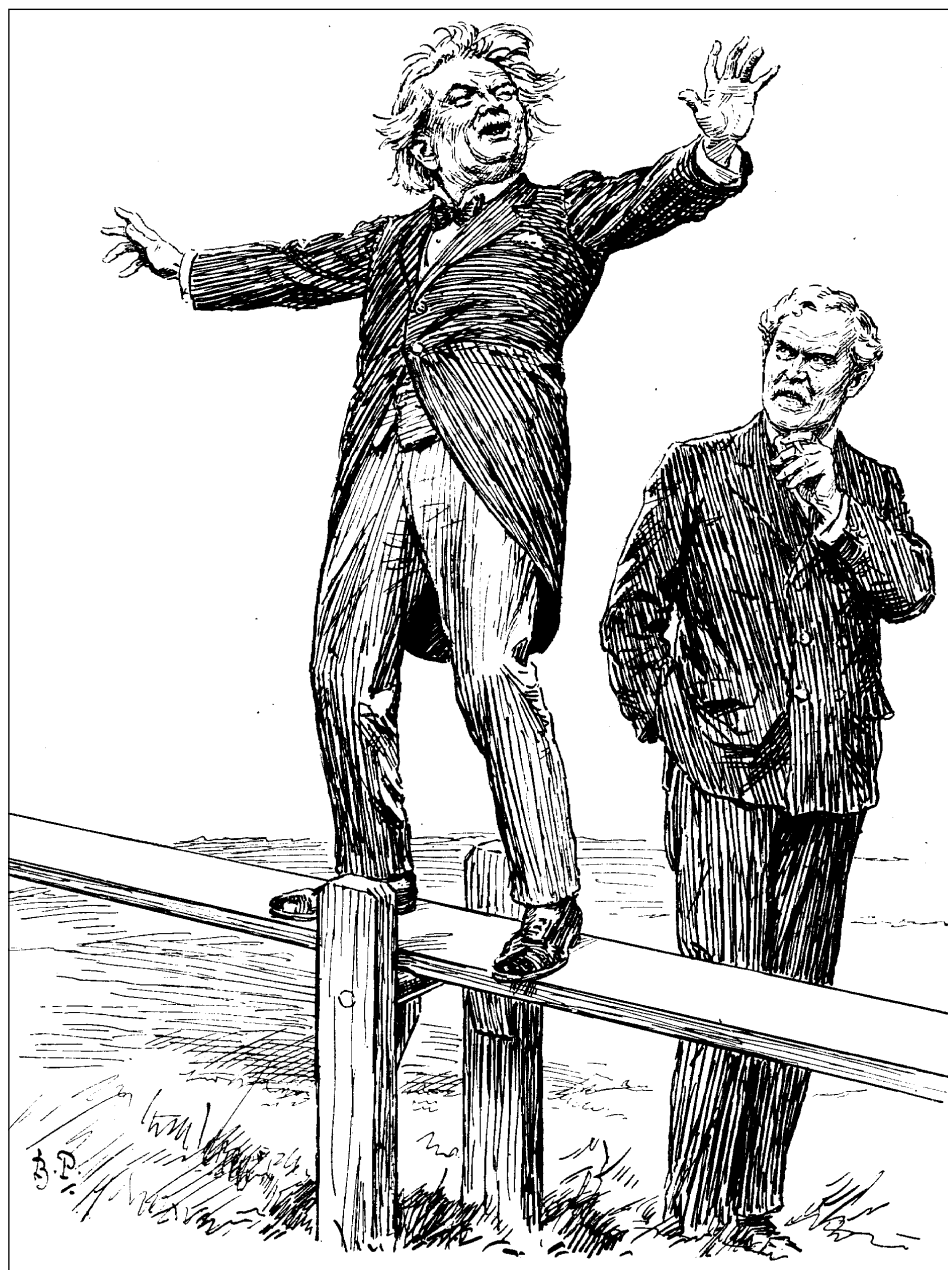


HOLDING THE THE LIBERAL PARTY AN

In Britain's first-past-the-post electoral system a third party's best hope of securing a toe-hold on power lies in holding the balance in a hung parliament. Indeed, the recent electoral strategy of the Liberal Party and Liberal Democrats has usually seen this as a necessary stage on the path to a Liberal government. The experience of the twentieth century suggests, however, that 'holding the balance' is at best a mixed blessing. By **David Dutton.**



'In the Movement'; Lloyd George and Macdonald (*Punch*, 17 October 1928)

THE BALANCE AND HUNG PARLIAMENTS

It is the lot of the third party in Britain's first-past-the-post electoral system to dream of the day when the vagaries of that system leave it holding the balance of power in the House of Commons. But it is not an outcome for which it is easy to campaign. As Roy Jenkins has argued, it 'depends largely upon accidents outside our control – the relationship which the other two parties bear to each other – and is therefore not an effective call to action'.¹ Third parties thus wait for the chance occurrence of electoral arithmetic.

Under proportional representation, of course, things would be very different. Since the arrival of the Labour Party as a political force of significance in the general election of 1906, there have been only two occasions – in 1931 and 1935 – when the winning side secured more than fifty per cent of the popular vote. Even these were in the untypical context of the National Government, when the victorious Conservatives were able to broaden their electoral appeal by association with sections of the Labour and Liberal parties. Under proportional representation, then, coalition or some other form of governmental power-sharing would be the

norm, to the enormous advantage in a three-party system of the third party.

Since the end of the First World War, when the Liberal Party was relegated to the status of the third party in the British polity, there have been just three instances when the party found itself holding the balance of power in the House of Commons.² This position was created by the general elections of 1923 and 1929 and when, as a result of by-election defeats, the Callaghan government lost its overall parliamentary majority in 1976. On each occasion the Liberal Party found itself sustaining a Labour government in office; on each occasion the party, or sections of it, believed that it was well placed to determine the course of events and use this chance happening to its own advantage. Yet it cannot be said that the Liberals derived any great benefit from these three periods of 'power' or 'proximity to power'. Each was in its own way unique, but there are sufficient similarities and parallels to justify a comparative study of the circumstances in which it arose, the resulting relationship between the Liberals and the Labour administration of the day, and the short and medium-term consequences for the Liberals of what they had done.

