

Ramsay MacDonald and the First Labour Government 1924

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Abstract:

1924 saw Britain's first ever Labour government under the leadership of James Ramsay MacDonald. While the MacDonald administration was short-lived, Britain's first Labour government was an important indicator of how much Labour had progressed from its formation in 1900 as the Labour Representation Committee to an independent political party. The article discusses the factors led to MacDonald heading up a minority government and the most important achievements of the first Labour government at home and abroad. MacDonald's administration was a useful milestone by which the Party could assess its progress and policies and develop its organisational skills and strategies for the future.

Keywords: British Labour Party, first government, 1924, Wheatley's Acts, Secondary Education for All.

I. The Establishment of the First Labour Government

Following the election called in 1923 by the Conservative Prime Minister Stanley Baldwin, Labour found itself with 191 seats and an unexpected opportunity of political power. Labour had a larger Parliamentary Party, and the king took the view that Labour should be given a chance. The Conservatives lost the vote of confidence on the following day, and a day later, Ramsay MacDonald became the first Labour Prime Minister.¹

Labour's opportunity in 1924 was largely the result of a set of circumstances that prevented either of the two other parties from forming a government. In the first place, the man who had dominated British politics since

¹ David, Thomson, *England in the Twentieth Century*, Penguin Books, England, 1991, p., 92.

1916 had been removed from contention. Lloyd George dishonoured by the Chanak crisis² that occurred in 1922, in which he delivered an ultimatum to the Turks. The latter, having seized Smyrna from the Greeks, were poised to strike across the neutralised Straits zone. The Turks agreed to withdraw, but in Britain Lloyd George was accused of recklessness. Lloyd George's rashness was a major factor in the calling of the Carlton Club meeting on 19 October 1922,³ where Conservative MPs decided that they would leave the coalition and fight the next general election as a single united Party.

The Conservatives won the 1922 general election held shortly after the fall of the Lloyd George Coalition with 344 seats, but the Labour was still far from a Parliamentary majority. It only won 142 seats and polled 29.7 per cent of the votes cast.

Three main groups were targeted: the middle class; the remainder of the industrial working class and the agricultural community. The Labour would need to gain significant sections of all three if it was to emulate the old Liberal coalition. To achieve this, the organisation had to be improved, especially in the rural areas.

In the second place, shortly afterwards the Conservative leader, Andrew Bonar Law, died, and was replaced by Stanley Baldwin, the Chancellor of the Exchequer, who reneged on his predecessor's electoral pledge not to introduce protective tariffs, was confronted immediately by an internal split over the issue of tariff reform.

With these circumstances, Lloyd George and his supporters would have preferred to join a coalition government with the Conservatives, but he advised the King to address MacDonald. When he and his ministers arrived at

² Robert Eccleshall and Graham Walker, *Biographical Dictionary of British Prime Ministers*, Routledge, London and New York: 2002, p., 270.

³ Paul Corthorn and Jonathan Davis, *The British Labour Party and The Wider World Domestic Politics, Internationalism And Foreign Policy*, Tauris Academic Studies, London, New York, 2008., p, 46.

Buckingham Palace to swear, they had worn court dress. This made them look ridiculous to many Labourites and others on the Left, but the main motive was to avoid empty gestures which would only alienate potential support, not least among the working-class voters.⁴

Was the Labour Party capable of meeting this responsibility which came much sooner than expected? As J.R. Clynes recalled, on the subject:

As we stood waiting for His Majesty amid the gold and crimson of the Palace, I could not help marvelling at the strange turn of Fortune's wheel, which had brought MacDonald the starveling clerk, Thomas the engine-driver, Henderson the foundry Labourer, and Clynes the mill-hand, to this pinnacle.⁵

MacDonald's Cabinet contained only two of the ILPers (John Wheatley and Fred Jowett). Sidney Webb and Lord Olivier were the Fabians. Five had been Liberals, two of whom, Philip Snowden as Chancellor of the Exchequer and C.P. Trevelyan as President of the Board of Education; two had been Conservatives, and one of those, Lord Ghelmsford, and seven trade unionists.

