

PHILIP SNOWDEN
THE MAN
AND HIS FINANCIAL POLICY

A. ANDRÉADÈS

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BY

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TRANSLATED FROM THE FRENCH

BY

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AUTHOR'S PREFACE

THE author of this book, being a foreigner, is not qualified to take a part in British politics and, having never participated in the political feuds of his own country, he felt no temptation to do so. He is not a Socialist, but belonging to the historical school he does not close his eyes to the Socialist point of view. Indeed he has found no difficulty in judging Mr. Snowden's financial policy as objectively as he appreciated only a few months ago the activities of two Greek financiers of the fourth century B.C. : Antimenes of Rhodes and Cleomenes of Naucratis.¹

But while the author feels it is not necessary for him to enlarge on the fact that his book is an unbiased one, he does not consider it unnecessary to explain its evident deficiencies. The British reader is begged to consider :

Firstly, that this essay was written in French and mainly for the French public. The books to which reference was made for supplementary information had in consequence to be as far as possible books published in France. Many things

¹ Professor Andréadès' essay on these two agents of Alexander the Great appeared in the last issue of the *Bulletin de Correspondance Hellénique*, the well-known French archæological magazine.

had also to be explained which can but appear obvious to men more conversant with British finances or politics in general.

Secondly, the manuscript was sent to the press early in June 1930, and consequently the only events referred to are such as took place prior to this date.

Thirdly, this book was entirely written in Athens. And though the Athenian libraries are no poorer in English publications than most of the libraries of South-Eastern Europe, they cannot offer the facilities which are to be found in England or in some of the greater Continental capitals. The author has spared no pains to collect the material that could be found in his own country. He fully realises, however, the great shortcomings of his work and begs to apologise for them.

The necessity in which he finds himself to crave the indulgence of the British reader is even his main reason for writing a preface: one of these distasteful soliloquies in which the writer speaks mainly about himself.

The author welcomes this opportunity to thank Miss Bolton for having translated his little book with so remarkable a celerity and elegance of style.

A. ANDRÉADÈS.

July 1930.

FOREWORD

AMONG the men of to-day there are few who have a more striking personality than Mr. Philip Snowden. He is, moreover, one of the few post-war finance ministers entitled to be called a great financier. He is, therefore, doubly deserving of a somewhat penetrating study, and this would seem to be especially called for since, in spite of the way his name was bandied about during the Hague Conference, foreigners are, on the whole, extremely ill-informed about him and lack even the rudimentary knowledge which might enable them to form some opinion.¹

¹ "In England there is no need to die to fall into the hands of a biographer. As soon as anyone becomes at all prominent in politics, art or commerce, he is sure to find his Plutarch. At the age of thirty Mr. Winston Churchill already had his biography, 348 pages long."

These remarks, made by a witty Italian journalist, Mario Borsa (*Il teatro inglese contemporaneo*, Milan, 1906, p. 61), do not apply unfortunately to Mr. Snowden. In Athens, at any rate, I was able to obtain only one article on him, by M. Augustin Leger, an excellent one, by the way (*Revue de France*, December 1, 1929), and an "impartial portrait," which also appeared at the end of last autumn, by C. E. Bechhofer Roberts, a distinguished and versatile writer, who signs himself "Ephesian." I have had constant recourse to this last work, but the assistance I derived from it would have been considerably greater had it not been for its entire lack of references; it fails often to supply even the dates of speeches from which extracts are given.

In the following pages, which have a purely objective and documentary character, special attention is paid to his financial policy, but an attempt is also made to give a fairly detailed sketch of the man and his political career.

Athens, May 1930.

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APPENDIX A

EXPENDITURE ON SOCIAL SERVICES

THE term "Expenditure on Social Services" is an elastic one. In England, it includes expenditure on education; and rightly so, for it is in accordance with the idea of social solidarity; moreover, in the United Kingdom scholars are given books and sometimes midday meals and even clothes.

Lloyd George in his 1913 Budget speech pointed out that since 1851 expenditure on Social Services had risen from 4 to 74 millions, while the Budget total had risen only from 70 to 195. And further, the change was largely due to nine important laws¹ passed since the return of his Party to power. The operation of these laws, the War and the great post-war Unemployment crisis accelerated its progress. In 1925-6 it was calculated that this item necessitated a sum of 351·3 millions, of which 89·4 only were derived from individual contributions, the other 261·9 millions being a charge on local finance (85·5), and particularly on the State.

The following table will make the position clearer.

