



## Knowledge Is Power? Victorian and Edwardian Employers and the Rhetoric of Expertise

Lydia Redman

This essay explores the place of knowledge in the relationship between British employers and the government, analyzing employers' role in the policymaking process and their decline in influence alongside the rise of the Civil Service. I argue that the government accepted the need for industrial and trade-related expertise during the empire building of the Victorian era when the Civil Service was still relatively weak, but contend that during the Edwardian period, the ownership of industrial knowledge was disputed between employers and civil servants who sought to use it to influence the government's policymaking. I examine the importance attached to the idea of "expertise" by employers, at a time when intellectual ability (represented by the university-educated Civil Service) came to be valued more highly than practical experience. I set this conflict in the context of the decline of the "neutral state" and the increase in intervention in industry by the Liberal party, which alienated the entrepreneurial community and contributed to hardened industrial conflict.

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—Anonymous Letter, Birmingham, 1907

The emergence by the early twentieth century of a centralized interventionist model of governance in Britain destroyed the idea of a 'neutral

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state' and escalated tensions among trade union leaders, employers, and the government. The New Liberal party, pioneered by radicals such as Lloyd George and Winston Churchill, came to power in the landslide election victory of 1906. But the government increasingly clashed with the new trade union movement (a more militant brand of unionism that appeared during the 1880s) as the government failed to curb industrial conflict. Employers felt increasingly less secure because of more strikes and what they viewed as pro-union legislation such as the Trade Disputes Act of 1906.<sup>1</sup> The default consequence of these changes was a more aggressive pursuit of class politics, the use of syndicalist methods by sections of the workforce, and the rejection of negotiation by employers who saw themselves as being outside the political system. The latter were concerned about the consequences of the government's social reforms and about the growth of socialism and of a political elite whom they believed were hostile to their cause. An anti-intellectual culture among labor and employers furthered tensions, making them distrust the government and Civil Service's interference in industry; the greater centralization and interventionist reform favored by the government and Civil Service were opposed by employers and organized labor, who sought to preserve their local autonomy in industrial mediation and welfare provision.

During the mid-nineteenth century, employers were able to influence the course of commercial and trade-related policymaking, particularly through their connections with the Board of Trade and the Foreign Office. Extensive trade links and the absence of a capable Civil Service meant that the knowledge of the business community became entangled with the running of the empire and domestic reform. However, this direct influence diminished with the expansion of the Civil Service. The state intervened in a more consistent manner in industrial conflict from the 1890s onward: although the Conciliation Act of 1896 was not compulsory, it reflected the escalation of the government's involvement in mediating disputes. The factory inspectorates demanded better safety standards, and the Factory Acts, beginning in the 1830s to address the interests of women and children, grew to interfere to a greater degree with the managerial prerogatives of the employer. By the beginning of the twentieth century, civil servants had appropriated employers' role as commercial policy advisors, and the employers found themselves increasingly regulated by the government but unable to influence the course of policymaking. Consequently, they began to promote the value of their own knowledge and expertise and question the usefulness of the Civil Service's intellectual ability in industrial policymaking.

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<sup>1</sup> The epigraph is from an anonymous letter from "a Manufacturer," *Birmingham Chamber of Commerce Journal* 5, no. 71 (Nov. 1907): 173. The Trade Disputes Act of 1906 overturned the result of the Taff Vale law case of 1901, which allowed trade unions to be held responsible for damages incurred during strikes. The act gave unions the freedom to engage in industrial action without fear of possible financial repercussions.

Historians dealing with the problems of British entrepreneurialism have not tended to combine study of the institutional and cultural factors that affected employers during this period. Debate about entrepreneurs' role in the decline of the economy, as discussed by Martin Wiener and Francis Thompson, places too much emphasis on their position relative to the ruling elite.<sup>2</sup> In many ways, the failure of entrepreneurial power, certainly during the Edwardian era, was the result of their decline in influence alongside the middle-class Civil Service and needs to be understood partially as a competition between competing professional groups. It is Harold Perkin's analysis of the rise of professional society that best explains the clash of professional elites, but Perkin suggests that their power came to fruition in the postwar era. I argue that by the early twentieth century the public professionals had managed to assert themselves over their private sector rivals with great, if temporary, success.<sup>3</sup> Central to the success of the Service was the emergence of a culture that valued intellectual ability. The Civil Service and the New Liberals shared common goals: most had an Oxbridge education, and many of them were influenced by L. T. Hobhouse's social ideology and the economic principles of J. A. Hobson. They sought progressive change and aimed to improve the life of the poor, but their plans to do so often ran contrary to employers' interests. The importance of this culture in the alienation of industrial employers has not been adequately explored.

Interpretations that offer evidence of employers' influence within the Liberal Party should not obstruct the fact that overall the British entrepreneurial community rejected social reform and took an increasingly hard line in industrial conflict, acting cohesively in protecting their shared interests and even referring to themselves as a 'class' overburdened by the government's legislation.<sup>4</sup> The demise of employers' political influence and their attempts to regain it before 1914 resulted from two interlinked trends. First, their struggle for power with the Civil Service was a conflict of competing institutions, as the Board of Trade and Associated Chambers of Commerce (created in 1860) sought to undermine each other's authority. Second, the role of knowledge and the liberal government's promotion of intellectual ability at the expense of practical

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<sup>2</sup> Martin J. Wiener, *English Culture and the Decline of the Industrial Spirit, 1850-1980*, 2nd ed. (Cambridge, England, 2004) and F. M. L. Thompson, *Gentrification and the Enterprise Culture: Britain 1780-1980* (Oxford, England, 2001).

