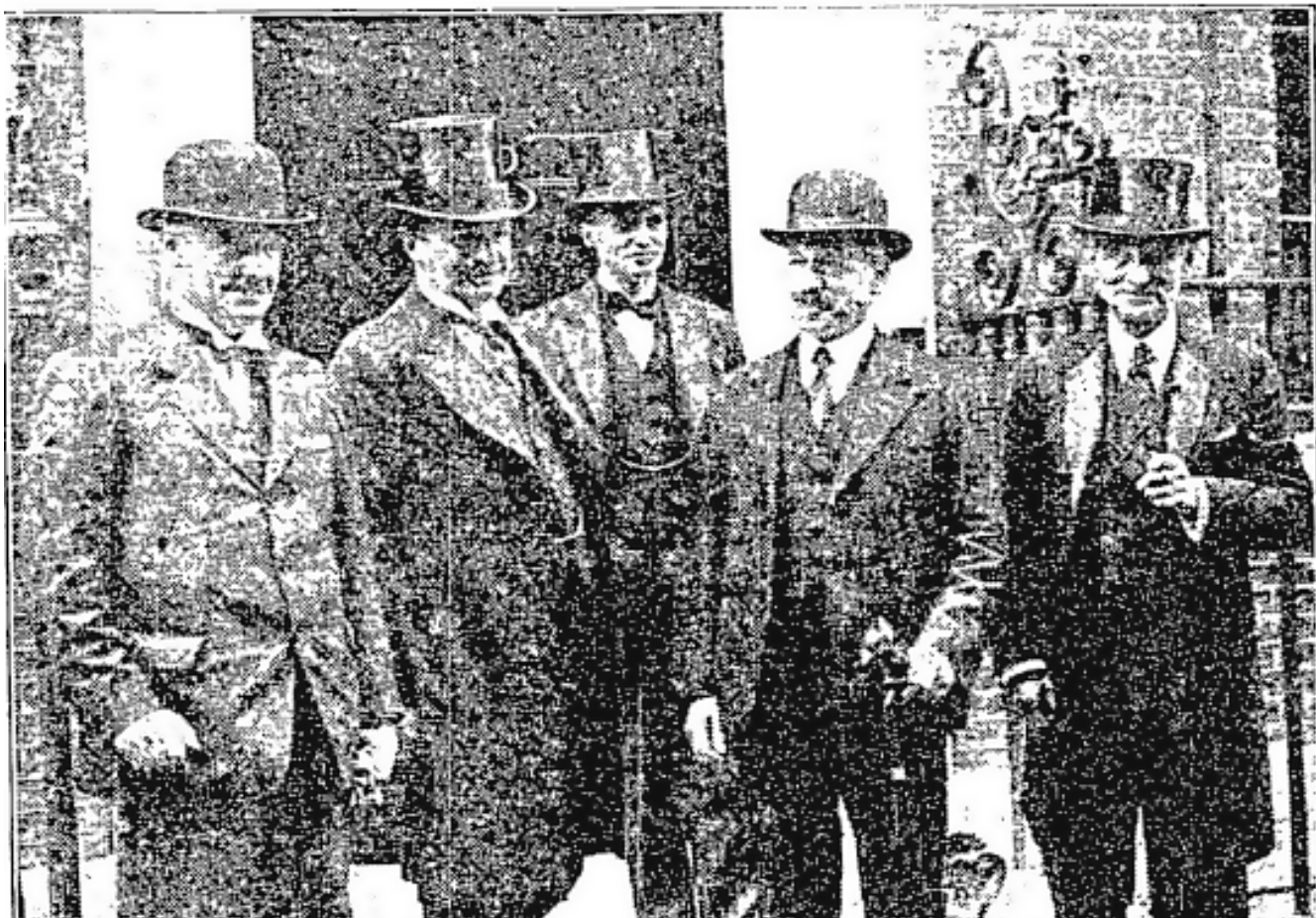


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LIBERALS, COALITIONS AND THE RIGHT TO DIS



The coalition agreement reached between the Liberal Democrat and Conservative negotiating teams in May 2010 contained a number of commitments at odds with Liberal Democrat policy and on which

Liberal Democrat MPs were to be allowed to abstain. **Chris Cooper** compares these 'agreements to differ' with the experience of Liberal MPs in the National Government formed in 1931.

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SENT: THE 'AGREEMENT TO DIFFER' REVISITED

IT WAS WITH surprising ease that the Conservative and Liberal Democrat negotiating teams produced a joint policy statement in the days following the inconclusive general election result of May 2010. Notwithstanding the presence of ministers from the two parties serving in the same government, the principle of collective Cabinet responsibility was necessarily maintained. But two independent political parties espousing often very different policies could only come together and form a working alliance on the basis of a readiness to accept that half a loaf is better than no bread and to give way on some issues in return for their partners doing the same on others. Such concessions may be the cause of pain and regret, yet complaints since May 2010 from backbench Conservative MPs and activists and their Liberal Democrat opposite numbers that too much ground has been conceded to their political partners of the moment is perhaps a good indication that the present coalition government is working in the way that it should. Rather than leaving the new government to advertise its disunity from the outset, the negotiators saw the need to craft policies based on compromise.¹ Thus, in an atmosphere of financial crisis, in which the Greek debt predicament loomed over the negotiations, senior Liberal Democrats were willing to acquiesce in a deficit reduction programme, which included deep spending cuts,

urged by the Conservative leadership.² Some issues, however, are of such fundamental importance to a party, perhaps because of a prominent manifesto commitment or the challenge they pose to a core belief, as to defy the ingenuity of even the most skilled negotiators to draft an acceptable compromise.

