

HOW THE LABOUR PARTY BECAME WHAT IT IS

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The Editor, who has been in hospital undergoing an operation for cataract, will resume the Notes of the Month in the November issue.

IT has sometimes been said that social and political institutions only receive detailed study when they are approaching their latter end. A spate of books has begun to flow during recent years on special episodes in the development of the Labour Party. There

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have been studies on the foundation of the Labour Party, on the first Labour Government and on the General Strike. Now there have appeared two further full-length studies on the early years of the Labour Party and on 1931.*

These are not books by Marxist historians. It might have been wished that some of our Marxist historians could have been lured from the recesses of the seventeenth century, the Peasants' Revolt or Chartism or even daring glimpses into the socialist eighties, to give the same systematic attention to the rich and still largely uncharted field of the twentieth century and the modern labour movement. However, these volumes are valuable for the careful documentation and abundant material they contain, irrespective of the opinions of the

**The Advent of the Labour Party*, by Philip P. Poirier. Allen and Unwin. 288 pp. 25s. *1931: Political Crisis*, by R. Bassett. Macmillan. 464 pp. 42s.

authors. Dr. Poirier is an American Assistant Professor of History in Ohio State University. Mr. Bassett was a MacDonaldite in 1931 and writes an apologia for MacDonald. But the evidence is given with a sufficient level of care and scholarly detail to enable the reader to reach his own conclusions.

These two books have a certain connection in their theme and a significant bearing on current questions. The first shows how the early Labour Party, behind a façade of independence, was secretly smuggled, by a deal between MacDonald and the Liberal Chief Whip, into the safe channels of the two-party system. The second shows the outcome in the collapse of 1931, when the same MacDonald openly passed over into the Tory camp, leaving his policies to be continued by his successors.

Dr. Poirier's Two Themes

In his study of *The Advent of the Labour Party*, Dr. Poirier seeks especially to bring out two themes which he would probably regard as his distinctive contribution. The first is to destroy the Fabian legend that the Fabian Society was the main inspirer, founder and teacher of the early Labour Party. This is really too fragile a butterfly to require such a steamhammer to destroy. With their inimitable flair for publicity, log-rolling and self-advertisement, the Fabians have always been past masters at claiming credit for anything successful after it has succeeded. They even proved that the Russian Revolution only succeeded because the Bolsheviks, after some initial revolutionary absurdities from 1917 to 1920, became 'converted to Fabianism' from N.E.P. onwards. This is only 'pretty little Fanny's way'. However, there is value for the record in the careful accumulation of evidence with which the author shows how the real hard graft and back-breaking spadework all over the country, which laid the basis for the Labour Party, was done by the local branches of the Social Democratic Federation and Independent Labour Party, at the same time as their obscure labours were regarded with undisguised scorn and scepticism by the superior ladies and gentlemen in London who preferred to concentrate their attention on permeating the upper reaches of the Liberal Party and the higher civil service.

The second main theme of Dr. Poirier is more important. Utilising the unpublished Gladstone manuscript papers in the British Museum he brings out the detail record of the secret electoral deal between Ramsay MacDonald and the Liberal Chief Whip, Herbert Gladstone, in 1903, which laid the basis for the Labour electoral

victory of 1906. The main fact had always been familiar that, when the Labour Party appeared to burst like a portent upon the parliamentary scene in 1906 with 29 seats, the apparent triumphant emergence of independent working class politics cutting across the old two-party system was less decisive than sometimes imagined. Only five of the 29 seats were won in contests against Liberals and Tories; in the remaining 24 seats the Liberal Party of the ruling class had obligingly made room for Labour.

The Liberal Party's Assistance

The significance of this peculiar character of the baptism of the Labour Party as a parliamentary force is manifest. Previously all attempts at independent working class representation broke against the rock of the two-party system and the British electoral system, which was designed, and remains designed, to bar the road to any rising new party or party of independent working class politics from parliamentary representation. When Keir Hardie made history by winning West Ham in 1892, there was no Liberal candidate against him, and he promised to work for the Newcastle Programme of the Liberal Party. In 1895 the Independent Labour Party ran 28 candidates against Liberals and Tories; all were defeated, much like Communist candidates today (Ramsay MacDonald obtained 866 votes, Robert Smillie 696, James Sexton 415, George Lansbury 203). Only when the ruling class through its dominant Liberal Party leadership, anxious to forestall the danger of genuine independent working class politics emerging, decided to raise the portcullis of the two-party system in order to assist a safe or tame Labour Party to enter into the system, only then did the Labour Party emerge as a parliamentary force. It is true that the Liberal leadership counted on the Labour Party to function in practice as a wing of the Liberal Party, as indeed it did up to the first world war. They did not anticipate that in the further development the Labour Party would replace the Liberal Party in the smooth functioning of the two-party system, alternating with the Tories, as the Liberals had previously done, in the administration of capitalism. But this final outcome, however mortifying to the Liberal Party, was in reality the triumphant fulfilment of the basic class strategy involved in the decision of 1903, as the experience of the three Labour Governments has demonstrated. The Labour Party was made safe for capitalism.

