

Lloyd George as the "Savior" of the British Bourgeoisie*

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SINCE the close of the first round of wars and revolutions Lloyd George, the outstanding and ablest leader of the British bourgeoisie and the sole surviving front-rank statesman of the war epoch, has been in political eclipse. Today, on the eve of the second round of wars and revolutions, he is once again in the political forefront. This portent is a sign of the times, both for the world situation, and for the inner situation in Britain.

During the critical years 1916-1922 Lloyd George was the undisputed dictator of British politics. In the hour of danger the entire bourgeoisie turned aside from their traditionally trained upper-class statesmen, the Balfours and Asquiths, to the "demagogue-adventurer" whom they had denounced and reviled, for their salvation. Lloyd George's war-dictatorship was the dictatorship of the most reckless, aggressive chauvinist elements of finance-capital, of the "war millionaires". By an audacious combination of ruthlessness, cunning and maneuver, he steered the ship of British imperialism to its disastrous victory in the war, to an unparalleled expansion of the Empire, and then through the revolutionary rapids of the post-war years, of the revolutionary wave in India, Ireland, Egypt and in Britain. But in 1921 began the chronic economic stagnation of British capitalism, which has continued unbroken since, with only minor ups and downs on a low level.

Lloyd George's star waned. Once the hour of immediate menace, of the war-crisis and of the revolutionary wave, was passed, the bourgeoisie thrust aside the "adventurer" and his too "dangerous" policies, and sought to return to "normal" conditions. By the "palace-revolution" of the Carlton Club meeting on October, 1922, Lloyd George and his coalition system was displaced; Conservatism took the reins under the leadership of a Bonar Law and a Baldwin. "Tranquility" was the watchword of the new phase. For twelve years Lloyd George, despite repeated attempts to come again into the forefront, notably in 1929, when he brought forward his Reconstruction Plan, has remained in compulsory retirement, although still exercising a considerable influence on policy, especially on international policy.

Today Lloyd George is once again brought to the front amid the almost universal acclamation of the bourgeois party leaders and press. His announcement in December, 1934, of a new program to counter unemployment and the economic crisis, although the actual details published were meager and far from novel, was nevertheless hailed by the entire capitalist press from "Left" to Right, and indeed from Labor to fascist, as a political event of the first magnitude and of the highest promise. His

* This article was written on March 5, before the publication of the actual Lloyd George program, and before the outcome of the negotiations between the National Government and Lloyd George. The analysis of forces can accordingly only be provisional, and will require further working out on the basis of subsequent developments.

campaign, opened in January, 1935, was met with warm welcomes from every party leader, including the ministers of the National Government and the governmental press; and reports were widely current of projects, and even negotiations, for the reconstruction of the National Government to include Lloyd George. In the beginning of March, the National Government directly approached Lloyd George, requesting him to submit to them his proposals which would receive careful attention.

From all this carefully organized publicity and semi-official reception it is abundantly clear that the present campaign of Lloyd George, unlike the unsuccessful campaign of 1929, cannot be regarded as merely a campaign of an individual leader and his group to regain power, but takes on rather the character of a *planned move of the main bourgeois forces to bring Lloyd George to the front at the present moment as a new political factor or as the instrument of a new turn in policy.*

What underlies this new situation? Why does the bourgeoisie show signs of turning again to Lloyd George after twelve years of neglect?

Underlying this situation is the *increasing bankruptcy of policy of the National Government.* But this in turn is the reflection of the worsening of the economic situation, the change in the relation of class forces and advance of working-class militancy, and the new situation in the sphere of foreign policy.

The National Government was formed in 1931, to meet the situation of the financial crisis of that year, the discrediting of the second Labor Government, and the heavy program of cuts which it was necessary to carry through against the working class. By the devices of the "national" facade, supposedly above parties, with the nominal leading role of the former Labor Party leaders, MacDonald, Snowden and Thomas, the bourgeois front was able to take advantage of the discontent of the workers with the Labor Government, to inflict a heavy defeat on the Labor Party, and to establish a strong government of capitalist concentration. The National Government had a considerable measure of success in its immediate objectives. It carried through the cuts to balance the budget. By this worsening of the workers' standards, by the depreciation of the pound and by the imposition of a tariff system, it was able to give a temporary stimulus to British economy. In Britain, during 1933-4, the recovery was felt more powerfully than in any other capitalist country, although in fact on a continuing low level, below pre-war, and solving none of the basic problems. At the same time the dictatorship against the workers was strengthened by a series of administrative and legislative measures, especially the Sedition Act and the Unemployment Act; while the workers' struggle was heavily weakened by the effects of the open treachery of the main Labor Party leaders and the passivity of the remainder.