Conservatives and Liberals continue, of course, to have different visions of Britain's future relationship with Europe, but difficulties were largely avoided. The coalition agreement, reached on 11 May 2010, ruled out the transference of further sovereignty to Brussels during the lifetime of the administration. It was also agreed that Britain would not join, or prepare to join, the single currency. The founding agreement document also allowed for a number of 'agreements to differ'. There would be a referendum on the possible replacement of the existing 'first-past-the-post' electoral system by one based on the Alternative Vote, but no government policy was laid down as regards the desired outcome of such a referendum. Most Conservatives regarded AV as the thin end of a proportional representation wedge which would ultimately result in a permanent Liberal Democrat presence as the arbiters of whether an unending succession of future coalition governments would be led by the Tory or Labour Party. By contrast, Liberal Democrats believed that AV, whatever its shortcomings, represented a step in the right

direction of electoral reform, and one that would at least have the benefit of reducing the number of unequivocally 'safe' seats. These different points of view could not be reconciled and Conservatives and Liberal Democrats were afforded the luxury of being able to put forward their conflicting opinions.³ In parliament both parties were whipped to support the bill that enabled a referendum to take place, but in the subsequent referendum campaign they presented opposing views to the electorate. For this dispensation there was a clear precedent. Members of Harold Wilson's Labour government – itself very much a 'coalition' of disparate factions, albeit nominally of one party – were permitted to campaign for and against Britain's continued membership of the European Economic Community during the only previous nationwide referendum in June 1975.

The coalition agreement also granted the Liberal Democrats the right to offer alternative proposals for the renewal of Britain's nuclear deterrent, and they were given the freedom to oppose nuclear power stations in the interests of fostering a low-carbon economy and to abstain in the House of Commons on the government's nuclear national policy statement. They were also permitted to abstain on budget resolutions to introduce transferable tax allowances for married couples. Furthermore, backbench Liberal Democrats were

Left: five Liberal ministers in Downing Street in October 1931, just before the calling of the general election. From left: Sir Donald Maclean, Lord Lothian, Sir Archibald Sinclair, Sir Herbert Samuel, Lord Reading (*Manchester Guardian*, 3 October 1931).

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free to abstain on the government's proposals concerning university tuition fees. This 'agreement to differ' was particularly important. During the general election campaign, all sitting Lib Dem MPs including Nick Clegg and Vince Cable, very publicly signed a pledge to vote against any increase in fees. Clegg had promised that his party would 'resist, vote against, campaign against, any lifting of the cap'.⁴ The Liberal Democrats were even committed to work towards the abolition of fees. Consequently, the National Union of Students advised its members to support the Liberal Democrats in the election. The hike in fees, which takes effect in 2012, sparked mass demonstrations by students. One commentator claimed that 'The Lib Dems have made themselves look ridiculous'.⁵ After the implementation of a policy which contradicted the party's electoral appeal, critics claimed that the Liberal Democrats had compromised their future as a political force.⁶ This decision to allow Liberal Democrat MPs the right to abstain on the coalition government's proposals also has its historical antecedent. A dilemma, comparable to the raising of university tuition fees, confronted Liberals eighty years ago during the early months of Britain's last peacetime coalition.

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The National Government had been constructed in August 1931 without anything comparable to the Cameron-Clegg agreement on policy which preceded the formation of the 2010 coalition. The only surviving written record of the terms upon which the 1931 coalition was formed is to be found in Herbert Samuel's notes from the crucial Buckingham Palace meeting of 24 August.⁷ This administration was intended at its inception to be a strictly time-limited expedient, designed only to put through the necessary economic measures to balance the national budget. Peter Sloman has highlighted a number of analogies between the negotiations which established the two coalition governments of 1931 and 2010. Most obviously, on both occasions, in the context of an economic crisis, Liberal leaders accepted that budgetary retrenchment was

necessary to safeguard Britain's economic stability.⁸ Ironically, it was the failure to 'save' the pound in 1931, when Britain was forced to leave the Gold Standard on 19 September, which helped turn the government into something more permanent. In a welter of uncertainty, the continuation of a multi-party administration seemed the best guarantee of stability within the British body politic. On 5 October the Cabinet decided to call a general election, a step which had hitherto seemed likely to prompt the resignation of Sir Herbert Samuel and other Liberals from the government, and possibly bring about its demise. But as the Lord Chancellor, Lord Sankey, recorded, 'suddenly Samuel said he agreed and in less than ninety seconds we decided to stick together when it had appeared hopeless'.⁹ What produced this volte-face was an agreement that the government should seek the voters' endorsement for whatever policies were necessary to secure the nation's finances, the so-called Doctor's Mandate. This allowed the parties to the coalition the freedom to make their separate appeals to the country, leaving the policy outcome dependent on the resulting balance of forces after the electorate had delivered its verdict. As with Nick Clegg's statement on tuition fees in 2010, Samuel, ahead of the 1931 election, had insisted that he would not 'commit the Liberal Party to a pledge to any change on this fiscal issue of which it is not convinced'.¹⁰