What was not known at the time, and is now brought out with full evidence in Dr. Poirier's book, is that this crucial decision of

the strategists of the ruling class to permit and assist the rôle of the Labour Party as a recognised parliamentary force within the system was not just an informal action of practical co-operation, but was embodied in a secret written memorandum and negotiated exchanges with specification of the constituencies covered. The negotiations were opened between MacDonald, as Secretary of the Labour Representation Committee, and Jesse Herbert on behalf of Herbert Gladstone, as Liberal Chief Whip, in February, 1903, at the very same time as the Newcastle Conference of the Labour Representation Committee, in February, 1903, was adopting a resolution to insist on strict independence from the Liberal Party. The negotiations were secret between MacDonald and the Liberal Central Office, with only the cognisance and partial participation of Hardie, but without informing the Committee, since MacDonald explained that on the Committee there were 'some very suspicious members who would have to be managed'.* It is noticeable that in the memorandum drawn up by Gladstone it was specifically laid down that candidates of the Social Democratic Federation (*i.e.*, militant class-conscious Socialists) were to be excluded from the scope of the agreement. The agreement eventually covered some thirty-five constituencies.

MacDonald and His Politics

Such was the inception of the Labour Party under the leadership of MacDonald, who guided the nascent party along the paths of class collaboration. The outcome of the leadership of MacDonald and the policies he represented was demonstrated in the collapse of 1931. This is the theme of Mr. Bassett's book, which is all the more damning an indictment because he writes as a fervent admirer of MacDonald.

The Second Labour Government of 1929-31 foundered on the economic crisis. Labour reformism, dependent on capitalism, was incapable of combatting the crisis within its framework of capitalist assumptions. Like the Third Labour Government in the face of 1947 and 1949, it could only seek to apply the customary capitalist remedies of austerity and cuts, and hang on the instructions of the bankers, and especially of the American bankers. Britain's dependence on the American bankers did not begin after the second world war. Bassett relates how on the crucial day of August 23,

*It may be noted (the incident is overlooked in Dr. Poirier's record) that at the time of these negotiations Keir Hardie published an Open Letter to Lloyd George in the *Labour Leader* of March 7, 1903, in which he invited the Radical leader to take over the leadership of the Labour Party. 'Here', he said in that letter, 'is a leadership to gratify the highest ambition and satisfy the loftiest aspiration.'

1931, the Cabinet in suspense awaited the telegram of the New York bankers:

MacDonald suggested that the Cabinet should adjourn until the awaited telegram arrived. . . . For more than an hour Ministers walked and talked in the garden of No. 10 Downing Street on that oppressive hot night. It was when the news came of the arrival of the telegram from Morgans that the Cabinet meeting was resumed (p. 132).

Such was the procedure of the governance of Britain in 1931. Has so much changed?

Orthodox Labour Mythology

The official Labour mythology of 1931 follows simple lines. The three principal leaders of the Labour Party and the Labour Government, MacDonald, Snowden and Thomas, unfortunately and surprisingly betrayed the workers and passed over to the Tories. They joined the Tories in a National Government, ostensibly to save the pound, but really to put through a bankers' ramp against the workers and enforce cuts against the unemployed and all workers. Fortunately the rest of the Labour Cabinet and the Labour Party, under the leadership of Henderson, stood firm, refused to surrender to the bankers' ramp, resolutely resisted the cuts in unemployed benefit, and thus saved the honour of Labour Reformism, even though they went down to electoral defeat.

Thus the orthodox Labour mythology transforms the demonstration of the bankruptcy of reformism in 1931 into a mere unexplained individual betrayal by the three leaders of the Labour Party. The political lesson is hidden. The fact that these three were the principal champions of the fight against Communism and the left is ignored ('the outstanding opponent of the Communist dictatorship was MacDonald', Bassett, p. 10). The fact that the Communist Party had during the whole preceding decade explicitly warned against the rôle of these three as the principal representatives of the class enemy inside the Labour Party is equally ignored. The only lesson drawn is that the former idol had feet of clay. Just as worship of the idol had been the previous test of orthodoxy, so now denunciation of the former idol becomes the new orthodoxy:

That idol with the feet of clay, Ramsay MacDonald. Idol indeed he was to us of the I.L.P. in the old days, and I was myself one of the idolaters until close acquaintance with the god disabused my mind.

(Earl Attlee, *Reynolds News*, July 13, 1958.)

MacDonald was thus dethroned. But there was no 'Demacdonaldisation' of the Labour Party.