<sup>3</sup> Harold Perkin, *The Rise of Professional Society: England since 1880* (New York, 1989).

<sup>4</sup>See for example Pat Thane, "Non-Contributory vs. Insurance Pensions, 1978-1908," in *The Origins of British Social Policy*, ed. Pat Thane (London, 1978); Roy Hay, "Employers and Social Policy in Britain: The Evolution of Welfare Legislation, 1905-1914," *Social History* 2 (Jan. 1977): 435-55; and G. R. Searle, "The Edwardian Liberal Party and Business," *English Historical Review* 98 (Jan. 1983): 28-60.

experience contributed to employers' marginalization within the political system. Historians dealing with this subject have generally failed to combine these factors to explain the problems faced by employers in this period.

The second section of this article charts the alienation of employers between 1860 and 1914, illustrating their political marginalization. Section three explores their opposition to reform, particularly after 1906, in the context of their political impotence. Finally, the last section examines employers' desire for autonomy and their culture of individualism.

### **The Alienation of Employers**

During the mid-nineteenth century, the civil servants of the Foreign Office, whose personnel remained largely aristocratic despite the move to open competition for recruitment, were rather amateur in their approach to foreign commercial policymaking and therefore relied heavily on representatives of the business community to advise them. However, the Board of Trade, peopled by middle-class experts on trade and commerce, was less reliant on such advice and increasingly took over the role played by the Foreign Office. The establishment of the Associated Chambers of Commerce in 1860 provided a central organization through which employers could lobby the government. It petitioned on various issues, from the lowering of foreign tolls and a standard system of weights and measures to the opening of the Yangtze River to steamers.<sup>5</sup> The Associated Chambers' relationship with the Foreign Office encouraged them to seek an increased role in foreign affairs, petitioning for access to British consular reports and for the replacement of salaried consuls with "mercantile men of high standing."<sup>6</sup> The chambers often contributed to negotiations on trade treaties; they opposed domestic legislation such as the Education and Factory Acts and called for the repeal of the income tax except in emergencies.<sup>7</sup> They met with some success, but a clash between the political aims of the government and the economic goals of employers caused tension in their relationship with the state.

The influence enjoyed by employers in the 1860s was already diminishing by the 1880s, when a member of the Derby Chamber complained about the inability of the government to address the concerns of the commercial community and called for standing committees in the

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<sup>5</sup> Associated Chambers of Commerce, Various Reports of Standing Committee, 1860-1875, MS 14476, London Metropolitan Archives.

<sup>6</sup> Associated Chambers of Commerce, Report of Standing Committee, 23 Feb. 1864, MS 14476. They petitioned in 1861 for access to consular reports.

<sup>7</sup> Glasgow Chamber of Commerce, Report for 1860. Members of the Glasgow Chamber travelled to Paris to the conference with delegates from the government.

House of Commons to promote such interests.<sup>8</sup> By 1907, an anonymous letter to the *Birmingham Chamber of Commerce Journal* complained:

It is a poor outlook now for the Capitalist wishing to go into business, instead of every encouragement from the government, Trade Unions, and working classes for a person to use capital to give employment, threats of “if you dare to be so insane” stare him in the face! The man is brave indeed who attempts, in these times to start manufacturing . . . in the face of rates, taxes, insurances, employer’s liability, Factory Act requirements, foreign competition and government obstacles.<sup>9</sup>

Employers protested that the Liberal government’s social reforms—for example, their introduction of Old Age Pensions (1908) and national health and unemployment insurance (1911)—were at the expense of economic considerations and that employers were not consulted about their possible impact on industry. What the Chamber subsequently referred to as “officialism,” they said, had been visible in the policies of both parties, and constituted a “considerable menace” to the country’s commercial welfare.<sup>10</sup> The cotton employer Charles Macara was a particularly loud exponent of this view. Maintaining his self-proclaimed political neutrality, he censured both parties for their failure to consult such “expertise,” arguing that both Joseph Chamberlain (the Conservative champion of Tariff Reform) and Lloyd George (the pioneer of the National Insurance Act, which sought to introduce health and unemployment insurance) ought to have consulted men of industry. If they had done so, he argued, “we should never have heard again of either of these foolish projects.”<sup>11</sup>

Employers’ decline in influence resulted from the expansion of the Civil Service and its increased role in advising the government on policy-making. Consequently, during the Edwardian period knowledge became a commodity, the ownership of which was disputed between employers who emphasized the importance of practical knowledge and the university-educated civil servants who believed that their statistics could provide the basis for industrial and commercial policymaking. As a result of this cultural competition, the rhetoric of expertise became a more prominent feature of political lobbying, as employers argued that the government was

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<sup>8</sup> *London Chamber of Commerce Journal*, supplement (10 Oct. 1882), 208. (The *London Chamber of Commerce Journal*, although printed by the London Chamber, claimed to represent the views of all Chambers, reporting and publishing their activities and correspondence. The *Journal* later dropped ‘London’ from the title.)