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The result of the general election of 1923 was one of the most ambiguous of the entire twentieth century and the eventual formation of a Labour government, the first in Britain's history, was by no means the only possible outcome. The Conservatives, with 258 seats, remained the largest single party; Labour followed with 191 seats; while the recently reunited Liberals secured 159. Possible outcomes included a new Conservative government under a changed Prime Minister; a Liberal government with either Conservative or Labour support; and a non-party administration headed perhaps by a respected elder statesman with broad appeal. But the key factor was that the election had been called by the outgoing Conservative premier, Stanley Baldwin, specifically on the issue of tariffs. The result therefore represented a clear victory for free trade, even if that victory was shared between the two free-trade parties, Labour and the Liberals. There was, then, a certain logic, but by no means an inevitability, in Labour as the larger of the two free-trade parties forming the next government.

What did, however, exist was a predisposition within sections of the Liberal Party towards this possibility, or at least towards a new period of Liberal-Labour co-operation. For many this

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reflected a desire to restore the Progressive Alliance of the pre-war era which, despite considerable tension in the years 1911–14, had so successfully excluded the Conservatives (Unionists) from power for the best part of a decade, but which had disintegrated during the course of the First World War.

Despite the symbolic importance of Labour's adoption of a socialist constitution in 1918, many advanced Liberals had continued to argue that there was no real ideological barrier to renewed partnership between the two parties. Writing in 1920, Charles Masterman, one of the key architects of the New Liberalism of pre-1914, argued that Labour's programme was 'little, if at all, distinguishable from the advanced Liberal programme'. In many contemporary by-elections, he claimed, the two parties were campaigning for identical reforms.³ The Labour Party was itself 'a great storehouse of Liberalism, in which the majority of the rank and file, and many of its most honoured leaders, are by creed and conviction Liberal'.⁴

For Liberals who thought in these terms, the situation created by the 1923 general election opened up exciting possibilities. According to C. P. Scott, editor of the *Manchester Guardian*, it was '1906 over again as far as voting was concerned'. The electorate's verdict offered real prospects of social progress. 'Barring the wretched three-cornered business', he continued, 'we should have had a clean sweep. But it's good enough.'⁵ During the interval between the election and the reassembly of parliament, the weekly *Nation*, with its long and honourable tradition of commitment to radical causes, threw its weight behind Liberal–Labour co-operation. It was towards Labour, it insisted, that Liberals should lean. 'No real Liberal ... can find "the enemy" in this quarter ... Liberalism will fail to do its work unless it succeeds eventually in re-establishing co-operation and fundamental agreement

with the great mass of Labour opinion.'⁶ While some Liberals remained implacably opposed to dealing with 'socialists' – however that concept was understood – these appeared to be in a distinct minority.

The crucial decisions, however, inevitably rested with the party hierarchy. Immediately after the declaration of the poll, Liberal leaders met to decide upon their strategy. Asquith, supported by Sir John Simon, argued that the Conservative government should first be ejected by a Liberal–Labour combination and then, assuming that Labour managed to form a government, that too should be voted out by the joint action of Liberals and Conservatives. This, Asquith somewhat fancifully suggested, would leave the way open for a Liberal government. Lloyd George was not happy with this proposal, recognising that it would leave any resulting Liberal government entirely dependent on Conservative support. To avoid a formal decision being taken, he successfully proposed that the meeting should be adjourned to allow time for further reflection. When it resumed, Asquith had significantly modified his stance and now called for 'no truck with the Tories ... and non-committal towards Labour after it had formed a government'.⁷ He adhered to this policy at a subsequent party meeting and Lloyd George, who favoured a policy of constructive co-operation with Labour, held his tongue, fearful of opening up fresh wounds in the party. Lloyd George placed his faith in Labour's good sense. 'If Ramsay [MacDonald] were tactful and conciliatory I feel certain that the Party as a whole would support him in an advanced Radical programme.'⁸

The new Parliament met on 8 January 1924 with Baldwin still in office and, in effect, challenging the opposition parties to remove him. After a heated debate on the Address, a vote was taken on a Labour amendment on 21 January which brought the Conservative government down and effectively

installed Labour in its place. The majority of the Liberal Party supported Labour in the critical vote, but it was striking that ten MPs voted in the Conservative lobby, all of them relatively obscure survivors of the post-war coalition. Leading Liberals were, however, altogether too sanguine about their party's prospects. Writing in the *Contemporary Review*, W. M. R. Pringle suggested that, 'be the life of the new Parliament long or short, whoever is in office, the Liberal Party will be in power'.⁹ In like vein Asquith had told the parliamentary party on 18 December that a Labour government could hardly be tried under safer conditions. Granted the new administration's minority status, this was true enough, but his suggestion that 'it is we, if we understand our business, who really control the situation' was a gross exaggeration. For one thing, the parliamentary arithmetic was against the Liberals. As there were more Conservative MPs than Labour, it was not enough for the party to abstain in parliamentary divisions if Labour was going to survive. Liberals could not simply acquiesce in Labour government. They had positively to support it. Lloyd George understood the reality of the situation and realised that his preferred option of positive co-operation could only work on the basis of detailed consultation between the two parties. 'It was not merely occasional support that the Labour Government would require in divisions; the support must be continuous.'¹⁰ But even he now seemed to be overcome by the possibilities of a renewed period of progressive government. 'As to policy', he told C. P. Scott on 5 January, 'he saw no difficulty. There was an ample field common to the two parties. The danger, to his mind, was not that Labour would go too fast and far, but that it would not go fast and far enough and perish of inanition. It must be prepared to take risks and Liberalism should back it in a courageous policy.'¹¹

Despite the symbolic importance of Labour's adoption of a socialist constitution in 1918, many advanced Liberals had continued to argue that there was no real ideological barrier to renewed partnership between the two parties.