The facts, however, of 1931 bear only a limited relation to the mythology. Mr. Bassett has no difficulty in precisely and laboriously exposing, with all the malicious glee of a mischievous school-boy impaling butterflies for his collection, the inaccuracies and inconsistencies, evasions and disingenuousness, to put it no worse, of all the accounts and memoirs by all the eminent political personalities involved.

The truth is that the entire Labour Cabinet, in deference to the dictates of the May Committee and the pressure of the bankers, had provisionally accepted cuts totalling £56 million, and that the principal item in this agreed programme was a saving of £22 million on unemployment insurance (limitation of insurance benefit to 26 weeks, means test after that for transitional benefit, removal of 'anomalies', and increased contributions), alongside an education cut of over £10 million (including 15 per cent reduction in teachers' salaries). With regard to the 10 per cent cut in the rates of unemployment benefit, which became the public issue of division, the agreed evidence (including the *Daily Herald* account at the time) shows that the majority of the Labour Cabinet voted for acceptance of this cut also on August 24, by a vote of 12 to 9.

Why the Split?

What, then, gave rise to the split in the Labour Party leadership? There is no doubt that the ruling class, as Baldwin made clear in his interview with the King, would have preferred that the cuts should be carried out by a Labour Government, and regarded a National Government as only 'the next best thing' (p. 130). There was no division in principle within the Labour Government on the necessity of cuts against the workers. Indeed, the Cabinet Economy Sub-Committee, including Henderson, had adopted a programme of cuts totalling £78 million, or actually £8 million more than that adopted by the National Government. There was no division in principle on the cutting of unemployment insurance benefit, but only the difference between two figures. There was no division even on the principle of a National Government.

I am not taking exception to the fact that we have today what is called a National Government. What I do take exception to is the manner of its formation.

(Henderson in Parliament, September 8, 1931.)

While I was in Paris in July the question of a National Government had been the subject of conversations. ('Shame!') I am not so sure that there was so much shame in it, because if this situation in its magnitude and urgency was such as has been described, I would have preferred that the

idea of a National Government had been seriously considered and approached in a proper way, and the Labour Government had been consulted.

(Henderson at the Bristol Trades Union Congress, September, 1931.)

Armed with such facts as these (which were already fully set out and recounted in this journal in its issue of October, 1931), Mr. Bassett has no difficulty in demolishing the official Labour mythology of 1931 and in conducting a ponderous polemic against the Henderson section of the Labour Party leadership in order to justify MacDonald. But he is tilting against windmills. Concerned with the most elaborate chronological analysis of the day by day comings and goings of all the personalities on top, he misses what really matters and what is beneath his lofty notice—the movement below in the rank and file trade union and labour organisations, in the Communist Party and through the *Daily Worker* (no reference or quotation, but endless from the *Daily Express*, *Daily Mail*, *The Times*, etc.), in the working class.

Opposition from the Working Class

The mounting opposition within the working class from below against the whole economy programme of cuts initiated by the May Committee and the bankers' offensive led to the hasty realignment within the reformist leadership. This opposition from the rank and file below found its reflection in the levels of the upper leadership first through the General Council of the Trades Union Congress. It was on August 19 that the Cabinet gave unanimous provisional approval to the programme of cuts totalling £56 million. On August 21 the deputation of the General Council to the Government indicated general opposition to the cuts. On August 23 the division followed in the Cabinet, with the minority in opposition. Between the opposing pressures of finance-capital and of the working class the Labour Government, like every instrument of class-conciliation in the final analysis, broke down. The leadership broke into two sections to fulfil two differing, but in fact complementary, functions. One section, represented by the most prominent leaders, passed over to the Tories to form the National Government and impose the cuts. The other section, led by Henderson, remained to maintain control of the Labour Party machine and guide the rank and file revolt along safe channels. Such was in fact the division of labour represented by the split of the leadership in 1931. 'Only by the false differentiation between MacDonald and Henderson could it be attempted to defeat the

real differentiation between the working class and the reformist leadership as a whole' (*Labour Monthly* editorial, October, 1931).

That the division was originally more formal than profound on top, and was never originally intended to be permanent, was shown by the immediate outcome. The policy of Henderson and his colleagues was to deprecate any talk of a 'heresy hunt' against those who had gone over to Toryism; MacDonald at first, even while presiding over the National Government, continued to be invited to the Labour Party Executive. *The Times* Labour correspondent summarised the position:

So far as the dissident Ministers can control events, nothing will be done in the way of proscription which would make impossible the reunion of the leaders when the time comes (August 26, 1931).

It was the pressure of the rank and file which compelled the expulsion of MacDonald, Snowden and Thomas. The real fight was the fight from below, although it was not yet strong enough to secure the decisive change in leadership and policy whose necessity had been demonstrated by the shameful debacle of the Second Labour Government.