<sup>9</sup> Anonymous letter from ‘a Manufacturer’ in *Birmingham Chamber of Commerce Journal* 5, no. 71 (Nov. 1907): 173.

<sup>10</sup> “Growth of Officialism,” *Birmingham Chamber of Commerce Journal* 8, no. 92 (31 Aug. 1910): 117.

<sup>11</sup> Sir Charles Macara, *Recollections* (London, 1921), 219.

ignorant of the requirements of the industrial and commercial communities and that the “bureaucrats” were inexperienced and unaware of the economic needs of the country. For example, in 1912 at a meeting of the Employers’ Parliamentary Association (a group set up to oppose the National Insurance Act), a member of the executive committee explained that he “deplored the absence of business men from the legislative councils, which made it possible for the government of the country to fall into the hands of men who might be eminently qualified in one sense, but who were without practical experience.”<sup>12</sup> Civil servants, trained either in the service or in the law, were not equipped, employers argued, to make decisions about trade and industry. They lobbied for the Chambers to be granted the status of *locus standi*, to allow them the power to give evidence before Parliamentary Committees; the president of the Associated Chambers suggested in 1896 that the Chambers “should be second only to Parliament itself in the shaping of commercial legislation.”<sup>13</sup> Cuthbert Laws, general manager of the Shipping Federation, which provided blackleg labor during strikes, articulated employers’ frustration in a letter to *The Times*, in which he suggested they had “the feelings of seamen whose vessel had been placed in charge of officers who were landsmen, ignorant of the rudiments of navigation and the effect of winds and currents upon her.”<sup>14</sup> Such opinions contributed to employers’ opposition to the Liberal government’s industrial reforms such as the Coal Mines Eight Hours Bill of 1908 or the Minimum Wage Act for miners in 1912.

The reformist policies of the Liberal government combined with increased industrial conflict to alienate further employers who felt they were besieged by labor and interventionist liberalism. Despite employers’ great difficulty in creating lasting alliances, their reaction to this two-pronged attack on their power in the workplace encouraged them to combine in order to protect their broader interests. Their fears of the growth of socialism, syndicalism in organized labor, and what they considered the Liberal government’s endorsement of these trends contributed to their opposition to reform and hardened their reaction to industrial strikes. Although employers were divided by industry, levels of wealth, religion, and political affiliation and had different (and often conflicting) interests, in industrial conflicts they managed to unite just enough to meet the challenge of organized labor. Increasingly alienated from a government that they believed to be in league with the unions, employers began to identify themselves as a ‘class’ burdened by new

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<sup>12</sup> “Business Men in Politics,” comment made by William Peter Rylands, *The Times*, 4 Jul. 1913, issue 40255, col. B, 4.

<sup>13</sup> *London Chamber of Commerce Journal* 1, no. 5 (1 July 1882): 92 and *ibid.*, Sept. supplement (1896), 4.

<sup>14</sup> “The Eight Hours Bill for Miners,” *The Times*, 24 March, 1908, issue 38602, p. 15.

legislation and under attack from radical trade unionism. In their interpretation of events, the entrepreneurial class battled to steady a society descending into economic ruin and social anarchy: they had little choice, they argued, but to unite to save Britain from the ignorance of the government and selfish recklessness of the working class.

Although employers had difficulty creating lasting alliances, the Chambers of Commerce were used as channels through which to lobby the government. Ron Taylor has explored the role of the Chambers in advising the government on trade-related policies: he cites the example of Edward Gibbs, secretary to the Wolverhampton Chamber, who was sent to Vienna in July 1865 to safeguard the interests of the hardware trade in the Anglo-Austrian Treaty.<sup>15</sup> The establishment of the Associated Chambers in 1860 provided a stronger footing for lobbying at a national level; the president of this chamber was often an MP or Peer, fostering further links among employers, the commercial community, and politicians. Employers' perception of the importance of their role was illustrated by Charles Macara's letter to *The Economist*, a business-oriented journal, in which he argued that "No statesman who is not a practical business man can possibly have the experience of those who have devoted their lives to conducting the great industries upon which our national existence depends."<sup>16</sup> Hence, during this period, the failure of the Liberal government to consult them on issues affecting the workplace was a double slight. The combination of a loss of influence and an increase in interventionist legislation meant employers felt isolated and ignored, despite continued semi-consultation through deputations to the government. There were examples of informal discussion such as that during the railway strike of 1911, when the prime minister and the president of the Board of Trade met privately with the largest employers of the chief industries, but such examples were unusual and did not offer employers a system through which they could exercise influence. The steady lobbying by the Chambers for the establishment of a Ministry of Commerce is an indication that they felt a loss of power within the existing system and hoped that the suggested department would be more likely to foster a productive relationship with them.