The Cabinet was dominated by Ramsay MacDonald who combined the offices of Prime Minister and Foreign Secretary; Philip Snowden, the Labour's leading financial expert, became Chancellor of the Exchequer and Arthur Henderson became Home Secretary.⁶ Jimmy Thomas became Secretary of State for the Colonies and J. R. Clynes, the Party's deputy leader, became Lord Privy Seal appointed to lead the House of Commons in order to relieve some of the pressure from MacDonald. The Cabinet did not represent all sections of the movement. For instance, the National Federation of Women Workers that was set up by Mary MacArthur was absent.

⁴ David, Richards, *New Labour and the Civil Service Reconstituting the Westminster Model*, Palgrave Macmillan, London and New York, 2008, p, 34.

⁵ Lyman Richard W "The British Labour Party: The Conflict Between Socialist Ideals and Practical Politics Between the Wars". *Journal of British Studies* 5.1 (1965): 140–152. Retrieved from <http://www.jstor.org/stable/175187>, p., 03.

⁶ Matthew Worley, *Labour Inside The Gate*, I.B.Tauris and Co.Ltd, London and New York, 2005., p, 78.

The Labour's major asset was the leadership of James Ramsay MacDonald, the most impressive Parliamentary and public speaker of the inter-war period. He had the looks, elegance and personal assurance that helped stamp Labour on the imagination of a large part of the working class and to impress an increasing proportion of the middle class. He was seen as 'the Gladstone of the Labour Party'.

Following Ramsay MacDonald's decision to form a Labour government, there were high expectations amongst Labour supporters that MacDonald's government would introduce strong socialist policies to assist Britain's working classes. These hopes were soon dashed as it became clear that the first Labour government had modest objectives. The first of these was not to alienate British middle-class voters, and the second was to show to the wider electorate that Labour in office could be trusted to run the affairs of the British Empire in a satisfactory manner.

II. The Labour's Achievements at Home in 1924

The administration's chief reforms were in housing, education and economy. The first reform in housing was introduced by Wheatley's Housing Act.⁷ Wheatley, as Minister of Health, was the most successful member of the Cabinet, and he correctly analysed the long-term shortage of housing.

The Wheatley Act of 1923 gave state subsidies to local authorities to build houses for rent, a major achievement which improved the lot of many working-class families over the following few years. Wheatley also organised cooperation between the state and industry, by ensuring that government subsidies would run for 15 years. The programme was discontinued during the economic crisis of 1931, but by then the housing shortage had been largely

⁷ Eric Shaw. *The Labour Party since 1945*, Blackwell Publishers, Oxford: 1996., p, 07

redressed. But, the Wheatley Act did not solve the problem of slums; it rather benefited the prosperous working classes than the very poor, of the achievement and the result was the construction of 521,700 houses⁸ within the following nine years, the main beneficiaries being the large cities, especially Birmingham.

The second main achievement of the Labour administration was in education, but the benefits were not felt until 20 years later. Labour placed more importance than either the Conservatives or the Liberals on state education; Charles Trevelyan was in charge of the Board of Education (January 1924 to December 1924). He aimed to reduce the impact of the Geddes Axe⁹ by restoring state scholarships. He set up a committee under Sir Henry Hadow to devise a way of practically implementing the Labour education policy stated in their document, “Secondary Education for All”.

The Hadow committee which reported in 1926, established the pattern for English state education, and set the goal of raising the school leaving age to 15. It advocated a break between primary and secondary education at 11. These achievements were largely attributed to Trevelyan. These recommendations were the direct continuation of reform in line with earlier landmarks like the Forster’s Education Act of 1870 and Balfour’s Act of 1902, and were eventually to be incorporated into Butler’s 1944 Act.¹⁰

The third main reform was in the economy where Labour showed a remarkable degree of continuity with the previous governments. In his economic policy, for example, as Chancellor of the Exchequer, Snowden had much in common with Gladstone. Snowden’s budget was in the Gladstonian tradition of tight control over public expenditure and a balanced budget. Government

⁸ John Stevenson *British Society 1914-45*, Penguin Books, England, 1990., p, 222.

⁹ The Geddes Axe was the drive for public economy and retrenchment in UK government expenditure recommended in the 1920s by a Committee on National Expenditure chaired by Sir Eric Geddes and with Lord Inchcape, Lord Faringdon, Lord Maclay and Sir Guy Granet also members. , Dick Leonard, *A Century of Premiers Salisbury to Blair*, Palgrave Macmillan, London and New York, 2005.,p, 89.