As was almost inevitable, the general election greatly increased the strength of the Conservative Party within the National Government. The Tories now held 473 seats compared with just 33 Liberal supporters of Sir Herbert Samuel, 35 Liberals who gave their allegiance to Sir John Simon and a tiny band of 13 National Labour MPs led by the Prime Minister, Ramsay MacDonald.¹¹ The opposition Labour Party was reduced to a rump of 52 seats, while David Lloyd George, the former Liberal leader who had opposed the holding of an election, headed a small group of MPs, most of whom were related to him, which quickly 'drifted into near irrelevance'.¹² In this situation it was only a matter of time before the question of tariffs, to which the vast majority of Conservatives were

fully committed as the only real solution to the nation's financial woes, moved to the forefront of the political agenda. Herein lay a fundamental problem for the Liberal Party. For many Liberals, belief in the virtues of free trade continued to be an article of faith, part of the definition of what it meant to be a Liberal. For many others, however, it had never recovered the attributes of almost moral superiority it had enjoyed before 1914. As Frank Trentmann notes,

As in other countries, it became one policy amongst others, an economic tool that, instead of inspiring profound cultural energy and dogmatic loyalty, could be modulated, revised and complemented with subsidies or other forms of regulation. If necessary, it could be abandoned altogether.¹³

By the time of the economic crisis of 1929 free trade looked increasingly 'like a dinosaur, a philosophy of individual liberty at a time of a growing state and disillusionment with laissez-faire'.¹⁴

Cracks appeared within the government's facade of unity as soon as concrete proposals were considered. A number of difficult Cabinet meetings were held before Christmas and in early December Snowden, MacDonald's National Labour colleague and now Lord Privy Seal, spoke up for the free traders, informing the Prime Minister that he could not continue 'sacrificing beliefs and principles bit by bit until there was none left'.¹⁵ A Cabinet committee on the balance of trade, containing representatives from all the government's component parts, was appointed that month. It reported in January 1932 in favour of introducing tariffs through an Import Duties Bill. Of the non-Conservative Cabinet ministers MacDonald, Sankey, Thomas, Simon and Runciman all accepted the committee's majority recommendations as a pragmatic attempt to correct Britain's imbalance of trade.¹⁶ Samuel's Liberals, however, refused to accept the necessity for tariffs. Samuel, the Home Secretary, Archibald Sinclair, Secretary of State for Scotland, and Donald Maclean, President of the Board of Education, all prepared to resign. The

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Liberal dissidents were supported by Snowden who informed Samuel that he would rather leave the government than waive his objections to the committee's conclusions.¹⁷

In independent but analogous Cabinet memoranda, Snowden and Samuel set out their opposition to the government's proposals. They reasserted the standard cries of 'dear food' and expressed a concern for the working class if the cost of living were to rise. Snowden was perhaps overly pessimistic about the Import Duties Bill, claiming that it was 'a delusion to imagine that we can increase exports and at the same time reduce imports'. Samuel's memorandum at least accepted that 'the revenue from tariffs would be very helpful'. He would not block 'suitable powers' for the restriction of imports if it 'was shown to be necessary'. Both men, however, were convinced that, rather than being a pragmatic solution to an immediate economic threat, the proposals were a deliberate Tory plot to establish a permanent protectionist system. The Home Secretary spoke for all the free traders when he called for delay and pointed out that 'experience ... is too short to enable any sure conclusions to be drawn'. In like vein, Snowden suggested that the government was 'in danger of applying medicine to cure a suspected disease which has not been thoroughly diagnosed'.¹⁸

Even if Britain was importing unnecessary goods in excessive quantities, the free traders challenged the rationale behind the government's scheme. Protection, Samuel asserted, might work 'in precisely the opposite direction to the course which everyone declares it is essential to pursue'. If tax cuts, financed through revenue recouped from imports, did not offset the increased cost of imported materials for British industry, the government would inadvertently hamper the country's exports. Challenging another protectionist argument, the two ministers denied that tariffs would facilitate industrial reorganisation. Britain's industries, the Lord Privy Seal anticipated, 'will fall asleep under its protective charm'. Furthermore, both memoranda rejected the notion that tariffs would provide the government with a weapon with which to bargain with protectionist countries.

The free traders thus entered the following day's Cabinet meeting fully expecting to leave the administration. The Prime Minister said that 'all present would have to face what would be the result of a break-up of the National Government'.

Britain, they held, could no longer threaten foreign powers with the imposition of tariffs. Snowden understood that 'If protective duties tended to get lower tariffs, we should have had universal free trade long ago'. He neatly summarised the free traders' position. He did:

not believe that committee's proposals would improve Britain's balance of trade; they will make the recovery of our export trade more difficult; they will increase the cost of living and the costs of production; they will discourage enterprise and efficiency; they will be useless to induce a lowering of foreign tariffs.¹⁹

The Conservative, Lord Derby, who sympathised with the free trader's predicament, noted:

[O]ne of the chief difficulties is making the new [Conservative] M.P.s understand that the Government which was returned is a National Government and not a Conservative one, and that their function is to restore the economic balance of trade and not be a protectionist government.²⁰

While the free traders offered powerful arguments, those in favour of protection were equally insistent and could turn many of the free traders' points to their disadvantage. They were strengthened by the fact that the Conservatives, who had campaigned under the tariff banner, had received more than 50 per cent of the popular vote and possessed an unassailable Commons majority. British exports were in sharp decline and the economy had faltered without protection in place. Furthermore, a speedy and decisive resolution was imperative to improve the balance of trade and restore international confidence.