This lack of consultation fueled employers' fears of the government's reforms. Employers expressed concern about the speed with which legislation was rushed through Parliament without, they thought, adequate consideration of its consequences for industry. The argument that the accumulative effect of legislation would harm British industry became increasingly common. The National Federation of Building Trades Employers of Great Britain and Ireland used this fear to lobby against

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<sup>15</sup> Ron Taylor, *A History of the Chambers of Commerce in the United Kingdom, 1768-2007* (London, 2007), 31.

<sup>16</sup> Charles Macara, Letter to the Editor, *The Economist* 73, no. 3559 (11 Nov. 1911): 1000.

unemployment insurance, suggesting that the burden of the Workmen's Compensation Act (1906), when coupled with the new insurance scheme, would seriously cripple their trade.<sup>17</sup> References to "burdens" and to foreign competition were drawn from a practiced rhetoric used by employers who opposed the insurance scheme. This language drew on established "acceptable" reasons to oppose reform (in this case the potential damage to industry and the national economy) that masked their concerns about a loss of profit. The evidence in Chambers of Commerce minutes and reports seems to suggest that they supported national insurance only if paid for by the state with little or no cost to themselves, which was not a model with any prospect of success. But the government's frequent (although not consistent) failure to consult industrial employers about the proposed legislation contributed to employers' fears of the consequences of the reforms for their industry, driving them to oppose legislation indiscriminately.

This perceived loss of control was also linked to industrial conflict, which furthered some employers' sense of being under siege and led to the campaign to repeal the Trade Disputes Act of 1906. The rising number of strikes caused suspicion and encouraged employers' rejection of workplace legislation such as the Trade Disputes Act, which many believed strengthened the position of employees, who could not be trusted in a climate of unrest. Therefore, the increasing conflict between employers and Trade Unions cannot be separated easily from the former's opposition to any of the reforms, even those that may not seem immediately linked to industrial conflict. The Trade Disputes Act produced a continuous stream of opposition from employers, who claimed that it was promoting the aims of organized labor at their expense. Somewhat dramatically, the Southampton Chamber, in a circular to its counterparts, argued that "Peaceful picketing as authorised by the Trade Disputes Act 1906 is conducive to a state of terrorism which tended to produce serious breaches of the peace and prevented men from working when desirous of doing so."<sup>18</sup> The crescendo of strikes in 1911, including the dock strike in London, led the Associated Chambers to petition the government once again for an amendment to the act, arguing that "the intimidation and violence" accompanying strikes threatened law and order and the trade of the kingdom. They called for a commission to enquire into an act that allowed such "disorder" to prevail.<sup>19</sup> Such resolutions, one of many during this

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<sup>17</sup> Letter to Winston Churchill as Home Secretary, from the National Federation of Building Trades Employers of Great Britain and Ireland, 26 Oct. 1910, CHAR 2/46/57-58, Churchill Archives Centre, Cambridge, England.

<sup>18</sup> Circular from Southampton Chamber, *Cardiff Chamber of Commerce Council Minute Book, 1910-1914*, 18 June 1912, D/D Com/C 1/2/6, Glamorgan Record Office.

<sup>19</sup> Resolution passed by Associated Chambers of Commerce at Dublin meeting, *London Chambers of Commerce General Purposes Committee Book, 1910-1914* (29-30 Aug. 1911), 1: 97.

period, were largely ignored by the Liberal government, which made no concessions to those opposing the legislation. Employers' powerlessness and inability to produce (or oppose) change through the parliamentary system combined with their experience of heightened industrial conflict to encourage their affiliation as a class and their opposition to reform and the demands of labor.

Fear of the New Liberals and their relationship with organized labor was illustrated by Leopold Maxse, the Conservative and pro-tariff reform editor of the *National Review*, who wrote to Andrew Bonar Law (the Conservative MP and leader of the party from 1911) in 1908, expressing his concern that Lloyd George might move to the "extreme left."<sup>20</sup> Maxse was also concerned about what he called the "intrigue" between Churchill and Lloyd George to reduce defense estimates. Charles Macara furthered the link between the increased taxation of employers and a left-wing "plan" in a letter to *The Times* in 1913, calling the National Insurance Bill the "thin end of a wedge which threatens to make serious inroads into the profits of employers, which every-body knows in normal times run upon fine margins."<sup>21</sup> Fear of the Liberals' socialistic tendencies was heightened by their alliance with Labour in Parliament and bolstered by legislation such as the Trade Disputes Act. Arthur Baumann, the Conservative MP for Peckham, expressed employers' frustration in October 1911, when he wrote "The Judge declares the law and the government says to the labour members, if you do not like it, we will change it." He went on to condemn the Unions, describing their industrial action as "anarchic tyranny" playing upon "the cowardice of politicians, the terror of the middle class and selfish indifference of the rich."<sup>22</sup> These concerns were more than just a limited fear of Lloyd George and his colleagues: the ever-present fear of socialism permeated the mindset of the Edwardian establishment, and legislation that looked to be promoting the cause of Labour was contaminated by this perspective. Although Maxse's fears of Lloyd George's instincts, in calling them "extreme left," may seem exaggerated, it is difficult to ignore the influence of such concerns on some employers' perceptions of reform and their alienation from the government.

