

We Can Conquer Unemployment

Lessons for Today from the Liberal Approach to Unemployment in the 1920s and 1930s

Report back from the History Group's September Conference fringe meeting.

Speaker: Lord Skidelsky.

Lord Skidelsky, the biographer of Keynes, reminded a packed meeting at the Brighton Conference of the era when the function of a declining Liberal Party seemed to be to provide the Labour Party with ideas and the Conservative Party with Cabinets. The quality of Liberal thought rose as the Party itself declined - and although Keynes provided much of the dynamic behind Lloyd George's bid for power in 1929, Liberals were by then too firmly established as a third party for success to follow.

The Keynesian legacy thus passed to the other two parties, primarily to Labour; but, as they were not Liberals, his policy instruments were implemented in a non-Liberal way. Keynes, Lord Skidelsky argued, was and remained a classical economist; his *General Theory* aimed to fill gaps in classical theory not to replace it. Therefore his policy proposal of government action to raise aggregate demand and thereby reduce unemployment would have worked in the 1920s and 1930s, where it was the private sector which had collapsed - but it did not work in the 1980s, when it was *government* action which had caused the new shocks to demand.

In his speculation as to *why* this might be so, our speaker most clearly revealed his own views as a Conservative, believing that the public sector, whether because of high welfare spending or union militancy, had simply grown too big. The prescription, Skidelsky argued, should be that the state must retreat to its defining characteristics - ie only those actions which individual cannot achieve by themselves - or risk collapse.

An additional factor, which Keynes did not foresee, was the substantial increase in capital mobility, resulting in a rise in interest rates from any unilateral attempt to expand the public sector. The main function of government, Skidelsky therefore claimed, becomes to maintain conditions of maximum business profitability in order to attract international capital. He did accept, however, Keynes' own argument for greater regional and global coordination of economies.

No-one knows, of course, what would have happened had Keynes' policies been implemented by Liberal governments. It is difficult not to share, however, our speaker's conclusion that the range of options available to modern governments has shrunk dramatically, and in reality no-one really knows what the future will hold.

One Prayer Above All: Ireland, Ireland, Ireland

Book Review
by Andrew Adonis

H. C. G. Matthew:

The Gladstone Diaries Vols 12, 13 & 14
(Clarendon Press, 1994)

William Ewart Gladstone, the greatest of Liberal leaders, spanned Victorian Britain like one of Isambard Kingdom Brunel's massive constructions. First elected to Parliament in 1832, the Grand Old Man formed his fourth government in 1892 at the age of 82, fighting a last, awe-inspiring but ultimately pathetic campaign to right the wrongs of British rule in Ireland.

All the while, Gladstone kept a daily diary. The historian Colin Matthew has spent the last 20 years editing this invaluable commentary on the man and his age, and draws his labours to a close with these three superbly edited volumes. Volumes 12 and 13 cover the final decade from 1887 to 1896 - Gladstone wrote the last entry 16 months before his death. Volume 14 is an index to the entire diary - all 25,000 entries - starting in 1825. At £65 each they will not become best sellers, but Matthew promises a biography based on his introductory essays - he has already published a life up to 1874 - which will be a formidable contribution to modern British political history.

Gladstone's diary has little in common with Alan Clark's melange of titillating gossip. Indeed, Gladstone himself was wont to call it a 'ledger' - an account kept for the purpose of justifying his acts and use of time to himself and the Almighty he so fervently prayed to. On one level it is a dry record of letters, engagements and reading, with the occasional reflective sentence or two. Yet the very record renders Gladstone as superhuman to posterity as he was to contemporaries. Here, for instance, is the entry for 21 April 1893. To get a sense of perspective, imagine Harold Wilson to be still four years away from a final stint in Downing Street, or Paddy Ashdown as prime minister in 2024:

Wrote to the Queen - Crawthorn & Hutt [booksellers] - and minutes. Worked on [Irish] Home Rule papers and notes. Saw Sir A. West [private secretary] - S. E. G. [son] - Mr Marjoribanks [chief whip] - J. Morley [Irish Secretary]. Read Julius Caesar. House of Commons 3.45 - 6.30 & 9.45 - 1.30am. Spoke [on Home Rule Bill] from 11.05 to 1am. Majority 43. What a poor creature I felt. Eight to dinner: and backgammon with Mr Armitstead [Liberal MP].

There you have it all: the tireless energy, the Liberal cause, the consummate parliamentarian, the cramming of books into the interstices of the busiest day - the general index lists 17,500 books and pamphlets read - and the affectations of inadequacy so infuriating to friends and foes alike.