When the committee's proposals came before the critical Cabinet meeting on 21 January, agreement seemed impossible. As Samuel recorded:

We sat morning and afternoon ... and Snowden, Donald Maclean, Archie Sinclair and I intimated that we should be compelled to withdraw from the government if the proposals

of the report were adopted. The Prime Minister then said 'But you are not going to be allowed to withdraw from the National Government like that', and that it would be better to take our decision that evening.

At a meeting at Snowden's flat an hour or two later, MacDonald implored the dissidents not to resign, pointing to the difficulties of his own position if they were to leave. But neither the Prime Minister's predicament nor the damaging effects their departure might have on the exchange rate was enough to persuade the ministers to change their minds. In a desperate attempt to avoid resignations, MacDonald suggested that they should remain in the government, but abstain from voting on the Import Duties Bill. 'This', Samuel recorded, 'we all agreed was impracticable.' The dissidents determined to resign and to publish a joint statement.²¹

The free traders thus entered the following day's Cabinet meeting fully expecting to leave the administration.²² The Prime Minister said that 'all present would have to face what would be the result of a break-up of the National Government'. The Conservative leader, Stanley Baldwin, added that, although he had 'never pretended to like coalitions', he believed 'the National Government to be a National necessity ... He would regret its collapse as keenly as a Conservative government.'²³ Thomas and Sankey made similar statements. Yet, despite these pleas, 'there seemed nothing to do except say "good-bye"'.²⁴ Suddenly, however, the War Secretary, Lord Hailsham, intervened. He suggested an ingenious scheme to allow the protesting ministers to remain in the Cabinet but have full liberty to speak and vote against the Import Duties Bill.

Hailsham claimed to have been impressed by the large measure of agreement reached by the National Government under MacDonald's leadership and suggested that 'in the exceptional circumstances of the day' some modification could be made to the doctrine of collective Cabinet responsibility. He proposed that

Those who did not find it possible to reconcile their lifelong convictions with the

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recommendations ... should be free to state that they did not agree ... in this particular matter and even to vote against it in Parliament ... [T]he Tariff issue did not overlap other questions so much that disagreement on this one point must force some of the members of the Cabinet to withdraw their help ... [The] Government having, by its formation, provided one new precedent, need not be afraid of creating a second.²⁵

Maclean immediately expressed enthusiasm, while MacDonald stated that he 'would not rule out the suggestion'. Sankey spoke 'strongly in favour for it' and Simon read out a statement pleading for unity, stressing that the tariff was 'not the basis upon which we stand'. The Cabinet then adjourned to consider Hailsham's proposal.²⁶ After only a quarter of an hour in an adjoining room, the free trade ministers accepted the expedient.²⁷ A relieved Sankey 'thank[ed] god'. He was sure that it was 'The best for England'.²⁸

The free traders' support for this solution was indicated by their speedy acceptance. Samuel, Maclean and Sinclair were all satisfied.²⁹ Distinguished Liberals outside the government also welcomed the arrangement. The Marquess of Crewe, who had briefly returned to office in the National Government before the general election, believed that Samuel and his colleagues had taken 'the right and best course'. It was, he argued, 'surely wiser to help in keeping the departure on reasonable lines of moderation'.³⁰ Viscount Grey felt that because 'the crisis which brought the National Government into being and rallied the country is still with us', it was 'most important that the national character of the government should be preserved and that it should continue to be supported'. The former Foreign Secretary maintained that

I can well understand that there were proposals for which you and your colleagues could not accept responsibility and from which you must dissociate yourselves. I think it was a public duty on your part and theirs not to refuse the request ... It is of course a novel experiment. But the British constitution had

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developed by being adaptable to novel conditions and I trust that the experiment will succeed. Even if it were to fail, it is right that in this emergency it should have been tried.³¹

Lord Derby, a Tory who was not convinced about the necessity of tariffs, was of the same mind:

I am glad that the Liberals stayed ... if Samuel and Mclean [sic] had gone I do not know that Simon and Runciman could have stayed, and it would have been impossible under these circumstances for Ramsay MacDonald and Thomas to have remained ... and there would have come the end of the National Government. I am perfectly certain if that end had come the country as a whole would have bitterly resented it.³²

The resulting press communiqué claimed that 'the Cabinet, being essentially united on all other matters of policy, believes that by this special provision it is best interpreting the will of the nation and the needs of the time'.³³ The free trade dissidents were therefore granted the dispensation to speak and vote against protectionist proposals and the whip was not to be applied in parliament, thus extending the same freedom to MPs supporting the government. Although the dissenting ministers were not permitted to campaign against the government's legislation and would vote with the government on any motion of censure, the Liberal Party was granted the right to run free trade candidates at by-elections, providing those candidates supported the government's wider programme.³⁴

While similar solutions had been considered by MacDonald and Neville Chamberlain, the Chancellor of the Exchequer, the evidence suggests that the 'Agreement to Differ' was very much Hailsham's achievement. MacDonald's claim that he had already suggested this solution to the free trade ministers is exaggerated.³⁵ Hailsham's strategy differed from the Prime Minister's suggestion of the previous evening by giving the free traders the latitude to speak and vote against the proposals rather than quietly abstaining. Similarly, while

some have credited Chamberlain with inventing the expedient,³⁶ his own record of events suggests that this was not the case. He had 'not thought it possible for members of the House of Commons to take such a course though I had contemplated that [Lord] Snowden might do it. However to my astonishment McLean [sic] at once said that such a proposal merited careful consideration'.³⁷ Sankey's record also suggests that Chamberlain did not concoct the expedient. The Chancellor, he noted, 'was not enthusiastic about them [the free traders] remaining'.³⁸ It has also been suggested that Hailsham, as 'one of the most aggressively protectionist ministers', was delegated by leading Conservatives to emphasise their sincerity.³⁹ But neither can this claim be substantiated. Chamberlain's belief that this solution was not possible and his surprise that the scheme was even considered imply that Hailsham's dramatic intervention was not stage-managed. As a disappointed Leo Amery noted, 'Douglas [Hailsham] confessed that the compromise was his suggestion and thought it necessary for the sake of the foreign situation and to keep the Liberals in till after Ottawa'.⁴⁰