### **Opposition To Reform**

Many employers saw the Liberal government's social reform program as a negative departure from previous attempts to help the needy based on the Poor Law or charitable efforts over which they had some degree of control. Although some employers opposed the government's interference in

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<sup>20</sup> Letter from L. T. Maxse to Bonar Law, 5 June 1908, BL/18/4/66, Parliamentary Archives, London.

<sup>21</sup> "The Taxation of Employers and National Insurance," *The Times*, issue 40197 (28 April 1913), 18.

<sup>22</sup> "The Law and the Labour Party," *The Fortnightly Review*, n.s., 90 (July-Dec. 1911: 2 Oct. 1911): 614.

industry during the nineteenth century, their influence on the government through the Chambers of Commerce softened the blow; by 1906, their loss of authority hardened their attitude toward reform. Therefore, heightened opposition to government interference during the Edwardian period was not solely a desire to maintain employers' independence from the state; it was also a reaction to what they perceived as a loss of influence on the terms of intervention and on the formation and implementation of national policy. A substantial number of employers perceived themselves as being outside the policymaking process and underrepresented in Parliament. Their anger increased with their fears about the cost of legislation to their businesses: if they could not mount a successful lobby, they could not bargain over the terms of the reforms and their costs. Roy Hay, G. R. Searle, and Pat Thane argue that the business interest retained its influence in Parliament, but their analysis is based on those employers within the party, some of whom were genuine supporters of reform and some, such as the chemical manufacturer Alfred Mond, who may have "towed the line" for the purpose of gaining political advancement.<sup>23</sup> Opposition voiced at meetings of the Chambers of Commerce and in letters to the press suggests that a large part of the entrepreneurial community in Britain rejected social reform and took an increasingly hard line in industrial conflict.

Employers felt singled out as a class to shoulder the financial burden of the social reform program. Although they claimed to understand the need for greater taxation in order to maintain or improve their country's international position, there were frequent complaints about the inequality of this "taxation" (which in employers' view included expenditures such as their national insurance contributions) and the greater burden they claimed was levied on them in comparison to other groups in society. G. H. Wright, the secretary for the Birmingham Master Builders' Association, called it "the happy-go-lucky manner in which huge burdens are now placed by Parliament on the manufacturing classes."<sup>24</sup> The perceived inequality of this "taxation" was explained in a letter to Hebert Asquith in May 1909, which read: "We realise that the increased and increasing expenditure of the country necessitates additional taxation and of this we are prepared to bear our full share; but we view with apathy and alarm the increasing disproportion of the burden which is being placed on

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<sup>23</sup> Hay, "Employers and Social Policy in Britain," 435-55; Searle, "The Edwardian Liberal Party and Business," 28-60; Thane "Non-Contributory vs. Insurance Pensions." Alfred Mond pushed Lloyd George to grant him a Cabinet position before 1914, but he was not given one until 1916. After a falling out with Lloyd George over plans for land nationalization, he left the Liberal Party for the Conservatives in 1926.

<sup>24</sup> Extract from speech by G. H. Wright at the Midland Centre conference of secretaries, 9 March 1910, CHAR 2/51/67, Churchill Archives.

a numerically small class of community.”<sup>25</sup> Employers claimed that the action of the government would discourage private enterprise and therefore increase unemployment.

Some employers argued that the insurance scheme was a “tax without representation.” In January 1912, a statement in the Birmingham Chamber’s journal claimed that, despite paying half the contributions, employers were “nevertheless denied even a semblance of representation in connection with the administration of the Act,” which was “a serious violation of one of the most vital principles in our constitution and could only have been directed against a section of the community which is numerically weak.”<sup>26</sup> The use of such phrases was intended to pressure the government to allow employers greater control over the implementation of legislation, couching it in terms of a “right.” The amendments suggested by the London Chamber of Commerce insisted on employers’ representatives on insurance committees and wanted the settlement of claims to be done through approved societies. The failure of employers to oppose legislation in Parliament is proof of their numerical weakness there. The supposed inability of the government to understand the full consequences of their reform was emphasized in November 1911, when the engineering section of the London Chamber of Commerce passed the following resolution:

The effects of the National Insurance Bill, if passed into law, will be to make competition at home and abroad with foreign production increasingly difficult or impossible for English producers and by its affects on wages increase the cost of living and labour unrest; and further in the opinion of the meeting it is manifestly unfair to put a tax upon employers for the purpose of providing against unemployment, which tax, when added to the cost of production, must tend in itself to bring about that unemployment for which the Act is supposed to provide remedy.<sup>27</sup>

Arguments about democracy were utilized to extend this reasoning: some claimed that the government had no mandate because it ought to have consulted the electorate on certain issues. Sometimes Liberal local election defeats were used as “proof” that the populace were critical of reform. It is difficult to see these examples as anything other than tools of negotiation to bargain for amendments to legislation, under the guise of defending democracy. They do, however, illustrate the extent to which many employers felt themselves divorced from the main political structure and unable to influence the course of policymaking. Expected to pay for a percentage of the reforms, they felt the double slight of having little or no role in their implementation. Whereas doctors provided through private

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<sup>25</sup> Letter, 14 May 1909, MS Asquith 13 (signature unreadable), Bodleian Library, University of Oxford.