The problem was that the consultation, which Lloyd George knew to be essential, had not taken place. The Liberal Party voted Labour into government without any clear notion of what it would do thereafter and without even trying to extract commitments, such as electoral reform, of benefit to itself. Asquith might have been well advised to offer Labour a fixed period in office in return for an agreed programme of reforms. But no such bargain was struck. Not surprisingly, the months which followed witnessed mounting Liberal disillusionment. The diary of Ernest Simon, newly elected as Liberal member for the Withington division of Manchester, well charts the party's changing mood. To begin with he congratulated Labour for avoiding 'impracticable and Socialistic legislation'. Judged by its initial programme Labour merited Liberal support and it was in the latter's interests to keep the government in office. The Liberal Party:

... must be constantly on the watch against extravagance or against any action contrary to Liberal principles. Subject to this the Liberal Party should give active support to the Labour Government. They should avoid anything that could be construed into a policy of pin pricks, which would be playing the Conservative game, and should be ready to help the Government by supporting the closure to avoid unreasonable obstruction ... Liberal Members should treat the Labour Government with a considerable proportion of the regard and self-restraint which they would show to a Liberal Government. Any other policy would make the three-party system impossible, would prevent Parliament carrying out any useful and effective social legislation and would create a certain amount of sympathy amongst the electors for the Labour Party and corresponding injury to the Liberal.¹²

By the end of the Labour government, however, Simon was forced to judge the 'session as a whole ... a tragedy'.¹³ The opportunity for a constructive period of progressive government had been lost.

What had gone wrong? Part of the problem lay in the disorganisation and want of leadership in the parliamentary Liberal Party. 'So far as I can judge', recorded Simon, 'Asquith, Lloyd George and [John] Simon consult together very little, nor do the Whips take any strong line.' In such a situation any chance of an agreement on proportional representation had been lost:

There is a strong feeling among Liberals that we ought to agree at once on some policy of Electoral Reform, and make a bargain with Labour to push it through. I spoke to the Chief Whip last week. He was taking no interest in the matter as a Committee had been appointed under Pringle. I saw Pringle; he said he thought there was no agreement and did not think the Committee would take any action.¹⁴

At a time when decisive and purposeful leadership was needed, Asquith in particular revealed his worst failings:

Except on a few big points, he took no real trouble to understand the problem, his only action was inaction; a policy of masterly inactivity carried to extreme lengths. Anything further removed from 'leadership' in any true sense of the word it is difficult to conceive. His brain is excellent, probably as good as ever, if he would only apply it. It is the interest that is lacking.¹⁵

Denied a controlling hand at the top, the Liberal Party's scarcely concealed divisions re-emerged. Old Coalitionists welcomed any opportunity to vote with the Conservatives; radical Liberals tended to side with the government. On questions such as Labour's decision to discontinue the Singapore naval base, the

The Liberal Party voted Labour into government without any clear notion of what it would do thereafter and without even trying to extract commitments, such as electoral reform, of benefit to itself.

Poplar debate on municipal rates and the government's Eviction Bill, Liberals voted in both lobbies while others abstained.¹⁶ It was a sorry spectacle.

But of even greater importance in explaining the Liberals' failure in 1924 than their own deficiencies was the attitude of the Labour government itself. Gradually Liberals began to voice their resentment at the way in which their proffered hand of friendship was being rebuffed. Speaking at a party meeting on 15 April Lloyd George gave vent to the now widespread indignation that Liberals felt at being expected to file dutifully into the government lobby with nothing being offered in exchange. A week later, in a widely reported speech at Llanfairfechan, he compared Liberals to oxen whose job it was to 'drag the Labour wain over the rough roads of Parliament for two to three years, goaded along, and at the end of the journey, when there is no further use of them, they are to be slaughtered. That is the Labour idea of co-operation.'¹⁷ By July C. P. Scott recorded that 'the feeling against the Liberals was general in the [Labour] party. Social intercourse had almost ceased. J. H. Thomas was perhaps now the only man who ever asked a Liberal to tea.'¹⁸ A few weeks later the *Manchester Guardian*, while expressing its appreciation for MacDonald's conduct of foreign policy, complained that 'the Prime Minister, who can be so sweet to the foreigner from whom he differs most widely, has nothing but unconcealed dislike and exaggerated suspicion for those who in this country stand nearest to him in politics'.¹⁹

But Labour's behaviour was not just a case of political bad manners. Rather, it represented a clearly thought-out strategy which precluded the sort of co-operation with the Liberals for which Lloyd George and others hoped. On forming a government the Labour leadership, and in particular the new Prime Minister Ramsay MacDonald,

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had a number of key objectives. Not the least of these was that the experience of Labour government, however brief, should have the effect of hastening the demise of the Liberal Party as a serious force in British politics. This would be done by displaying Labour's credentials as a responsible, moderate party of reform, fully capable of governing in the national interest. Any help offered by the Liberals would be gratefully, if not graciously, accepted, but the idea of in any way assisting Liberalism was outside Labour's vision. 'The first Labour government', writes Ross McKibbin, 'cannot be understood other than in these terms.'²⁰ In such circumstances Liberal hopes were bound to be thwarted. As Hugh Dalton confided to his diary in the first month of Labour government, 'I hope we shall be able to avoid giving the Liberals either Proportional Representation or Alternative Vote in this Parliament. Then they mayn't live to ask for either in the next.'²¹

The fact that moderate Labour and radical Liberalism overlapped at so many points was not, in the Labour view of things, a reason for the re-establishment of the pre-war Progressive Alliance; it merely confirmed the good sense of those Liberals who had already transferred their allegiance to Labour. 'The only kind of co-operation which is possible', MacDonald told Gilbert Murray, 'is the co-operation of men and women who come over and join us.'²² MacDonald fully understood that there was not room in the political spectrum for two parties of the progressive left and, if only one could survive, he was determined that it should be Labour. If Liberalism could be held down long enough, the built-in bias of the electoral system would eventually work against it. By contrast, the granting of proportional representation would guarantee it a solid base in parliament for the foreseeable future, while depriving Labour of any prospect of an independent Commons majority. The short-term price of this strategy



The dangers of holding the balance: *Punch*, 30 April 1924 and 23 July 1930.

might well be lengthy periods of majority Conservative government (as had existed between 1924 and 1929), but this would be a small price to pay if the longer-term achievement were to be the removal of the Liberal Party from serious contention.