Yet in many ways Hailsham was an unlikely saviour of the National Government. Austen Chamberlain noted that

I gathered from Hailsham that ... the solution was actually proposed by H. himself. That it should originate with him must ... have surprised all his colleagues as it certainly surprised me.⁴¹

Before the crisis that brought the government into being, Hailsham had typified the Conservative leadership in holding pronounced anti-coalitionist views. He had wanted the previous Labour government to implement the necessary economy measures before an election was held on party lines. This, he expected, would see the Conservatives returned with a healthy majority, pledged to introduce his favoured policy of tariff reform. Less than two weeks before the formation of the National Government, Hailsham still seemed hostile to overtures from MacDonald for all-party

cooperation. He was concerned that such cooperation might lead to a coalition. Although his party 'would not try to make party capital out of the inevitable unpopularity which economy always entailed',⁴² he 'doubt[ed] whether it is our proper function to go any further than to offer the most sympathetic consideration to any scheme the [Labour] government may bring forward'.⁴³ A week before the Labour government resigned, Hailsham had admitted that a national government 'was a valuable device when some situation of overwhelming emergency arose'. But he saw little hope for such an expedient 'when the different sections were radically divided, not only as to the cause of our troubles, but as to the possible remedies for overcoming them'. His rhetoric was hardly geared to facilitate cooperation. The crisis, he maintained, 'was the direct, inevitable and logical result of having tried to start socialist legislation in this country'. The Conservatives had 'pointed out that if the Socialist theories were wrong they must lead precisely to these disasters'.⁴⁴

Though Hailsham accepted that the actual circumstances surrounding the formation of the National Government meant that the leading Conservative protagonists, Baldwin, Chamberlain and Samuel Hoare, 'could not have acted otherwise than they did',⁴⁵ his misgivings can only have been increased by his own initial exclusion from the new Cabinet of ten members. Notwithstanding Chamberlain's appeal for his inclusion, Baldwin 'did not push the matter' and explained that MacDonald had vetoed Hailsham on the grounds that he was 'particularly obnoxious to the Labour Party'.⁴⁶ Granted his strong commitment to tariffs, he would also have been unacceptable to the Samuelite Liberals. But none of this cut much ice with the former Lord Chancellor who believed – with some justification – that he should have been included on merit. He was 'furious with Baldwin' for failing to insist on his inclusion and, when the Conservative business committee learned of the Cabinet's composition, he 'at once showed that he was bitterly annoyed by the retention of Sankey on the Woolsack'.⁴⁷ Amery confirmed

that Hailsham was 'very sore at not having been asked to be Lord Chancellor'.⁴⁸

Bearing this in mind, those wishing to end the coalition even hoped that Hailsham could be used as an instrument to bring the government down. The ultra-protectionist newspaper magnate, Lord Beaverbrook, was 'very contemptuous' about the presence of Hoare and Philip Cunliffe-Lister in a Cabinet from which Hailsham and Amery were excluded.⁴⁹ With tariff reform absent from the National Government's immediate agenda, the press baron urged Amery to work closely with Hailsham to maintain a positive campaign and decide 'when the critical moment should come for putting an end to the coalition'.⁵⁰ Amery himself was glad that Hailsham was 'outside and I can look to him as an ally in helping to bring the thing to a conclusion reasonably soon'.⁵¹ He hoped to persuade Hailsham that it was important for key figures such as themselves not to be tied to the administration and its policies. Hailsham concurred. He feared that the Conservative members of the coalition would have 'a tough job to force dissolution' as the Liberals, anticipating substantial losses if a general election was held in the near future, would seek any excuse to prolong the government's existence.⁵²

Not surprisingly, Hailsham was among the first Conservatives to call for a general election. On 2 September he told Amery that he 'hope[d] very much that the leaders in the Cabinet will realise as fully as we do the vital necessity of going to the country at once'.⁵³ In public, he declared that the National Government had been 'formed for one purpose, and one purpose only, to balance the budget'. It was therefore 'absolutely essential to finish the task quickly, to do nothing else, and to have an immediate dissolution and to appeal to the country on the Conservative Party's constructive programme'. He felt that economies alone would not solve Britain's balance of trade problems and further cooperation with other parties was unlikely:

So long as the National Government lasts the Conservative Party cannot proceed with their constructive programme

of tariffs and imperial development, for no one would be so foolish as to believe that the Liberals would agree to such a programme.⁵⁴

In the event, of course, Hailsham's hopes were only partially fulfilled. The National Government did indeed decide to go to the country but, as has been seen, not on the basis of a return to traditional party politics. As the campaign got under way, Hailsham demanded a 'full hundred per cent tariff policy'.⁵⁵ He told one election audience: 'I stand here quite unrepentantly as a Conservative and claim that the one positive policy ... [is] the imposition ... of such a tariff as will adequately protect our trade and industry'.⁵⁶ Although he supported an anti-socialist appeal to prevent Labour's return to power, this did not involve adopting a watered-down application of tariff reform to assuage Liberal opinion.