Nevertheless, by the end of 1934, and still more by the beginning of 1935, it was clear that the role of the National Government was becoming exhausted.

First, the economic situation began to show new signs of worsening. The stimulus through tariffs and currency depreciation was losing its effect; the home market, in the words of the Minister of Trade, Runciman, was "saturated". The foreign trade situation in 1934, showed a large increase in the adverse balance by 27 million pounds, and a return to a net deficit in the balance of payments. The minor "boom" for profits and security prices, set in motion by the upward movement of 1933-34, was reaching an end in a series of speculation scandals (pepper, tin, etc.)

which reflected directly on the National Government. The pound began a new fall. The unemployment figures for January rose steeply by a quarter of a million to 2,325,000 or only 63,000 below January, 1934.

Second, the dissatisfaction of an increasing proportion of the bourgeoisie at the lack of positive policy of the Government grew marked. This reflected itself in the growing Conservative revolt against the MacDonald-Baldwin combination and demand for a pure Conservative Government. The most aggressive expression of this was the Right wing Conservative revolt, directed immediately on the issues of India and of armaments. This opposition nearly obtained a majority at the Bristol conference of the Conservative Party in October, 1934. It mustered 79 Conservative M.P.'s to vote against the Government over the India Bill in January, 1935. At the Wavertree by-election in February, 10,575 voted for the Right Conservative candidate, against 13,771 for the Government Conservative candidate, even at the cost of letting the Labor candidate in. The demand for reconstruction of the National Government was general in the governmental ranks, even though this demand covered many different tendencies.

Third, and most important, the wave of working-class struggle began to rise anew in 1934. This had shown itself already in the response to the National March and Congress in the beginning of the year, supported by a wide proportion of local labor bodies, despite official bans. It showed itself further in the active mass struggle against fascism, notably in the episodes of Olympia and Hyde Park on September 9, 1934. At the same time the workers began once again to stream to voting Labor. The local elections in November, 1934, revealed a powerful sweep to Labor, returning Labor majorities in many of the principal towns, including, for the first time, London.

The rising working-class struggle reached a new high point in the beginning of 1935, with the battle against the Unemployment Act and the enforced retreat of the Government. The newly appointed bureaucratic Unemployment Assistance Board, established under the Act, took over control on January 7, and proceeded to enforce new scales of relief which meant wholesale cuts for the unemployed. The response was an overwhelming mass movement of resistance, especially in South Wales, the North East Coast and Scotland. This mass struggle is directly led by the new united front leadership, represented by the Communist Party, the Independent Labor Party and the National Unemployed Workers' Movement. Within less than a month, on February 5, the Government was compelled to suspend the new scales. An attempt to delay this suspension for one week was immediately defeated by a further wave of struggle, centering round Sheffield, and the government was compelled to retreat again. By the day of this second retreat the confusion of the Government was such that the Prime Minister was compelled to answer in Parliament that he was vainly endeavoring to establish contact with his own Minister of Labor, in order to discover what was the line of the Government.

The effect of this retreat of the Government before the united front mass struggle, combined with the signs of the worsening economic situation and political uncertainty, produced a wave of demoralization and semi-panic in bourgeois and governmental circles. A survey of the governmental press during this period reveals a continuous exhortation against "panic". On February 11, the *Times* editorial, "Revision Without Panic", noted that:

"The impression of lack of cohesion, lack of decision and lack of calm is unfortunate."

It went on to insist that the consequences of the situation must be faced "without panic". On February 13, the *Times* editorial returned to the theme:

"The breakdown of the regulations suggests the need for fresh resolution rather than for panic. Nevertheless panic has raised its head."