The first Labour government in Britain's history came to an end over the celebrated Campbell Case. The government first proposed to prosecute the editor of the *Worker's Weekly* for publishing two articles which seemed to incite members of the armed forces to disobey orders. But within a few days all charges were dropped. When Parliament reassembled after the summer recess, the Conservative opposition proposed a motion of censure on the government's handling of the case. The Liberals, anxious not to bring the government down and thereby precipitate a general election, the third in two years, which they could ill afford, tabled an amendment for the appointment of a select committee to examine the matter. This proposal offered the government a means of escape from the crisis which its own actions had created. There was no need for it to take the Liberal amendment, as opposed to the Conservative motion of censure, as a matter of confidence, but this is what it proceeded to do. By 364 votes to 198 the government came to an end.

In the subsequent election Liberals faced predictable disaster. The Conservative Party secured a landslide victory with more than 400 seats in the new House of Commons. Labour lost nearly forty seats, but its vote held up well. The real significance of this election was the damage it did to the Liberal Party, reduced now to just forty MPs. It was, thought Sidney Webb, 'the funeral of a great party'.²³ Part of the explanation for this disaster lay in the fact that, for largely financial reasons, the party had abandoned 136 seats fought in 1923 and fielded only 340 candidates. It could not, therefore, credibly present itself as a potential aspirant for power. But

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it also seems reasonable to assume that Liberalism had been damaged by its conduct during the previous Parliament. For those who had never wanted a Labour government in the first place, Liberals had committed a gross act of betrayal. The Conservatives were now seen as the only reliable bulwark against the supposed threat of socialism. On the other hand, for those who had been prepared to give Labour a chance, the late government's very moderation appeared, as Labour of course intended, to render Liberalism irrelevant. For more electors than ever before the basic political contest had become one between the Conservative and Labour parties.

Liberal comments on the experience of 'holding the balance' are instructive. Ernest Simon bemoaned a lost opportunity. 'Liberal and Labour together', he insisted, 'should have stayed in for years and carried through radical legislation.'²⁴ In like vein Lloyd George suggested that Labour could have remained in power for another three years and 'formed a working alliance with Liberalism that could have ensured a progressive administration of this country for twenty years'.²⁵ He insisted that the real mistake had been to put Labour in office without insisting upon any understanding or conditions. But 'it never occurred to me that we could be treated as we were treated. I took for granted that the relations between the two parties would be analogous to those between the Irish and Liberal parties in the Home Rule period.'²⁶ Such an imperfect understanding of what had happened did not bode well if chance should once again leave the Liberal Party holding the balance of parliamentary power.

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The situation created by the general election of 1929 was superficially similar to, but in reality significantly different from, that which had existed at the end of 1923. Labour emerged with 288 seats, the Conservatives 260 and

the Liberals 59. Once again, then, the third party held the balance, but on this occasion Labour was in a theoretically stronger position as the largest single party. Liberal support would be less crucial to the government's survival. The statistics showed how much the Liberals were now suffering from an electoral system which suited the interests of two rather than three contestants. On average there was one Liberal MP for every 91,000 votes; a Conservative for every 34,000; and a Labour member for every 28,000. 'You can imagine', wrote John Simon, 'that our Liberals feel rather sore about this.'²⁷

As in 1923, and notwithstanding the experience of the last MacDonald administration, there was a predisposition for Liberals to look sympathetically upon Labour. Ever since the general election of 1924, in which Asquith had lost his Commons seat, and more particularly since 1926 when he had stepped down from the party leadership, Lloyd George had moved the party in a distinctly more radical and anti-Conservative direction than at any time since before the First World War. Frances Stevenson, his secretary and mistress, sensed a change in the Labour Party's attitude towards him and wrote of his 'gradual conquest of Labour'. 'Now he speaks almost as the Leader of the Opposition', she recorded in April 1926, 'with the Labour and Liberal benches around him, the former hanging on his words and loud in their praises.'²⁸ She believed that Lloyd George's aim was to co-ordinate and consolidate all the country's progressive forces against Conservatism and reaction. 'Thus he will eventually get all sane Labour as well as Liberalism behind him.'²⁹

Lloyd George discussed the possibility of a renewed Liberal-Labour partnership in the next Parliament over dinner with C. P. Scott in December 1928. He seemed determined to take a tougher line than Asquith had done five years earlier. MacDonald 'must not imagine he could have Liberal support for the asking'.

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Nonetheless he believed that, in the end, Labour would have to come to terms. Otherwise the Liberal Party, despite its diminished status, was still strong enough to deny Labour any chance of a clear parliamentary majority for a generation to come.³⁰

To a large extent, then, Lloyd George's thinking had not changed. But neither for that matter had Ramsay MacDonald's. Despite giving Scott the fleeting impression that Labour might be interested in a formal coalition in the event of the next general election producing a similar parliamentary situation to that of 1923, his basic strategy of destroying the Liberal Party remained intact. A diary entry for November 1928 summed up the Labour leader's thinking. 'If the three-party system is to remain', he noted, 'it is obvious that the question of coalition in some shape or form has to be faced.' Therefore 'our immediate duty is to place every obstacle we can in the way of the survival of the three-party system'.³¹ Unless the course of events moved MacDonald from this position, it would not be easy for the Liberals to derive any benefit from again holding the parliamentary balance.

For the time being Liberals seemed determined to present a united front and to avoid the damaging splits which had characterised the Parliament of 1924. At the first party meeting after the election John Simon 'smote his breast and declared that except on matters which could only be fitly decided in the sacred court of conscience – or words to that effect – no matter of opinion would induce him to do other than follow the crack of the whip'.³² But those who still dreamt of a recreated Progressive Alliance were worried by Lloyd George's hard-line attitude. 'It seemed to me', recorded Ernest Simon, 'that the general tone of his speech was threatening, rather than looking forward to legislation on the fruitful field which is common to both parties.'³³ This firm attitude was still apparent in

the debate on the King's Speech when Herbert Samuel reminded the House of the Liberal Party's long-standing commitment to electoral reform and asked for a definite assurance from the government that the issue would be addressed. But there was an element of bluff in this Liberal stance. The state of the party organisation and the morale of its workers were such that it could not risk pulling the rug from under the government and precipitating another general election. 'Their marriage of convenience with the Labour Government thus rested on a constantly maintained but utterly unreal threat of imminent divorce.'³⁴