With the election safely won, the National Government's Cabinet was restored to normal peacetime proportions and Hailsham was recalled to office as Secretary of State for War and Leader of the House of Lords. Amery, for whom no place had been found, remained concerned about the prospects for protectionist legislation. He lamented that:

the Unionists who have been put in are mostly quite hopelessly ineffective for Cabinet purposes. The only exception is Douglas [Hailsham] who ... rang me up this morning to say how vexed he was about me [being left out] and how little he relished the prospect himself of joining such a crowd. His view was that our Party's case had been singularly badly handled by S[tanley] B[aldwin].⁵⁷

In public, he declared that the National Government had been 'formed for one purpose, and one purpose only, to balance the budget'.

Up to this time two points stand out from Hailsham's conduct. The first was his absolute commitment to tariff reform as the only sure means of resolving the country's balance of payments crisis; the second was his clear conviction that the presence of free trade ministers, particularly Liberals, within the National Government was a serious impediment to the achievement of this goal. How then did such a figure transmogrify into the saviour

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of the National Government and the author of a constitutional innovation which allowed the Samuelite Liberals to remain within it?

As a minister inside the National Government, Hailsham's public pronouncements about it inevitably became more supportive than hitherto.⁵⁸ Even so, in introducing into the upper chamber the Abnormal Importations Bill, which allowed the government to impose duties of up to 100 per cent *ad valorem* for six months on foreign goods which entered Britain in abnormal quantities, he implied that some form of lasting protectionism would soon be introduced and that the present bill would 'be replaced by a more permanent structure'. He expected that 'long before that six months had elapsed the Government will be in a position to place before both Houses of Parliament their constructive proposals for agriculture as well as for other industries'.⁵⁹ In these words Hailsham revealed that he was not prepared to step back from even the most controversial aspect of the tariff reform programme, food taxes. If he was now reconciled to maintaining the 'national' credentials of the government, this remained dependent on a protectionist policy being introduced.

The evidence suggests that Hailsham's fundamental aims never changed. He sought to maintain the all-party character of the National Government while its policy basis remained unresolved, but not as a permanent feature of the political landscape. Although Hailsham's 'Agreement to Differ' formula admitted that there were stark differences within the Cabinet, it also made the free traders' opposition to protectionism ineffectual.⁶⁰ The Liberal free traders remained harnessed to the government, but lacked the numerical strength to make their internal opposition effective in parliament. Indeed, this was Hailsham's deliberate intention. He aimed to keep the Cabinet united until a system of imperial preference could be established at the Imperial Economic Conference to be held in Ottawa during the summer. For the time being, Hailsham had succeeded in obtaining everything he and his party wanted. The Import Duties Bill was successfully and easily enacted, the Liberals were split along their

latest fault-line as the Simonite section of the party offered the government their full and ostentatious support, but the Cabinet faced the continuing uncertainty of a floating pound without a single resignation. Amazingly, Hailsham's solution kept the free trader opponents of the Import Duties Bill inside the Cabinet while protectionism was enacted.

In the slightly longer term Hailsham's hopes were also fulfilled. The free trade ministers (including the National Labour Snowden) duly resigned from the government in September 1932 after the Ottawa agreements were concluded. Although the agreements were supposed to facilitate reduced tariffs throughout the British Empire, the free traders felt this policy conflicted with the government's protectionist aims. Snowden's January memorandum held that 'If duties are required to reduce imports there is no justification for this [imperial] preference.' Empire goods 'affect[ed] the alleged adverse balance just as much as goods from foreign countries'.⁶¹ When the free traders' resignations were on the table nothing comparable to Hailsham's face-saving formula was proposed and the Conservatives quietly welcomed the resignations.⁶² But a resignation in September was not the same thing that it would have been the previous January, as Snowden fully understood:

The circumstances then [January 1932] were different from what they are today [September 1932]. The budget had been balanced on paper, but it remained to be seen what the actual result would be at the end of the financial year ... The position of sterling was at that time uncertain. Neither of these reasons for maintaining the compromise of last January any longer exists.⁶³

Samuel concurred. 'A great deal', he suggested, had been accomplished:

[T]he Budget has been balanced, borrowing for the Unemployment Fund has ceased, the £ sterling is safe, the success of the Conversion Scheme has shown that British credit has been fully re-established, the Lausanne Conference has begun

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successfully the work of removing the impediments which reparations and war debts have raised against the recovery of world trade.

In this situation the Liberal ministers did not

think it possible to apply the 'agreement to differ' to the present situation. Such a constitutional anomaly may be introduced once in the face of a grave and imminent national danger. It is not possible to repeat it when the national emergency, in the sense in which it existed last summer or last January, has been overcome, without stultifying ourselves, and thereby ending whatever value our co-operation in the Government may have possessed.⁶⁴

Importantly, despite the free trade resignations, MacDonald, Sankey and J. H. Thomas all remained in post. The 'national' character of the ministry was further preserved by the appointment of additional members of Simon's Liberal National group.