¹⁰ Christopher Foster, *British Government in Crisis or The Third English Revolution*, Hart Publishing C/O, USA, 2005, p, 48.

expenditure and taxes were reduced,¹¹ the McKenna Duties, imposed during Wartime were abolished, but Labour had no remedy to the problem of unemployment.

Industrial conflict did not end with the establishment of a Labour government, and there were serious strikes,¹² first by engine drivers, and then by dockers and London tramway men. The Labour government contemplated using the Emergency Powers Act to quell the unrest, but the dispute was settled by the intervention of Ernest Bevin. Following the dockers' strike, organised by Ernest Bevin of the Transport and General Workers' Union (TGWU), and the strike of the London Transport workers, MacDonald declared a state of emergency and made it quite clear that he was prepared to use the Emergency Powers Act.¹³

Snowden and MacDonald gradually accepted the economic orthodoxy that the level of unemployment depended on the level of economic and commercial activity, and that there was little immediate scope for direct government intervention. Hence, Labour had virtually no immediate impact on the levels of unemployment. The underlying rate did fall respectfully between December 1923 and June 1924, from 10.6 per cent to 9.3 per cent, but this was no more than a normal seasonal adjustment and the rate had returned to 10.6 per cent by September 1924.¹⁴ The government could only hope to soften the blow by adjusting unemployment benefits. Hence, the Minister of Labour, Thomas Shaw, introduced two Unemployment Insurance Acts.

Several social reforms were introduced, but had to be given up. One example was the unsuccessful attempt to end the means test for old age pensions. Another concerned the regulation of working hours. Despite government sponsorship, a private member's bill concerning the working hours

¹¹ David, Thomson, op, cit., p., 94.

¹² Ibid., p., 94.

¹³ *The Hutchinson Illustrated Encyclopaedia, of British History* .Great Britain, Helicon, 2001., 224.

¹⁴ John Stevenson, op, cit., p, 266.

of shop assistants was squeezed out, while an attempt to secure a maximum 48-hour working week failed to make it beyond the drafting stage by the time the government fell.

Two issues showed an actual change of mind by the government. In opposition, the Labour Party had strongly supported the principles of nationalised industries and military disarmament. MacDonald's ministry soon made it clear that it had no intention of implementing these in 1924. The MPs representing mining constituencies complained about this apparent change of heart and introduced their own measure; lacking the support of the government and encountering opposition from the Liberals and Conservatives.

Throughout 1924, MacDonald was determined to project a moderate image and this was the key to understanding his domestic policies. He was aware of widespread public misgivings, on his appointment in January. He knew that there were predictions of a Bolshevik revolution¹⁵ in Britain. MacDonald was clearly unsettled by this reaction and invested his first term as Prime Minister in showing that Labour was a force for step by step reform, not for a revolution. In a letter to Lord Parmoor,¹⁶ he stated that he wanted above all to gain the confidence of the country. MacDonald found that being in a minority government was an advantage since he had a strong reason for avoiding the socialist policies preferred by the left wing of the Party, but which he himself opposed.

III. The Labour's Achievements Abroad in 1924

MacDonald made his largest impact on international diplomacy, although he was a statesman who had gained the reputation of being a pacifist. However, the European situation in 1924 suited the MacDonald's style. With the German

¹⁵George Lichtheim, *Europe in the Twentieth Century*, Cardinal, Great Britain, 1974.,p 168.

¹⁶Charles Alfred Cripps, 1st Baron Parmoor KCVO PC QC (3 October 1852 – 30 June 1941) was a British politician who crossed the floor from the Conservative to the Labour Party and was a strong supporter of the League of Nations and of Church of England causes. *The Hutchinson Illustrated Encyclopaedia*, p, 205.

government's determination to evade reparations payments and the French invasion of the Ruhr, the time was now ripe for a compromise between France and Germany, and MacDonald proved an effective mediator. On this occasion, Britain had no particular interests beyond the maintenance of European peace, and so MacDonald could legitimately say that Britain supported both sides.¹⁷ The result was the Dawes Plan, which was an attempt following World War I for the Allies to collect War reparations debt from defeated Germany, which led to a general reduction of international tension. After five years the plan failed to operate as expected, and the Young Plan was adopted in 1929 to replace it.