It was not long before the first fissures began to appear in the façade of Liberal unity. On the second reading of the government's Coal Mines Bill in December, forty-four Liberals went into the opposition lobby, two voted with the government and six abstained. But this anti-Labour demonstration was only authorised after it had been ascertained that sufficient Conservatives were absent to ensure that the government was not defeated.³⁵ A year later the intra-party divisions were becoming more apparent. The key factor was the performance of the Labour government itself. In the face of the mounting scourge of unemployment, Labour appeared beset by intellectual bankruptcy. In late October 1930, just before the opening of the new parliamentary session, John Simon wrote to Lloyd George about his current feelings on relations with the Labour government. Simon argued that, after seventeen months in power, the government had proved a total failure in almost all respects. As a result, while Liberals derived no benefit from keeping Labour in power, they exposed themselves to the charge that they were only interested in saving their own skins by avoiding another general election. Simon gave notice that, should the government try to repeal the trade union legislation of the last Baldwin

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administration, he would not be able to support it and would join with the Conservatives in any subsequent vote of confidence. 'We are in danger', he concluded, 'of carrying offers of assistance to the point of subservience and I do not believe that this is the way in which Liberalism is likely to become a more effective force in national and imperial affairs.'³⁶ The extent of the Liberal Party's disarray became evident when the Conservatives put down a critical motion on the King's Speech. The official Liberal line was to abstain, but five Liberals including, incredibly enough, the Chief Whip, voted with the Tories, while four others backed the government. Such three-way voting splits now became increasingly the norm.

John Simon was clearly ready to bring the government down should the opportunity arise. By contrast, Lloyd George continued to insist that it be kept in office. The key to his thinking was the belief that Labour could be persuaded to move on the question of electoral reform. A three-party conference on the subject had been set up in early December 1929, but it had reached no agreement and it collapsed the following summer. In September 1930, however, MacDonald held talks with Lloyd George and Samuel at which the Liberals demanded electoral reform in return for their continued support. The Cabinet agreed only to undertake further investigations into the Alternative Vote. This was not proportional representation but was seen as a step in the right direction or, as the *Manchester Guardian* put it, 'a good starting off point for more comprehensive reforms'.³⁷ MacDonald tried to persuade Lloyd George that the Alternative Vote would result in significant Liberal gains at the expense of the Conservatives.³⁸ Yet Labour's sincerity is open to question. Any change to the voting system would take at least two years to implement; but the government would have its life extended by Liberal support during this period.

Gradually, two rival Liberal factions began to coalesce around Lloyd George and Simon. Within a year this division over how to deal with holding the balance of power would split Liberalism apart, a split which, unlike that of 1916, would never be repaired, but which, arguably, would be of equal importance in the story of the party's decline. On 20 November Lloyd George put forward a plan to his senior colleagues for a formal pact with Labour to last for two years. Simon was fundamentally opposed, arguing that the Labour government was already discredited and that nothing was to be gained by putting Liberal assets into a bankrupt concern. At a subsequent general election no Liberal candidate could effectively oppose a Labour candidate, having so recently sustained his party in power.³⁹ At a second meeting a week later Simon, supported now by Lord Reading, countered Lloyd George's revised plan for a pact for a shorter period. An arrangement for one year would inevitably be extended to two, since after twelve months it would be said that more time was still needed to secure concessions from the government.⁴⁰

Though the formal breach was repeatedly delayed, the two factions were now ready to go their separate ways. While Simon began negotiations with the Conservative opposition, Lloyd George argued that 'the great majority of our party are in accord with yours [Labour] in the general line of advance for the next ten years. The differences are not vital and can easily be adjusted.'⁴¹ Such was the desperation of the government, beset as it was by political and economic crises, that MacDonald may even have taken Lloyd George's approach seriously, notwithstanding his long-term commitment to the destruction of the Liberal Party. The government did agree to the introduction of the Alternative Vote, but the necessary legislation was delayed in the House of Lords and lost when the government fell. Though the evidence is

Above all, the election seemed to confirm that the Conservative-Labour contest was now the only one that really mattered in British politics.

somewhat sketchy, Lloyd George seems, by the summer of 1931, to have been pondering a formal coalition and even speculating upon the possible distribution of offices. 'Ramsay would be Prime Minister,' recorded Frances Stevenson, 'Lloyd George would be Leader [of the House] at the Foreign Office or the Treasury.'⁴²

But it was the Simonite faction which made the decisive move. On 26 June 1931 Simon, accompanied by Ernest Brown and the former Chief Whip, Robert Hutchison, formally resigned the Liberal whip. The occasion of the breach – the government's moderate land tax proposals – scarcely justified Simon's scathing comment that the parliamentary Liberal Party had reached a 'lower depth of humiliation than any into which it had yet been led'.⁴³ But this event merely set the seal on a process which had been long developing. Thus, when the government fell in August, to be replaced, to general surprise, by a National administration still headed by MacDonald, the Liberal Party was effectively already divided into two. On 23 September twenty-nine Liberals joined Simon in a memorial to MacDonald supporting any measures which the new Cabinet might think necessary to deal with the trade imbalance – a declaration which, by its implicit acceptance of tariffs, created a further deep breach in the Liberal ranks. Simon soon accepted the invitation of more than two dozen Liberal MPs to lead the so-called Liberal National group and on 5 October this group formed a separate organisation for the specific purpose of fighting the next election in alliance with the Conservatives and with MacDonald's small band of National Labour followers.⁴⁴