<sup>26</sup> *Birmingham Chamber of Commerce Journal* 10, no. 109 (Jan. 1912): 8.

<sup>27</sup> Meeting of engineering section of London Chamber of Commerce, *The London Chamber of Commerce Journal* 30, no. 211 (3 Nov. 1911): 319.

welfare schemes previously were paid for by the employer, allowing them some control over how long employees could benefit from such schemes, the new insurance proposals removed this influence, but still required employers to pay (at least partially) for the treatment. Many employers saw this as the result of the alliance between labor and the Liberals who sought to promote the needs of the working class at employers' expense.

Fears of the alliance between the Liberals and labor ran deep; some employers even accused the government of attempting to implement socialism. Fear of "new school" liberals such as Lloyd George was fueled by the Lib-Lab pact of 1903, which agreed that the Liberal and Labour Parties would not stand against each other during elections in seats deemed winnable by one or the other, and by legislation such as the Trade Disputes Act. Concerns that the government's reforms were part of a left-wing plan were voiced about even less obviously controversial legislation. Such views were not always limited to measures introduced after 1906: the chairman of the Halifax Chamber of Commerce commented on the Conservatives' Factory and Workshops Act of 1901, saying: "at first sight the bill looked harmless, but really it was another part of the socialist wedge."<sup>28</sup> This, combined with other evidence such as Charles Macara's censure of both parties, suggests that there was a distrust of politicians by employers, regardless of their political affiliations. Employers' perceptions of their loss of direct influence, reduced from its hey-day during the mid-nineteenth century, led some to feel isolated from the process of governance, regardless of who was in power. Belief that employers were shouldering an unnecessary proportion of the financial burden of the reform program led John McLaren at the Leeds Chamber of Commerce to announce that the National Insurance Bill was "frankly socialistic and would throw very heavy burdens upon employers of labour."<sup>29</sup> Although a minority of employers supported reform (notably the Quaker Rowntree family, who had already pioneered their own social schemes), the majority of employers saw the reforms as placing further financial burdens on them while strengthening the hand of the unruly and unpredictable working class who were engaging in more frequent industrial strikes.

Employers did not just scare-monger about socialism; they also embraced contemporary fears about the state of the British economy and workforce, which were discussed in terms of "national efficiency," particularly after the catastrophe of the Boer War, which highlighted the poor health of working-class recruits. However, though these themes were usually used to argue for a program of reform, employers used the need for national efficiency as an argument *against* them. The president of the Hull Chamber of Commerce, Edward Bolton, argued during the coal strike of 1912 that the Coal Mines Minimum Wage Bill would seriously damage trade, increasing the price of coal and rendering foreign competition

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<sup>28</sup> *London Chamber of Commerce Journal* 28, no. 183 (July 1909): 204-5.

<sup>29</sup> *Ibid.*, 30, no. 205 (May 1911): 218.

stronger than ever.<sup>30</sup> Similarly, a prolonged debate raged in Parliament about the potential increase in malingering that, some argued, would inevitably accompany the National Insurance Bill. The repetition and depth of the debate caused Alfred Gill, the Labour MP for Bolton, to complain that “This house has become obsessed with the idea of malingering!”<sup>31</sup> The report in the Birmingham Chamber’s journal suggested: “The danger of malingering can only be reduced by the workers having placed upon them a real responsibility in the way of proportionate contribution.”<sup>32</sup> Hence, the Chamber managed to combine fears about malingering with a desire to lessen its members’ own expenses. However, these arguments are another reminder of the extent to which industrial employers believed that the government was incapable of understanding the consequences of its actions, not only for individual industries, but also for the national economy as a whole. In December 1908, Rhodes K. Calvert, the secretary of the Leeds Chamber, wrote a letter for publication in a number of newspapers in major British cities that detailed their opposition to the Eight Hours Bill. Included was the assertion that it was not needed for health or safety reasons, that the miners were already well protected by their union, that fewer hours would mean less production and higher prices, that this increase would lead to unemployment, and that the act was protection “at the expense of our own traders and in favour of such foreign competitors as obtain their coal subject there to.”<sup>33</sup> According to those such as Calvert, the government was intervening where legislation was not necessary, with dire consequences for British industry. *The Economist* attacked a clause allowing for the Coal Mines Bill’s suspension in a time of economic crisis, asking, “Is it wise or desirable to provide facilities for any hare-brained government . . . to play fast and loose with the coal supply of the country?”<sup>34</sup> Such thoughts best represented employers’ fears about the increase in the government’s control over industry and their distrust of its ability to support the economic infrastructure—particularly at a time of crisis.

The arguments used by employers to present their case against new reforms were based on a set of references to earlier legislation (primarily Employers’ Liability and the Workmen’s Compensation Act), which they claimed had already forced extra burdens on them and formed part of a vocabulary used in negotiations by employers and the government. Issues of patriotism, pride, and compassion for the poor were all tied into the public discourse on the reforms and contributed to the wording of deputa-

<sup>30</sup>Ibid., 31, no. 217 (May 1912): 158.

<sup>31</sup>Hansard, Fifth Series, vol. 28, 8<sup>th</sup> volume of session, 19 July 1911, p. 1160.