The Dawes Plan made possible the withdrawal of French troops from the Ruhr, in return for foreign loans to be made available to Germany. This was unquestionably the major success of MacDonald's ministry. He had dealt with the most difficult issue in European affairs since 1919 and could claim, with some justice, that he had achieved the first really negotiated agreement since the War. At the same time, he was exceptionally fortunate in not having to deal with the hard-line French Prime Minister, Poincaré,¹⁸ who had just been replaced by Herriot,¹⁹ a more pacific radical leader.

MacDonald intended to go further. According to its 1923 election manifesto, Labour stood for a policy of International Co-operation through a strengthened and enlarged League of Nations; the settlement of disputes by conciliation and judicial arbitration. MacDonald was not in favour of making it compulsory for the League of Nations to intervene against aggression; hence, he declined support for the draft Treaty of Mutual Assistance. He opted for the

¹⁷ David Runciman, *The Politics Of Good Intentions History, Fear And Hypocrisy In The New World Order*, Princeton University Press, UK, 2006, p. 111.

¹⁸ Raymond Poincaré (August 20, 1860 – October 15, 1934) was a French conservative statesman who served as Prime Minister of France on five separate occasions and as President of France from 1913 to 1920. www.Spartacus.Schoolnet.Co.uk/

¹⁹ Édouard Herriot (July 5, 1872 at Troyes, France - March 26, 1957 at Lyon, France) was a French radical politician of the Third Republic who served three times as Prime Minister and for many years as President of the Chamber of Deputies. www.Labour.Org.uk/LabourHistory/

alternative course, giving his support instead of the Geneva Protocol.²⁰ Baldwin's Conservative government refused to ratify the Geneva Protocol and opted in 1925 for the Locarno Treaties. Even so, it could hardly be said that this was a reversal of Labour's policy, merely a slight change in emphasis. Indeed, much of the later success of Austen Chamberlain was due to the foundations laid by MacDonald.²¹

Britain's relation with Bolshevik Russia was a problem in Labour's foreign policy. The Soviet regime was recognised in February, with a commercial treaty following in August 1924. Then in return for Soviet compensation to British bondholders for investments confiscated by the Bolsheviks, the Labour government undertook to provide a loan. This was bound to antagonise the other two parties and to give them the opportunity to accuse Labour of being soft on Communism. The Labour Party itself attached unwarranted importance to the Treaty; many saw it as a means of opening up the Russian market for British goods and of solving the underlying problem of unemployment whereas in practice it had virtually no effect.²²

Thus, it seemed that relations with Germany and France represented the positive pole of Labour policy, while relations with Russia were negative. The latter was already attracting extensive opposition before the domestic crises that broke with Labour in the second half of 1924. The combination of the two brought an early election and the fall of MacDonald's government.

IV. The Collapse of the 1924 Labour Government

The 1924 Labour government collapsed after only nine months, and the events that led to fall were, however, traumatic. During Labour's first term in

²⁰ R.M. Douglas, *The Labour Party, Nationalism and Internationalism, 1939–1951*, Routledge Taylor and Francis Group, London and New York, 2004, p 28.

²¹ Robert Eccleshall and Graham Walker, *op, cit*, p., 281.

²² Geoffrey Goodman, *From Bevan to Blair Fifty Years' Reporting from the Political Frontline*, Pluto Press, London, 2003, p, 52.

government, Ramsay MacDonald quickly recognised that the previous Conservative policy of diplomatic non-recognition of the Soviet Union was preventing Britain from retrieving substantial debts, which had been owed since the days of the Tsarist regime.²³ MacDonald considered Britain's stance as little more than obstinate political posturing, which only prevented Britain from collecting substantial debts that could be used by the government to ease the country's precarious economic condition.