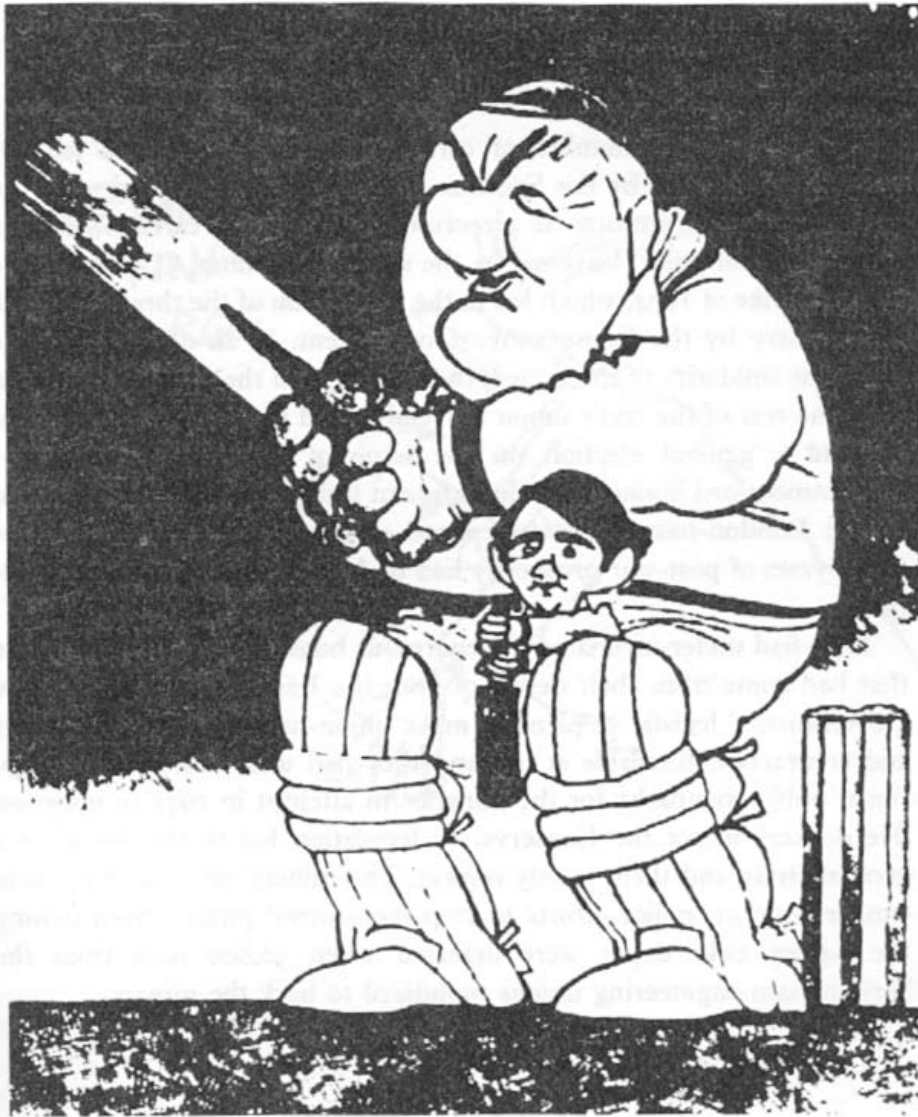
The peculiar circumstances surrounding the general election of October 1931 make it difficult to assess accurately the impact on the Liberal Party of 'holding the balance' over the previous two years. What is beyond dispute is that the by-election history of the Labour government suggests

a steady erosion of Liberal support. The party contested only a minority of the thirty-four contests between 1929 and 1931 and invariably performed disastrously. And there are many clear pointers in the general election itself. The Liberal optimism present in 1929 had almost completely evaporated. Though the number of Liberal MPs went up overall – thirty-three for the mainstream party, now led by Herbert Samuel, thirty-five Simonite Liberal Nationals and a third group of four Lloyd Georgeites who had opposed the holding of an election – the party's vote had dropped dramatically, largely because of a reduction in the number of seats contested. Strikingly, only ten Liberals were victorious in the face of Conservative opposition. Above all, the election seemed to confirm that the Conservative-Labour contest was now the only one that really mattered in British politics.

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Unlike the situations of 1924 and 1929, that of 1977 was not the direct creation of a general election. It is true that the Labour government elected in February 1974 lacked an overall parliamentary majority, but the Liberals alone, with just fourteen MPs, were not on their own strong enough to hold the balance. Prime Minister Harold Wilson went to the country again in October and secured a slender overall majority of three seats. By the end of 1976, however, by-election losses at Workington and Walsall North had reduced Labour once more to minority status. The crisis came in March of the following year when the Conservative opposition under Margaret Thatcher announced its intention of tabling a confidence motion which appeared likely to bring the government down. In this situation, and after some preliminary soundings involving Bill Rodgers, Labour's Transport Secretary, and Peter Jenkins of the *Guardian*, Prime Minister James Callaghan and Liberal leader

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JIM'S PROTECTOR



The Unpaid Piper

David Steel hammered out an agreement which would save the government from defeat.

The Lib-Lab Pact was very much the creation of the two men. There was no discussion with the parliamentary Liberal Party about the precise terms of the pact and no vote on those terms. Still less was there consultation with the wider party in the country. The parliamentary party acquiesced in what Steel had done with varying degrees of enthusiasm and in some cases a complete absence of it, the former leader Jo Grimond being perhaps the most sceptical. Similarly, a meeting of the Labour Cabinet was held on 23 March, the morning before the 'no confidence' motion, and with the pact having already been initialled by the two party leaders the previous night. Callaghan experienced fewer difficulties with the Cabinet than might have been expected because he had been careful to carry Michael Foot, the standard-bearer of the left, along with him. In the event only four ministers voted against the pact and none of these took the matter as far as resignation. Most agreed with the Chancellor, Denis Healey, that the government had no alternative: 'You can't rely on the minorities - the Nats and the nutters will want to bring us down.'⁴⁵

A variety of motives was involved. The one thing that the two parties had in common was a desire to avoid an election at this time with its almost inevitable consequence of a large Conservative majority. The Labour government was deeply unpopular following the financial crisis of the previous year and the humiliation of IMF intervention to bail out a failing economy. The pact offered, as Bernard Donoghue argued in an analysis later

How journalists saw the Pact: 'Jim's protector' (Trog, *Observer*, 19 June 1977); and 'The unpaid piper' (Gibbard, *Guardian*, 13 December 1977).

drawn up for the Prime Minister, a moment of opportunity which might give time for an economic recovery and the electoral advantage which this would bring.⁴⁶ The Liberals were equally wary of an early general election, suffering heavily from the impact of the scandal involving the former party leader, Jeremy Thorpe, and his alleged involvement in a plot to murder the male model, Norman Scott. At two recent by-elections in Walsall North and Stetchford Liberal candidates had finished behind the National Front.