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The suspension of the doctrine of collective Cabinet responsibility was controversial and was bound to incur condemnation from the government's opponents. MacDonald expected that 'the usual pundits will declare that it is violating [the] constitution'.⁶⁵ An editorial in the *Manchester Guardian* labelled the measure an 'indecent spectacle' and claimed that there was 'no case at all for scrapping the cardinal principles on which all British governments have rested'.⁶⁶ One periodical described it as a 'negative achievement' and Labour leaders were predictably dismissive.⁶⁷ The 'Agreement to Differ' contradicted Lord Melbourne's nineteenth-century dictum that Cabinet ministers must all say the same thing in public regardless of private disagreements. Labour's J. R. Clynes maintained that

the Government cannot agree except on one thing, and that is they should hang together in office and be free to speak and vote against each other in

parliament ... The people who can only offer you this farcical make-believe of unity are saying that it is done to keep the nation united.⁶⁸

Many historians have also viewed the agreement unsympathetically. A. J. P. Taylor claimed it was 'a last, and rather absurd, obedience to the facade of national unity'.⁶⁹ More recently, David Wrench has accepted the agreement's usefulness in terms of crisis resolution, but claims that it was 'hastily devised, apparently with little thought about how it would work in practice'. Writing in 2004, he adds, 'it was never to be repeated'.⁷⁰ But such criticisms fail to take into account the contemporary fear of the effect the resignations might have had on international confidence in sterling, particularly as MacDonald's National Labour group might well have followed the free traders out of office at that time. To this extent the national interest coincided with the narrower interests of the Conservative Party. The subsequent improvement in Britain's balance of payments suggested that the introduction of protection had a beneficial effect.

Parallels between the 'Agreement to Differ' of 1932 and the 'agreements to differ' of the Cameron-Clegg coalition should not be overdrawn. The expedients of 2010 differed from the earlier precedent as they were agreed, *before* and not *after* the government was formed.⁷¹ The 1932 arrangement allowed front bench ministers to speak against the government's proposals and enter the opposition lobby in the Commons, whereas only Liberal Democrat backbenchers were afforded the freedom to speak against and abstain in the corresponding debates of 2010. Unlike 1932, ministers were expected to support the government. The bill that increased tuition fees was even introduced by a leading Liberal Democrat, the Business Secretary, Vince Cable. His department is responsible for universities.⁷² The precedent of 1932 should be recognised as a coup for Hailsham and the Conservative Party. They sacrificed little while their contentious policy was enacted. Perhaps inadvertently, it did serve their ongoing aim during the inter-war period of facilitating the return of a stable

two-party system, which excluded the Liberal Party but which simultaneously took over for themselves as much as possible of the still considerable 'liberal vote'. The formal split within the Liberal ranks during 1931-2 and the party's near extinction in the post-war era were the logical consequences of these Conservative efforts.

It is not implied that the Conservative 'concession' over tuition fees in 2010 was designed simply to nullify Liberal Democrat dissent and keep that party on board in the short-term, while sharing the burden of responsibility for a controversial policy initiative. That said, there may be many Tory MPs, especially in Conservative-Lib Dem marginal constituencies, who derive a sense of comfort from the fact that the Liberal Democrats' stance on tuition fees is unlikely to have been forgotten (or in many cases forgiven) by the voters by the time of the next general election. The precedent of 1932 highlights the particular difficulties faced by the junior partners in coalition government. Theirs is always likely to be the greater sacrifice in any exercise of compromise. And even the most ingenious of devices to allow for deeply held differences of opinion will not necessarily work to their longer-term advantage.

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- 1 V. Bogdanor, *Coalition and Constitution* (Hart Publishing, 2011), pp. 53-4.
- 2 In practice this may have been less of a concession by the Liberal Democrats than it at first appeared. The party leadership seems to have been converted to the necessity for immediate cuts during the course of the election campaign.
- 3 In the event, of course, the electorate's rejection of AV and, more particularly, irritation at the tone of the Conservatives' referendum campaign, led to a distinct cooling of relations within the coalition. It would, predicted Lord Ashdown, 'never again be glad confident morning'. *The Guardian*, 5 May 2011.
- 4 Bogdanor, *Coalition and Constitution*,

p. 51.

- 5 *The Guardian*, 6 Dec. 2011.
- 6 See, for example, *The Telegraph*, 23 Sept. 2011; *The Guardian*, 29 Nov. 2011; M. Hasan blog, *New Statesman*, 12 Dec. 2011, www.newstatesman.com.
- 7 House of Lords, Parliamentary Archive, Samuel papers, SAM A/77/11, 'Memorandum written at the Conference at Buckingham Palace', 24 Aug. 1931.
- 8 P. Sloman, 'Crisis, Coalition and Cuts: The Liberals and the National Government, 1931', *Journal of Liberal History*, no. 72 (2011), pp. 44-51.
- 9 Bodleian Library, Oxford, Sankey papers, MSS Eng. Hist. e.285, Sankey Diary, 5 Oct. 1931.
- 10 *Manchester Guardian*, 14 Oct. 1931.
- 11 These figures are inevitably somewhat fluid. It took some time for all Liberal MPs to clarify their allegiance.
- 12 D. Dutton, 'Liberalism and the National Government 1931-40', *Journal of Liberal History*, no. 72 (2011), p. 40.
- 13 F. Trentmann, *Free Trade Nation* (OUP, 2008), p. 7.
- 14 *Ibid.*, p. 330.
- 15 Viscount Snowden, *An Autobiography* vol. II, (Ivor Nicholson and Watson, 1934), p. 1007.
- 16 For Runciman's acceptance of the report see D. J. Wrench, "'Very Peculiar Circumstances": Walter Runciman and the Formation of the National Government', *Twentieth Century British History*, vol. 11, no. 1 (2000), p.73.
- 17 SAM A 87/7, 'The Course of Political Events, 19-25th January 1932', 25 Jan. 1932.
- 18 The National Archives [TNA], CAB 24/227, 'Memorandum of Dissent from the Committee's Report by the Lord Privy Seal', 18 Jan. 1932; CAB 24/227, 'Memorandum by the Home Secretary', 19 Jan. 1932.
- 19 *Ibid.*
- 20 Liverpool Record Office, Papers of 17 Earl of Derby, 920 DER (17) 17/3, Derby draft letter to unknown, 28 Jan. 1932. For Derby's faith in free trade see: 920 DER (17) 47/1, Derby to Beaverbrook, 1 Aug. 1928.
- 21 SAM A 87/7, 'The Course of Political Events', 25 Jan. 1932.
- 22 Snowden, *Autobiography*, p. 1010.
- 23 TNA, Cabinet minutes, CAB 23/70, 21 Jan. 1932.
- 24 Chamberlain untitled memorandum, NC 8/12/1, 30 Jan. 1932, cited in R. Self, *Tories and Tariffs: The Conservative Party and the Politics of*