There was nothing Britain could do to change the political nature of the Russian state. MacDonald began discussions with the Soviet government to get back these debts. A deal was soon arranged in which Britain agreed to recognise the Soviet regime and the Soviets agreed to repay the debt in return for a further loan from Britain. The mainstream press, led by Lord Rothermere's the *Daily Mail*, was outraged at these developments and became increasingly vicious and hostile towards the Labour government.²⁴ The re-opening of diplomatic relations with the Soviet Union was to be one step too far for many within the British political establishment. They soon set in motion a sequence of events which would ensure the downfall of the first Labour government.

Following constant sniping from the Liberals and Conservatives over Labour's unemployment policies and relations with the Soviet Union, MacDonald began to look increasingly vulnerable. Soon after Britain reopened diplomatic relations with the Soviet Union a small Communist paper was in the process of being prosecuted for sedition. Charges were brought, under the Incitement to Mutiny Act, against J.R. Campbell, the editor of a Communist paper,²⁵ who had published an appeal to the soldiers not to fire on workers in a

²³ Tsarist is derived from "Tsar" which was the official title of the supreme ruler in Russia from about 1480 (or 1547) until 1721 (after 1721 and until 1917, the title was used officially only in reference to the Russian emperor's sovereignty over certain formerly independent states such as Poland and Georgia). [www, History-ontheweb. Co. uk/](http://www.history-ontheweb.co.uk/)

²⁴ Edward Porritt, "The British Socialist Labor Party". *Political Science Quarterly* 23.3 (1908): 468–497. <http://doi.org/10.2307/2141306>, p, 22.

²⁵ David, Thomson, op, cit., p., 95

state of emergency. However, this added fuel to the ongoing rumours of a left-wing conspiracy within the Labour government.

The Campbell Case was to be followed by the use of the Zinoviev Letter. In October 1924, the MI5 (Military Intelligence, Section 5)²⁶ intercepted a letter written by Grigory Zinoviev, chair of the Comintern²⁷ in the Soviet Union, in which he advised British Communists Party (BCP) to prepare for revolution. This contained instructions on how making paralyse all the military preparations of the bourgeoisie and make a start in turning an imperialist war into a class war. Vernon Kell, Head of MI5 and Basil Thomson, Head of the Special Branch, were convinced that the letter was genuine.²⁸ Kell showed the letter to the Prime Minister, Ramsay MacDonald.

It was agreed that the letter should be kept secret, but someone leaked news of the letter to *the Times* and *the Daily Mail*.²⁹ The letter was published in these newspapers four days before the 1924 General Election which slightly contributed to the defeat of MacDonald and the Labour Party.

After the election, it was claimed that two of MI5's agents, Sidney Reilly and Arthur Maundy Gregory, had forged the letter and that Major Joseph Ball, an MI5 leaked it to the press. In 1927, Ball went to work for the Conservative Central Office. The result of the election, held in November 1924, was an apparent landslide for the Conservatives, who won 419 seats; while Labour lost over 40 seats and the Liberals 40.³⁰ It is likely that MacDonald had expected defeat, but not accompanied by such a large increase in the Conservative vote compared with their showing in 1923.

²⁶ The MI5 is The Security Service, commonly known as MI5 (Military Intelligence, section 5). <http://britannica.com/MI5>

²⁷ Third International also called Communist International, by name Comintern, association of national communist parties founded in 1919. Though its stated purpose was the promotion of world revolution, the Comintern functioned chiefly as an organ of Soviet control over the international communist movement. <https://www.britannica.com/topic/Third-International>.

²⁸ David, Thomson, op. cit., p., 95

²⁹ Ibid., p. 96.

³⁰ Claude Guillot, *Les Institutions Britanniques*, Presses Universitaires de France, Paris, 1970, p. 12.

The Labour Party was disappointed because of the outcome of the election. The reduction in the Labour seats from 191 to 151 was too difficult to accept. Yet, the Labour Party increased its total number of votes from 4.4 million in 1923 to 5.5 million in 1924 and its share from 30.5 per cent to 33 per cent.³¹

V. Conclusion

At all events, this was not a defeat for the Labour Party as a triumph for the Conservatives and a catastrophe for the Liberals. It ended the brief period in which three parties had just about managed to fit into an electoral system designed for two. The Liberals had been squeezed out of the reckoning and the Labours had taken their place, not a bad legacy for nine months in government. The new Conservative government led by Stanley Baldwin faced a number of Labour problems, most notably the General Strike of 1926.

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