But Steel's motivation was more complex and reflected his fundamental attitude towards the party leadership. A disciple of Jo Grimond, he believed that the Liberal way forward lay in a realignment of the left in British politics. If the opportunity arose, Liberals should seize it and join with others for the more effective promotion of Liberal values. His parliamentary experience, notably his sponsorship of a reform of the law on abortion in 1967, had already convinced him that much could be achieved on cross-party lines. The party's disappointing electoral performance in 1970 had shown, he believed, the futility of the long-haul approach to Liberal revival. It made no sense for the party to 'plod on as before, spending the next ten years building back up to a dozen MPs only to face near annihilation again on a sudden swing of the pendulum'.⁴⁷

Both in his campaign for the party leadership in 1976 and in his first pronouncements as leader, Steel made no secret of the direction in which he intended to go. Interviewed by the *Guardian* within weeks of becoming leader, Steel suggested that Liberals had to 'start by getting a toe-hold on power which *must* mean some form of coalition'.⁴⁸ His enthusiasm for the Lib-Lab Pact must be seen in this context. Having a share in power, however small, was more important than the details of policy set out in the pact. Indeed, there is some evidence that Steel may have been seduced by the

suggestion that he might himself at some point become a Cabinet minister.⁴⁹

Considering the government's precarious parliamentary situation, it cannot be said that the Liberal leader drove a hard bargain. Indeed, there were always critics who argued that he had been outgunned by the Prime Minister's experience and guile. The pact contained four main points. There would be a consultative committee of the two main parties to which major bills would be referred. There would be regular meetings between Healey and his Liberal shadow, John Pardoe. There would be direct elections to the European Parliament, with a free vote on the voting system to be adopted and the government 'taking account' of the Liberal preference for proportional representation. And there would be a renewed effort to enact devolution for Wales and Scotland. In return, the Liberals would ensure that the government would not face defeat on a matter of substance in the House of Commons.

Understandably enough, Steel sought to present the pact in more heroic terms than it probably merited. The Liberal Party was paraded as a force for moderation, standing in the way of Labour's socialism on the one hand and Thatcherite Conservatism on the other. His public statement was unequivocal. 'Either the Government now proceeds on the basis of agreed measures in the national interest for the next two years, in which case we would be willing to consider supporting such a programme, or else we have a general election.'⁵⁰ But neither then, nor at other moments of crisis in the pact's lifetime, did the government take seriously the Liberal leader's declared readiness to face the electorate. The parallels with 1924 and 1929 are only too clear. Steel's later claim that the pact had the effect of blocking further left-wing legislation is difficult to sustain. The high tide of socialism had already passed before Callaghan became Prime Minister and a government headed by himself

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and Healey was never likely to veer too far in the direction of the Labour left. Tony Benn's fears – 'that the Liberals will be in a dominant position in discussions with the Government; we shall, in effect be unable to do anything without their approval' – were considerably wide of the mark.⁵¹ In practice, Callaghan had not given away very much. Consultation was not the same thing as a veto. Liberals could claim little more than 'the seductive whiff of marginal participation in government ... after sixty-two years of isolation'.⁵²

The Lib-Lab Pact lasted for eighteen months. In practical terms it worked more smoothly than might have been anticipated. Callaghan and Steel developed a mutual respect for one another, but Healey and Pardoe had a 'talent for rubbing each other up the wrong way'. After one bruising encounter Healey's deputy, Joel Barnett, suggested that he and Steel should attend future meetings between the two men, 'if only to hold the coats'.⁵³ The pact's achievements were more obvious from the point of view of the government than of the Liberal Party. 'We took them to the cleaners' was the somewhat exaggerated assessment of one of the Prime Minister's aides on the balance of advantage derived by the two parties.⁵⁴ Labour continued in office without the ever-present threat of parliamentary defeat and, during this period, made some progress in stabilising the economy and, for the time being at least, bringing down the rate of inflation. It could even have led to a further Labour victory at the subsequent general election had Callaghan not delayed going to the country until 1979, by which time the so-called 'Winter of Discontent' had left its indelible impression upon the mind of the electorate.

But the pact's impact upon the Liberals was of questionable value. As even David Steel came to recognise, the major problem was that 'we were lambasted for simply keeping in office a government

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which had outstayed its welcome'.⁵⁵ This was a fact which the Conservatives were only too ready to recall to the public mind at the time of the 1979 general election. The loss of Liberal support in the country was evident as early as the local elections of May 1977, when the party lost three-quarters of its county councillors. In ten parliamentary by-elections between the creation of the pact and the announcement of its termination, Liberals saw their share of the vote drop by an average of 9.5 per cent. Nor was it easy to argue that the government was being forced into a conspicuously 'liberal' direction by the constraints of the pact. Steel tried to squeeze as much credit as he could from the introduction of tax relief for profit-sharing schemes, but it was relatively small beer. The failure in November 1977 to secure proportional representation for European elections left many in the party feeling bitter and let down. Steel was personally prepared to extend the pact into the autumn session of 1978, but realised that renewal would be impossible if he failed to extract a major concession from the government. When Callaghan ruled out a referendum on proportional representation, the pact was effectively dead in the water and formal notice of its termination was given on 25 May 1978.

In all the circumstances the Liberal Party probably emerged less badly from the general election of May 1979 than might have been feared. Steel performed well as leader and had the satisfaction of seeing his party's rating increase in the course of the campaign. Even so, the party lost a million votes compared with October 1974 and saw its share of the vote drop from 18.3 to 13.8 per cent. As in 1924 and 1931, the electorate appeared not to have rewarded the party for its proximity to power. Arguably, however, Steel could take some credit for having demonstrated that parties could work together, a lesson which would be developed during the era of the Alliance in the 1980s and, tentatively, in the

Blair–Ashdown 'project' of the 1990s.