On February 14, the *Times* editorial noted the effect of the situation:

"to fray people's nerves and to weaken confidence. Rumors were set going which in an exaggerated form were circulated very widely on the Continent."

On February 15, the *Times* editorial returned to the theme of

"recent signs of a decline of confidence in the continuation of industrial recovery and of British credit. . . . The fall in British Government securities and on the Stock Exchange reflects nervousness at home and abroad."

And on February 21, Baldwin spoke of "the curious state of hysteria and panic" which had developed:

"The 'curious state of hysteria and panic', as Mr. Baldwin called it on Thursday (February 21), which reached its height about a fortnight ago both in the City and at Westminster, seems for the time being at all events to have been allayed." (*Times*, Feb. 23, 1935.)

It is against this background of worsening of the situation from the standpoint of the bourgeoisie, weakening of the National Government and advance of the workers' united front of mass struggle, that the significance of the Lloyd George campaign must be judged.

The Lloyd George campaign so far falls into two sharply defined stages: the first, before the new phase of intensified mass struggle had developed; the second, after it.

The first announcement of the Lloyd George campaign took place in December, 1934. At that time the principal outward sign of the profound mass stirring against the National Government which was developing had shown itself in the overwhelming electoral sweep to Labor at the local elections in November, and the consequent prospect of a sweeping Labor victory at the future general election. Under these conditions Lloyd George addressed himself in the first place directly to the Labor Party. The first announcement of his campaign appeared, not in the general press, but in exclusive interviews to the *Daily Herald* and to the *News Chronicle*, that is, to the Labor and Liberal organs. The interview was prominently featured over the entire front page of the *Daily Herald* of December 15. He based his stand on the familiar "New Deal" type of analysis of the "breakdown" of the existing economic system (so also his speech in the House of Commons on December 13, "the whole machinery of wealth production and of wealth distribution has broken down"):

"There is something desperately wrong with a system which cannot adequately feed, clothe, house or even provide employ-

ment for a large proportion of its workers. And I'm going to spend the last years of my life in a big effort to alter it.

"The general election will show an immense upheaval in favor of a complete overhaul of our economic system."

He proclaimed that he had prepared a "Plan" in consultation with "a group of eminent economists, business men and financiers", to be "published early in the New Year". The only specific point mentioned was State control of the Bank of England:

"National control of the Bank of England as the key to economic recovery and reconstruction is a foremost point in my program. The Bank of England must become a real State Bank."

While the "Plan" remained vague, the appeal to the Labor Party for a future "Left Government" was direct:

"I am free and independent, tied to no party, but I am ready to cooperate with anybody to get something done. Labor will win a big victory at the next general election. Here is as much work as any Government of the Left can do in five years—why can't we get together to do it?"

The role of Lloyd George up to this point is simple and transparent. A sweeping Labor victory is in prospect at the future general election. Lloyd George comes forward on behalf of the bourgeoisie to offer to form a "Left" Bloc Government, or Liberal Labor Coalition, *i.e.*, to guide the prospective Labor majority in the interests of the bourgeoisie. This proposal at the outset receives a high degree of welcome from the official Labor leadership, who fear nothing more than the exposure of having to form a Labor Government on the basis of an absolute Labor majority. The *Daily Herald* editorial on December 15, noted that his demand for a "drastic overhauling and reconstruction of the economic organization of the country" was "all to the good":

"The main thing is that so far as can be seen, Mr. Lloyd George on one essential is in full accord with the Labor Party."

The leader of the Labor Party, Lansbury, in a speech at Mitcham on December 15, declared:

"If Mr. Lloyd George and his friends want to help re-plan, help us to reorganize British industry and get back the land and the mineral of the country into the hands of the whole nation, we shall welcome their help."

"Re-plan", "reorganize", "overhaul", "reconstruct" (plus land nationalization and statification of the Bank of England)—this is the typical Liberal line put forward, with which the Labor Party declares itself in full accord and ready to cooperate with Lloyd George on this basis.

But this initial flirtation of Lloyd George and the Labor Party was destined to receive a sharp shock. On the one hand, it aroused an immediate outcry from the membership of the Labor Party. On the other hand, the mass struggle developed to its new high stage in January, revealing that the Labor Party leadership was losing control, and that the new united front leadership, centering around the Communist Party, was directly leading the advancing mass struggle.