<sup>32</sup>Report of Deputation, *Birmingham Chamber of Commerce Journal* 9, no. 101 (31 May 1911): 75.

<sup>33</sup>Rhodes K. Calvert to various editors, *Leeds Chamber of Commerce Letter Book, 1908-1910*, no. 12, MS 1951/1 26, Brotherton Library, Leeds University.

<sup>34</sup>Article on Eight Hours Bill, *The Economist* 65, no. 3339 (24 Aug. 1907): 1437.

tions, resolutions, letters to the press, and the statements in Parliament made by employers. This was not new: the pace of reform during these years led to an intensifying of the language used in negotiation and dispute. Even the names of legislation quickly became a kind of code, making reference to a broader argument than the contents of the measure itself would suggest. Hence, for example, the mention of “employers’ liability” or the “Workman’s’ Compensation Act” was used to oppose national insurance by implying that the burden already placed on employers was too high. The claims of support for some kind of insurance scheme were based on professed concern for the working man and on the need for increased national efficiency and industrial output: to oppose such a measure outright would have looked unpatriotic and selfish. But the reality was that, while claiming to support an insurance scheme, the amendments put forward by employers (alongside those of medical and insurance professionals) mutilated the original intent of the Insurance Bill. Employers’ opposition was not just about profit, however; it was also about wishing to maintain autonomy within the workplace, a desire that was threatened by the government’s increased intervention in industry.

### **A Culture of Autonomy**

Most employers opposed the state’s intervention in the workplace; although some tentatively supported a goal of increased national efficiency, they found it difficult to accept the greater interference by the government that necessarily accompanied that objective. When employers opposed further intervention by the state, they were promoting freedom from interference in industry, centered on their argument about the importance of industrial knowledge, which they claimed could not be provided by bureaucrats without practical experience. They desired a system of self-regulation that would not impede their authority in the workplace or hinder industrial development. The desire to maintain authority was always a factor in such opposition, particularly at a time when their ability to influence the government’s policymaking had been diminished by the professionalization and expansion of the Board of Trade, which subsequently pioneered further intervention by the state in industry. Employers’ professions of support for the government’s measures, based on a need for increased industrial efficiency or concern for the working man, were designed to hide the real reasons for their resistance. Employers worked within a political culture that, as suggested by Martin Wiener, was somewhat hostile toward industry, and thus they had to make their arguments in terms that were deemed “acceptable.”<sup>35</sup> Employers’ opposition to the major reforms was based partly on the supposed financial costs of, for example, the Workmen’s Compensation Act of 1906 or the National Insurance Bill. Therefore, the campaign against these measures was influenced by fiscal concerns, but accom-

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<sup>35</sup> Wiener, *English Culture and the Decline of the Industrial Spirit*.

panied by resentment of the increase in state interference in industry that such legislation created. The inability to argue in true terms, because the safeguarding of profit alone may have been construed as unpatriotic or “ungentlemanly,” further hampered their efforts to oppose reform successfully.

The twinned themes of interference and independence played an important role in the formation of employers’ opinions about reform, with the former being resisted and the latter protected. The expansion of the Civil Service during the late nineteenth century and the increasingly interventionist ethos of the factory inspectorates contributed to a hardening of opinion among some industrial employers about the role of the service in industry. According to Roger Davidson, the Civil Service increased its outlay as a whole by 124 percent during the period 1900-1914, and the Board of Trade did so by 595 percent.<sup>36</sup> Parallel to this, the longer-term expansion of the service and particularly the Board of Trade’s inspectorates led to stricter standards in industry but also to a more frequent and visible interaction among employers, employees, and the government. The factory inspectorate grew steadily after its creation in 1833, increasing its staff from an initial four inspectors to thirty-five by 1868, and it was an increasingly visible link between the government and the factory floor.<sup>37</sup> The ability of the employer to run his business and his workforce without the confinements of government regulations was increasingly under threat, as further measures were introduced to regulate safety precautions, hours of work, and the pay entitlements of the workforce. Added to this was the shift from the use of industrial or trade “experts” drawn from the Chambers of Commerce to advise the government to the use of professional civil servants in this role, particularly after 1893, when a separate Labour Department was created within the Board of Trade. Hence, at a time when many employers felt their authority in the workplace was challenged by the intrusion of the government’s bureaucracy, they began also to feel the reduction of their own direct influence.

Employers’ opposition to the Liberals’ reforms were more than just a rejection of intervention by the state in business: it was also an assertion of individualism over collectivism. Arguments utilized by employers about the rights of the adult working man were not much different than those used by trade unionists when pursuing their aims of increased pay, better conditions, and organized representation. However, employers harnessed these arguments for their own use, caring little about the right of their employees to assert themselves (proved by their hostile reaction to industrial strikes), but seeing the rhetoric’s usefulness in supporting their

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<sup>36</sup> Roger Davidson, “Llwellyn Smith, the Labour Department and Government Growth, 1886-1909,” in *Studies in the Growth of Nineteenth-Century Government*, ed. Gillian Sutherland (London, 1972), 227.

