each administrative county became \( x \) pence multiplied by its weighed population. (The money factor \( x \) pence was determined by the total sum for England and Wales available for distribution on the formula basis.)

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