At once a sharp change in the situation took place. On the one side, the Labor Party leadership was compelled to adapt itself to the rising mass struggle, adopted more "Left" language against the National Government, and proceeded to issue declarations more or less repudiating Lloyd George. On the other side, Lloyd George, recognizing with extreme agility that the task of saving capitalism would now be likely to require sterner measures than a simple collaboration with the Labor Party, whose hold on the workers could no longer be relied on, and that the decisive future issue might become *the concentration of the bourgeoisie "national" front against the mass struggle*, proceeded immediately to change his tone and turned his emphasis on to the necessity of "strong", "energetic" government, in phrases which won especially the applause of the younger Conservatives.

The opening speech of his campaign, at Bangor on January 17, revealed this sharp change, and was in considerable contrast to the original announcement in December.

The Bangor speech advocated (1) "national unity for action"; (2) "a much stronger line" in foreign policy; (3) "ruthless" use of tariffs to extract economic advantages from other countries; (4) compulsory industrial reorganization; (5) agricultural development and re-settlement; (6) a public works program; (7) utilization of "the immense opportunities offered by our colonial empire"; (8) a "Prosperity Loan" to finance the program; (9) War Cabinet principle ("I would restore the principle of the old War-Cabinet"), or Cabinet of Five with full powers.

The proposed nationalization or statification of the Bank of England disappeared into a much modified form, that "steps should be taken to bring the Bank into closer touch with the business activities of the country. The directorate of the Bank must be chosen on this basis." An explicit warning was added against the nationalization of the joint-stock banks.

The proposal for a "Left" Bloc Government also disappeared and was replaced by advocacy of "a National Government". This was made explicit by the statement of his Birmingham speech on January 26:

"I will support a National Government as long as it grapples effectively with the national emergency."

In subsequent statements Lloyd George expressed his admiration, not only for the Roosevelt example, but also for the Hitler example, communicating an interview on these lines to the German press.

This line aroused the enthusiastic support of almost the entire bourgeoisie, and even sympathetic references of Government Ministers. Churchill, leader of the Right Conservatives, found the speech "virile and sober". Ramsay Muir, President of the National Liberal Federation, found it "a sound and bold lead". Sir Robert Horne, addressing a Glasgow Unionist meeting, declared that Lloyd George "had sensed what the nation wanted". Sir Herbert Samuel declared that all the Liberal leaders gave it a "cordial welcome". Sir Austen Chamberlain, representative of the older Conservative leaders, "welcomed the contribution" and paid tribute to Lloyd George's "indomitable courage and infinite resources". The *Daily Mail* and the *Daily Express* were loud in their praise. The *Times* wrote:

"He wants a reconstituted National Government to fight

the next General Election, and he wants greater driving force and cohesion imparted to policy. There can be no quarrel in principle with either of these ambitions."

The fascist *Blackshirt*, in a welcoming article ("Whither Lloyd George? Will He March in the Spirit of the Modern Age"), found in his program "the first steps on the road towards fascist conclusions".

From the side of the Government, despite a critical speech by the Chancellor of the Exchequer, Neville Chamberlain (who found the proposals "lacking either in novelty or precision" but promised that "they would be examined with an open mind by the Government"), moves were made for a reconstruction of the National Government to include Lloyd George. According to the governmental *Observer* (Feb. 3, 1935) "a numerical majority of Ministers are in favor of including Mr. Lloyd George if his adhesion can be obtained on tolerable terms". Some preliminary negotiations were attempted during February, but were reported to have broken down on the opposition of Lloyd George to MacDonald as Prime Minister and on the hostility between Lloyd George and Neville Chamberlain. On March 1, MacDonald directly approached Lloyd George by letter, requesting him to submit his proposals, which "will be considered immediately and carefully by the Cabinet"; Lloyd George replied that, after suitable revision, he would forward his proposals.

What, then, must be our judgement of the Lloyd George campaign and its significance, as it has so far developed?