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What conclusions may be drawn? The history of the twentieth century does not suggest that the Liberal Party has drawn any great benefit from the superficially attractive position of holding the parliamentary balance. Most obviously, the discredit of an unpopular government easily transfers to those who sustain it, while the credit for success is usually retained. At the very least, the need to extract a generous package of concessions prior to any commitment being entered into is surely apparent. That package should almost certainly include proportional representation. At a time when the Liberal Democrats, by distancing themselves from the tarnished edifice of New Labour, seem to have put to one side the goal of sharing power with another party, it may be that these historical lessons have been learnt. It is instructive to conclude with the words of Paddy Ashdown, a leader whose strategy seemed in many ways to be based on securing a hung parliament. Considering such a future prospect in the summer of 1991, he recorded:

The most difficult option turns out to be ... Labour refusing to talk to us and putting down a Queen's Speech which has most of the things we want in it (e.g. Scottish Parliament with PR, PR for local government, PR for Europe), but not PR in Westminster ... A hung parliament would not be a dream. It would be a nightmare.⁵⁶

David Dutton is Professor of Modern History at the University of Liverpool. His History of the Liberal Party in the Twentieth Century was published by Palgrave Macmillan in 2004. He is currently preparing a study of the National Liberal Party.

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6. *The Nation*, 1 December 1923.
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RESEARCH IN PROGRESS

If you can help any of the individuals listed below with sources, contacts, or any other information — or if you know anyone who can — please pass on details to them. Details of other research projects in progress should be sent to the Editor (see page 3) for inclusion here.

Aneurin Williams and Liberal internationalism and pacificism, 1900–22. A study of this radical and pacifist MP (Plymouth 1910; North West Durham/Consett 1914–22) who was actively involved in League of Nations Movement, Armenian nationalism, international co-operation, pro-Boer etc. Any information relating to him and location of any papers/correspondence welcome. *Barry Dackombe*, 32 Ashburnham Road, Ampthill, Beds, MK45 2RH; dackombe@tesco.net.

Cornish Methodism and Cornish political identity, 1918–1960s. Researching the relationship through oral history. *Kayleigh Milden*, *Institute of Cornish Studies*, Hayne Corfe Centre, Sunningdale, Truro TR1 3ND; KMSMilden@aol.com.

Hubert Beaumont MP. After pursuing candidatures in his native Northumberland southward, Beaumont finally fought and won Eastbourne in 1906 as a 'Radical' (not a Liberal). How many Liberals in the election fought under this label and did they work as a group afterwards? *Lord Beaumont of Whitley*, House of Lords, London SW1A 0PW; beaumontt@parliament.uk.

Letters of Richard Cobden (1804–65). Knowledge of the whereabouts of any letters written by Cobden in private hands, autograph collections, and obscure locations in the UK and abroad for a complete edition of his letters. *Dr A. Howe*, Department of International History, London School of Economics, Houghton Street, London WC2A 2AE; a.howe@lse.ac.uk. (For further details of the Cobden Letters Project, see www.lse.ac.uk/collections/cobdenLetters/).

Liberal foreign policy in the 1930s. Focusing particularly on Liberal anti-appeasers. *Michael Kelly*, 12 Collinbridge Road, Whitewell, Newtownabbey, Co. Antrim BT36 7SN; mmjkelly@msn.com.

Liberal Party and the wartime coalition 1940–45. Sources, particularly on Sinclair as Air Minister, and on Harcourt Johnstone, Dingle Foot, Lord Sherwood and Sir Geoffrey Maunders (Sinclair's PPS) particularly welcome. *Ian Hunter*, 9 Defoe Avenue, Kew, Richmond TW9 4DL; ian.hunter@curtishunter.co.uk.

Liberal policy towards Austria-Hungary, 1905–16. *Andrew Gardner*, 17 Upper Ramsey Walk, Canonbury, London N1 2RP; agardner@ssees.ac.uk.

Liberal politics in Sussex, Portsmouth and the Isle of Wight 1900–14. The study of electoral progress and subsequent disappointment. Research includes comparisons of localised political trends, issues and preferred interests as against national trends. Any information,

specifically on Liberal candidates in the area in the two general elections of 1910, would be most welcome. Family papers especially appreciated. *Ian Ivatt*, 84 High Street, Steyning, West Sussex BN44 3JT; ianjivatt@tinyonline.co.uk.

Liberals and the local government of London 1919–39. *Chris Fox*, 173 Worpleston Road, Guildford GU2 6XD; christopher.fox7@virgin.net.

Political life and times of Josiah Wedgwood MP. Study of the political life of this radical MP, hoping to shed light on the question of why the Labour Party replaced the Liberals as the primary popular representatives of radicalism in the 1920s. *Paul Mulvey*, 112 Richmond Avenue, London N1 0LS; paulmulvey@yahoo.com.

Recruitment of Liberals into the Conservative Party, 1906–1935. Aims to suggest reasons for defections of individuals and develop an understanding of changes in electoral alignment. Sources include personal papers and newspapers; suggestions about how to get hold of the papers of more obscure Liberal defectors welcome. *Cllr Nick Cott*, 1a Henry Street, Gosforth, Newcastle-upon-Tyne, NE3 1DQ; N.M.Cott@ncl.ac.uk.

SDP in Central Essex. Contact with anyone who had dealings with the area, and in particular as many former SDP members of the area as possible, with a view to asking them to take part in a short questionnaire. Official documents from merger onwards regarding the demise of the local SDP branches and integration with the Liberals would also be appreciated. *Elizabeth Wood*, The Seasons, Park Wood, Doddinghurst, Brentwood, Essex CM15 0SN; Lizawsea@aol.com.

Student radicalism at Warwick University. Particular the files affair in 1970. Interested in talking to anybody who has information about Liberal Students at Warwick in the period 1965–70 and their role in campus politics. *Ian Bradshaw*, History Department, University of Warwick, CV4 7AL; I.Bradshaw@warwick.ac.uk

Welsh Liberal Tradition – A History of the Liberal Party in Wales 1868–2003. Research spans thirteen decades of Liberal history in Wales but concentrates on the post-1966 formation of the Welsh Federal Party. Any memories and information concerning the post-1966 era or even before welcomed. The research is to be published in book form by Welsh Academic Press. *Dr Russell Deacon*, Centre for Humanities, University of Wales Institute Cardiff, Cyncoed Campus, Cardiff CF23 6XD; rdeacon@uwic.ac.uk.