<sup>37</sup> Figures from Jill Pellew, *The Home Office, 1848-1914: From Clerks to Bureaucrats* (London, 1982).

argument against further intervention by the state. The inability of employers to make lasting alliances during this period resulted partly from an attitude that placed independence at a premium and eschewed collective action. This partly explains their hostility to trade unionism: not only were they unwilling to face the consequences of their employees' actions in the practical sense, by having to make concessions of pay or conditions of work, but more broadly those actions were a challenge to their individualistic principles. Their arguments against interference with adult labor, then, were not a reflection of outrage at the government's meddling with a fundamental right of working men, but rather of fear, first of the practical and economic consequences of the reforms, and second of collective action replacing a more individualistic structure of politics.

Despite this individualistic culture, the increased threat to employers' interests led some to call for collective action. The Birmingham Chamber of Commerce illustrated employers' frustration with the government and bureaucracy when discussing the factory acts, claiming:

There is a growing feeling that many of the requirements made upon manufacturers by the Factory Inspectors are arbitrary and unreasonable, and in some cases quite impracticable and it is becoming more and more evident that the time has arrived when manufacturers must take steps to protect themselves from the dislocation of business and constant drain of money which these requirements involve.<sup>38</sup>

What the Chamber subsequently referred to as "officialism," they said, had been visible in the policies of both parties and constituted a "considerable menace" to the country's commercial welfare, which "now finds its liberty of action fettered and controlled by government officials in many directions."<sup>39</sup> The imagery of "fettered liberty" illustrates the fears of employers who believed that their freedom to rule their own workplace was threatened.

At the basis of employers' opposition to interventionist reform was a desire to maintain their own power in their workplace and a fear of the government's inability or lack of desire to understand the consequences of reform for industrial employers and their industries. This suggests a fundamental breakdown in the consultation process, which was partly the result of the marginalization of employers by the Civil Service and the consequent limitations on employers' power to affect the policymaking process. It was also a product of the new liberalism and the vigorous nature of those such as Lloyd George, who pursued his "vanity projects" such as national insurance with little concern for consultation with those who would oppose ambitious social reform. The outcome was an increas-

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<sup>38</sup> "The Factory Acts," *Birmingham Chamber of Commerce Journal* 7, no. 76 (30 April 1909): 56.

<sup>39</sup> "Growth of Officialism," *Birmingham Chamber of Commerce Journal* 8, no. 92 (31 Aug. 1910): 117.

ingly alienated entrepreneurial class who (rightly) believed they had lost their influence on policymaking because of the expansion of the Civil Service and the ascendancy of a new and more radical government. They feared (probably disproportionately) that the economic consequences of reform would be highly detrimental to their industries and personal profits and therefore opposed the government's reforms, often indiscriminately.

### Conclusions

The conflict between employers and the government should be placed in the broader context of increased state intervention and the rise of collective institutions such as trade unions, which employers often rejected. Greater intervention and growing industrial conflict encouraged the pursuit of sectional or class interests, leading to the rejection of the government's intervention in industry, a hardening of industrial conflict, and a battle between centralization and localism. It encouraged the rise of class conflict as the protagonists pursued their own interests with less willingness to compromise. The Liberal government's promotion of the common good over individual profit alienated employers and organized labor, who sought to promote their own interests more extensively. The conflict between the university-educated civil servants and the practically experienced employers was not just a cultural clash, but one about the power of vying professional groups in a time of increased unrest and uncertainty about sustained influence on the government. At the heart of employers' alienation was the New Liberals' embrace of professional intellectualism and their dismissal of the importance of practical knowledge and experience.

The weakening of employers' influence occurred alongside the decline of the "neutral state," as the government intervened increasingly in both industry and welfare provision. The long-term expansion of the Civil Service and particularly of the Board of Trade's inspectorates progressively impeded the ability of employers to run businesses without being confined by government legislation regulating the safety precautions, hours of work, and pay entitlements of the workforce.<sup>40</sup> Added to this was the shift from the government's use of expertise provided by the Chambers of Commerce to information collated by professional civil servants. These shifts in power were partly the result of changes within the Liberal Party and the shared goals of the Civil Service and New Liberals. The clash of public and private sector professionals, seen here between the Board of Trade and employers, encouraged greater sectionalism, as employers guarded more jealously their autonomy in the workplace and their role in industrial relations. Within this context, employers desperately sought to reaffirm their value as policy advisors, criticizing the intellectualism of the "bureaucrats" and emphasizing the need for men of practical experience. As industrial conflict grew, they feared their loss of authority and their lack of influence

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<sup>40</sup> Figures from Pellew, *The Home Office*.

on the terms of the new reforms, which they believed strengthened the hand of the working class. The story of British employers' marginalization before 1914 is one of competing institutions, as the Civil Service, trade unions, and employers' associations struggled for influence; but it is also one of competing cultures, as the professional intellectualism of the Civil Service vied with the practical experience of employers. In the short term, the public professionals succeeded. However, the limitations on the complete professionalization of the state system, partly retarded by the New Liberal government's failure to allocate adequate power and responsibility to the Civil Service, meant that the business community was only temporarily subdued; the need for industrial skill and experience during and after the First World War re-elevated their political position.