The general situation underlying the campaign, is, as we have seen, characterized by (1) worsening of the economic situation; (2) bankruptcy and weakening of the National Government; (3) critical stage of the problems of foreign policy and of the menace of war; (4) rise of mass discontent and mass struggle, developing beyond the forms of the Labor Party; (5) general demand of the bourgeoisie for new and more active measures of policy. It is evident that high hopes are placed by the bourgeoisie on Lloyd George as the leader to give the new line needed at the present stage.

What can Lloyd George offer to meet this situation?

As we have already stated, his program still remains unpublished. From the summary indications in his speeches, especially the Bangor speech, it is possible to draw together the following basic characteristics:

First, on the political side, *intensification of the capitalist dictatorship on the war-model*—"the principle of the old War-Cabinet". This is combined with the appeal to "national unity", under cover of extreme social-demagogic propaganda about the "breakdown" of the old regime, war on "Mammon", the need for "action . . . vision . . . vigor", etc.

Second, on the economic side, advance to a "forward" policy and considerable public spending program ("a few hundreds of millions"), financed by loan, on public works, roads, canals, railways, electricity, water supply, etc., absorbing a proportion of the unemployed. The rate of wages is not indicated, but the slogan "substitute wages for doles" (speech at Pwllheli on January 20) suggests the same principles as with the similar policies of Roosevelt and Hitler, to establish a low basic rate for all unemployed workers, drawn on to this work, in place of trade-union rates. (Whether this policy does not imply an extension of inflation is left undiscussed, but the attack on the gold standard is prominent.)

Third, extension of the system of State-controlled capitalism through compulsory reorganization of the basic industries, a statutory National Development Board, increasing State control of investment and credit, etc., all on the basis of the existing monopoly capitalist ownership, but with increasing use of the State machine for the benefit of the trusts, for State financial guarantees, etc.

Fourth, agricultural development—to place one million unemployed industrial workers on the land and double the proportion of home-grown food supplies. The parallel here to the Roosevelt and Hitler policies is obvious, and the war significance is of especial importance.

Fifth, "ruthless" use of tariffs to extract trade concessions, and development of the colonial empire.

Sixth, in the sphere of foreign policy "A strong policy, which means a bold, firm and decisive lead by Great Britain."

It is evident that we have here an attempt to develop the policy of the National Government to more active and aggressive forms. While the old capitalist-reconstruction program of Lloyd George and of the *Liberal Yellow Book*, and also of the Labor official program, are in part incorporated, new characteristics are markedly visible (the emphasis on a war-dictatorship, on "ruthless" use of tariffs, on intensified exploitation of the colonial empire, on "national unity", on a "strong policy", etc.). These new characteristics reveal the strong influence of the Roosevelt and Hitler models. We have here a characteristic adaptation in modified forms, partly of the Roosevelt "New Deal", and partly of a "National-Socialist" type of program, to the present stage and requirements of British imperialism.

On a first survey, the closest analogy might appear to be the Rooseveltian "New Deal" as the largely avowed model. Nevertheless, there are important differences. The core of the propaganda and professed aim of the Roosevelt program in its first period was the insistence on the necessity of raising wages, of raising working-class standards, as the condition of the solution of the crisis. This conception is completely absent from the Lloyd George program.*

Indeed, the whole social aspect, the insistence on social-reform, the formal insistence on the rights of labor organizations, all the "liberal" aspects of the Roosevelt propaganda are almost entirely absent from the Lloyd George program (save for cursory references to housing, possible raising of the school age and lowering of the pension age). On the other hand, the openly aggressive "national" chauvinist imperialist tone is far more emphasized from the outset. In many respects the influence of the Hitler type of policies may be more strongly traced (especially in the proposals to deal with the unemployed by putting them, at low rates, on public works or enforcing settlement on the land).

In this connection, it is important to note the close admiration Lloyd

* The naivete of Lloyd George's conception and approach on this issue, and the absence of any theoretical basis, even of the type of the theorizings of the Rooseveltian Brain Trust, was strikingly illustrated in Lloyd George's answer to a questioner at one of his meetings, who asked whether the glut of commodities could be absorbed within the existing wage-system. He replied (*Times*, Jan. 21, 1935):

"If you had a system by which everyone was put to work, and all those who were at work had a fair remuneration for their services, in wages or profits, the question of distribution would be more or less solved."