The Invergordon Mutiny

Similarly it was the action of the working class which compelled the only decisive step in relation to the financial crisis. The National Government was formed at the end of August with the sole aim, as MacDonald, Baldwin and their colleagues reiterated in every speech, 'to save the gold standard'. Departure from the gold standard, they explained, would mean the ruin of Britain. On September 16-18 the sailors of the Atlantic Fleet at Invergordon mutinied against the cuts in naval pay. On September 20 Britain came off the gold standard. Nothing more was heard of the gold standard. The sailors' action had not only defied the Admiralty. It had defied the eternal laws of political economy, as interpreted by the National Government, the Bank of England, the Tory Party, the Liberal Party and the Labour Party leadership. But in the view of the next generation of economists the consequent departure from the gold standard benefitted British economy. It was the action of the working class which cut the Gordian Knot that the whole upper class had been unable to unravel. Unfortunately the working class did not go far enough. Once again in 1931, as in 1926, the working class was not yet ready to take power. The consequences for Britain have been disastrous throughout the whole ensuing period.

The lessons of 1931 go far beyond the scope of Mr. Bassett's book. The exposure of 1931 left a deep mark in the experiences of the Labour Party. During the years of anger and disillusionment which followed there was a vehement demand for a Socialist programme; and indeed the new official programme *For Socialism And Peace* in 1934, replacing the previous *Labour And The Nation*, bore the mark of this period. The left swept forward during the thirties, with the battles of the unemployed, the fight against Fascism, and the united front of the Communist Party, Socialist League and the Independent Labour Party. Nevertheless, although MacDonald had gone, MacDonaldism remained entrenched in the high places of the Labour Party. Such leaders as Bevan, Cripps and later Pritt were expelled. A free run was left for Chamberlain and his ruinous policies; Spain was betrayed; Munich was applauded; and the gates were thus opened to the Second World War.

When the universal popular upsurge at the end of the war, with the full enthusiasm of the alliance with the Soviet Union and the common victory over Fascism, returned the first absolute Labour majority to Parliament, the resultant Government was once again fettered to the American bankers and the service of imperialism, and foundered in face of the economic and financial crisis of the deepening capitalist decline. In vain Herbert Morrison at the Labour Party Conference in 1946 boasted that the failure of the Labour Government of 1929-31 to foresee or cope with the economic crisis would never be repeated:

In the Labour Government of 1929-31 . . . when we went into the economic and financial smash of 1931, we did not know we were going there. We ought to have known what was ahead, but we did not, because there was no proper machinery of state to tell us, and when we got there we did not know fully what to do about it.

The corresponding experience was in fact repeated with the Third Labour Government despite all the Central Planning Officers. In the same speech in 1946 Morrison claimed that 1947 would see the reward of their sacrifices by the solution of the balance of payments problem and the easing of conditions. In fact 1947 brought the sharpest balance of payments crisis Britain had yet known. Thus came 1949 with the stern pledges against devaluation followed by devaluation. The facile promises gave place to the era of Cripps and austerity and the wage freeze. Through the resultant disillusionment Toryism returned to power and has held power now for seven years.

Will the lesson be learnt in time as the new hour of test and opportunity for Labour draws in view? Once again the prospect of a new Labour Government coincides with the onset of a new economic crisis. What will be the policy of Labour? This is the crucial question before all Socialists and members of the Labour Party today.

‘ . . . BY THIS TIME FIRMLY ROOTED ’

I doubt not but all ingenuous and knowing men will easily agree with me, that a free commonwealth without single person or house of lords is by far the best government, if it can be had; but we have all this while, say they, been expecting it, and cannot yet attain it. It is true, indeed, when monarchy was dissolved, the form of a commonwealth should have forthwith been framed, and the practice thereof immediately begun; that the people might have soon been satisfied and delighted with the decent order, ease and benefit thereof; we had been then by this time firmly rooted, past fear of commotions or mutations, and now flourishing; this care of timely settling a new government instead of the old, too much neglected, hath been our mischief.

JOHN MILTON

*in The Ready and Easy Way to Establish
a Free Commonwealth, 1660.*

LABOUR MONTHLY

TWENTY-FIVE YEARS AGO

HUMBUG AT HOME AND ABROAD

Repression is second nature to our capitalist class. They are ruling over the greatest colonial Empire the world has ever seen by blood and iron. To talk about the liberal traditions of this class is humbug. The ruling class has had such experience in ruling by force. Every day that passes a punitive expedition is operating against the masses in some part of ‘our far flung Empire.’ That they have not had occasion to display to the full in Britain the terroristic tendencies they are constantly displaying in other parts of their Empire is due to historical causes. That they will be fully prepared to do so when necessary, their behaviour during the General Strike and the Hunger March abundantly testified.

From ‘*Dictatorship at Brighton and Hastings*’ by
J. R. Campbell in *Labour Monthly*, October, 1933.