The day Parliament burned down

In the early evening of 16 October 1834, a huge ball of fire exploded through the roof of the Houses of Parliament, creating a blaze so enormous that it could be seen by the King and Queen at Windsor, and from stagecoaches on top of the South Downs. In front of hundreds of thousands of witnesses the great conflagration destroyed Parliament's glorious old buildings and their contents. No one who witnessed the disaster would ever forget it.



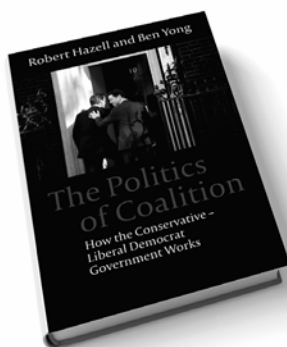
In a joint meeting between the Liberal Democrat and Conservative History Groups, **Dr Caroline Shenton**, Clerk of the Records from the Parliamentary Archives, will give a talk on her new book about the 1834 fire, *The Day Parliament Burned Down*.

6.30 pm, Tuesday 20 October

Committee Room 2, House of Lords (allow 20 minutes to pass through security)

- Tariff Reform, 1922–1932* (Garland, 1986), p. 686.
- 25 CAB 23/70, 22 Jan. 1932.
- 26 Ibid.; MSS Eng. Hist. e.286, Sankey Diary, 22 Jan. 1932.
- 27 It was perhaps significant that such a breach of constitutional convention was supported by the Cabinet's lawyers. Hailsham, Sankey and Simon were past, present and future Lord Chancellors. P. Williamson, *National Crisis and National Government* (Cambridge University Press, 1992), fn p. 511.
- 28 Sankey Diary, 22 Jan. 1932.
- 29 SAMA 87/7, 'The Course of Political Events, 19–25th January 1932'.
- 30 Ibid., Lord Crewe to Samuel, 25 Jan. 1932.
- 31 Ibid., Viscount Grey of Falldon to Samuel, 27 Jan. 1932.
- 32 920 DER (17) 17/3, Derby draft letter to unknown, 28 Jan. 1932.
- 33 *The Times*, 23 Feb. 1932.
- 34 D. J. Wrench, "'The Needs of the Time': The National Government and the 'Agreement to Differ', 1932", *Parliamentary History*, vol. 23, no. 2 (2004), p. 257.
- 35 Ramsay MacDonald Diary, 22 Jan. 1932, cited in D. Marquand, *Ramsay MacDonald* (Jonathon Cape, 1977), p. 713.
- 36 See, for example, D. Southgate, 'Baldwin 1923–32', in D. Southgate (ed.), *The Conservative Leadership 1832–1932* (MacMillan, 1974), p. 245.
- 37 R. Self (ed.), *Neville Chamberlain Diary Letters* vol. 3 (Ashgate, 2002), Chamberlain to Ida Chamberlain, 23 Jan. 1932, p. 304.
- 38 Sankey Diary, 22 Jan. 1932.
- 39 Marquand, *Ramsay MacDonald*, p. 713; Wrench, 'The Needs of the Time', p. 256.
- 40 J. Barnes and D. Nicholson (eds.), *The Empire at Bay: the Leo Amery Diaries 1929–1945* (Hutchinson, 1988), p. 228, 26 Jan. 1932.
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- 42 *The Times*, 17 Aug. 1931.
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- 46 H. Montgomery Hyde, *Baldwin: The Unexpected Prime Minister* (Hart Davis MacGibbon, 1973), p. 338.
- 47 K. Young (ed.), *The Diaries of Sir Robert Bruce Lockhart* (Macmillan, 1973), p. 183, 21 Aug. 1931; University of Cambridge Library, Templewood papers, vol. VIII, 1 (48) 'The Formation of the National Government'.
- 48 *Amery Diaries*, p. 195, 30 Aug. 1931.
- 49 Churchill Archives Centre, Amery papers, AMEL 6/3/49/36, Amery to his wife, 1 Sept. 1931.
- 50 *Amery Diaries*, p. 196, 31 Aug. 1931. Italics added.
- 51 Ibid., p. 195, 30 Aug. 1931.
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- 54 *Daily Express*, 3 Sept. 1931.
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- 56 *Manchester Guardian*, 7 Oct. 1931.
- 57 *Amery Diaries*, p. 219, 6 Nov. 1931.
- 58 See, for example, *Daily Express*, 7 Nov. 1931.
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- 68 *Manchester Guardian*, 23 Jan. 1932.
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