The illiterate simplicity of this "economic theory" is worthy of Hitler.

George has repeatedly expressed for the Hitler regime, of which he has consistently constituted himself the defender. This has been particularly noticeable when currents of public opinion in England have turned against Hitler-Germany. Thus, in the House of Commons debate on November 28, on German re-armament, when Churchill, Austin Chamberlain and others were delivering speeches attacking the growth of militarism in Germany as a menace to British interests, and even professing qualified approval of the Soviet Union as a bulwark of peace, Lloyd George, with a sharp eye to the basic British policy, went out of his way to counter this trend and declare:

"In a very short time, perhaps in a year or two, the Conservative elements in this country will be looking to Germany as the bulwark against Communism in Europe. She is planted right in the center of Europe, and if her defense breaks down against the Communists—only two or three years ago a very distinguished German statesman said to me: 'I am not afraid of Nazism, but Communism'—if Germany is seized by the Communists, Europe will follow; because the Germans could make a better job of it than any other country. Do not let us be in a hurry to condemn Germany. We shall be welcoming Germany as our friend."

This is the clearest recognition of class solidarity with fascism yet made by any leading British statesman. It is of key importance, not only for clearing up the international policy of Lloyd George, but for his basic inner policy, however it is masked by "liberal" phrases.

No less worth noting in this connection is the open support of official British fascism for the Lloyd George campaign. Their general policy of denunciation of all "old gang" political leaders here receives a notable exception. The *Blackshirt* writes (Dec. 18, 1934):

"We must remember that Mr. Lloyd George has never expressed anything but admiration for our Leader, and has never condemned the growing Fascist movement among the youth of the nation. Indeed, after Olympia, when we were faced with an almost united front of abuse and misrepresentation, it was the veteran Lloyd George who wrote a statesmanlike article of encouragement. . . .

"In return let us assure him that the patriotic youth of Britain regard him with at least very different feelings to those they entertain for the elder members of the present government. They have not forgotten his services in the war, and await with interest his contribution to the common task of national reconstruction, which can only be carried through by a return to the wartime spirit of courageous effort under disciplined leadership."

In the same article the program is analyzed as representing "the first steps on the road to fascist conclusions".

These subsidiary signs, not only of the analogy in political content between the Lloyd George program and the aims of fascism, but also of the conscious positive relationship of Lloyd George to fascism and of fascism to Lloyd George, are important signposts of the deeper significance of the Lloyd George program and campaign.

The more closely the Lloyd George program and campaign is examined, the more clearly its flimsy "progressive" "Left" covering disappears and its essential character and purpose stands revealed as the expression of the next stage of fascistization and war preparation in Britain.

At the same time, in view of the extreme unpopularity of the National Government and the rising mass discontent, the attempt will be made to realize this program in the first stage, either through a "Left" form, in cooperation with the Labor Party, or, if the strong hostility of the Labor rank and file makes this impossible, then through some kind of "Center" combination (the old aim of Lloyd George since the Coalition days of after the war) of a "broad progressive national front" replacing the old party forms. And if the emergency becomes strong enough, *e.g.*, direct development of open war-menace, the attempt will be made once again to draw in the Labor Party.

Will the British bourgeoisie adopt the policy proposed by Lloyd George?

Certain sections of the bourgeoisie are still hesitant, as witness the opposition of Neville Chamberlain on behalf of the Treasury and Montagu Norman. These fear to shake British credit by any large-scale spending policy on the Roosevelt-Hitler style. But as the economic situation begins to worsen, and the existing policy promises no solution of the difficulties, this opposition weakens, and the drive to a more adventurous policy becomes more and more dominant. The growing sharpness of class issues plays also into the hands of the Lloyd George line.

If the economic situation continues to worsen, if the war-menace draws closer, and if the united mass struggle extends,—and all these are characteristic of the present situation in Britain—then it is probable that the British bourgeoisie will turn to the type of program put forward by Lloyd George for salvation, and this program will represent the next stage in the advance to fascism and to war. Hence—the decisive warning for the workers stands out sharply: More than ever united working class front against the new capitalist attack preparing, of which Lloyd George, the most dangerous class enemy of the proletariat, stands out once again as the leader and driving force.