	<i>£ million.</i>
Unemployment Insurance.	49·9 (of which 13·5 was paid by the State. ²)
Health Insurance.	36·5 (of which 7·1 was paid by the State).
Old-Age Pensions.	27·9
Education.	92·6 (of which 37·8 was charged to the Treasury, 47·5 to local finance). ³
Housing.	20·1 (of which 8·7 was a charge on the State).
Various other Expenditures on Social Services. ⁴	16·6
Pensions—including those of disabled ex-soldiers.	63·9

¹ The chief among them were those dealing with Old-Age Pensions, Housing, Insurance, Grants to School-children, etc.

² The rest by individual contributions.

³ 7·7 was paid by those benefiting from it.

⁴ Payments to widows and orphans, medical assistance, maternity benefits, asylums, etc.

These figures are taken from the *Traité de Science des Finance*, by Gerloff and Meisel, but, as has already been shown, since 1926 the Conservative Party has considerably increased them. Mr. Geoffrey Drage has just collected into one volume¹ the numerous articles he has published on this question. Tables are to be found at the end of his book, which may be summarised as follows: ²

Expenditure on Social Services.

Years.	England.	Scotland.
1891	£20,125,331	2,519,003
1901	£31,707,259	4,303,662
1911	£55,260,872	7,896,679
1921	£271,426,157	35,315,613
1928	£322,689,403	43,264,106

The total amount of this expenditure amounted in 1928 to £365,953,509. It was distributed as follows:

	England.	Scotland.
Unemployment Insurance	38,256,114	£4,528,685
Health Insurance	33,739,000	3,857,000
Payments to Widows and Orphans	10,590,000	1,357,000
Old-Age Pensions	29,884,467	3,822,333
War Pensions	51,168,217	5,769,929
Education	81,625,077	12,816,964
Special Schools (Industrial, etc.)	583,468	171,415
Hospitals, etc.	6,839,000	1,323,000
Maternity and Child Welfare	2,063,000	276,500
Housing	23,157,000	3,554,000
Public Health	40,989,000	4,491,000
Unemployment Grants	41,060	15,100
Lunacy and Mental Deficiency	3,754,000	1,281,000
	£322,689,403	£43,264,106

This is how this expenditure was met:

	England.	Scotland.
1. Local Taxation Accounts	77,292,146	£12,124,537
2. State Subsidies	156,048,526	21,041,593
3. Individuals' contributions and other sources	100,425,304	12,065,026
	£333,765,976	£45,231,256

¹ Entitled *Public Assistance* (published by John Murray).

² These tables are printed in Parliamentary Papers, H.C. 101 of 1929. 3d.

Since 1928, with the exception of war pensions, of course, expenditure on all these services has steadily increased,¹ for the scope of the Social Laws is being continually widened.

The last Budget anticipated an automatic increase in several of the afore-mentioned items,² plus 19 millions of additional expenditure, of which 14 go to Unemployment relief and 5 to Widows' Pensions.³

Sir E. Hilton Young estimates that the total increase (automatic or otherwise) will amount to 27 millions.⁴

Mr. Snowden has given clearly to understand that it will not go beyond this figure. Be that as it may, if indeed a Socialist Government moves more slowly in this direction than the Conservatives have done, the world is topsy-turvy. At all events, the MacDonald Cabinet will have its work cut out to withstand the pressure that its supporters will bring to bear on it. During the I.L.P. Conference⁵ a demand was put forward that workers should have a pension at sixty years of age; that Unemployment doles and Widows' Pensions should be increased, and that the individual concerned should be relieved from all contribution. If this last reform is ever realised it will mean an extra charge of 100 million pounds sterling on national and local finance.

Even if things remain as they are, expenditure on Social Services will not absorb less than 400 millions; more than double the total figure of the 1913 Budget.

The moral and economic results of this legislation have been too often pointed out⁶ for it to be necessary

¹ One of them, payments to widows and orphans, has been more than doubled; in 1929 it amounted to £21,218,000 for England and £2,606,000 for Scotland.

² Old-Age Pensions £1,000,000; Education Grants £2,500,000; Housing and Health Insurance £1,368,000.

³ The law relating to this has just been altered.

⁴ In an article in the *Nineteenth Century*, May 1930.

⁵ Held during the fourth week in April 1930.

⁶ See the letters of M. P. Villars, for many years London correspondent of the *Journal des Débats*.

to go into them here. At the present moment, several hundred thousand unemployed are living at the State's expense. Further, the great majority of the population¹ is deriving enormous benefits from taxes paid by a minority of the taxpayers. That this system is likely to demoralise the working classes, discourage emigration, once the strength of the British Empire, and finally perpetuate unemployment is difficult to deny.² The multiplicity of its laws, moreover, opens the door to fraud; this has often been proved in the Courts; people astute enough to take advantage of the numerous Acts of Parliament have managed to draw from £5 to £7 a week, an income to be envied by many in a higher walk of life, which enables them to live in pleasant idleness.

What makes the situation still more serious is that the evil has its roots in the distant past. The English have always administered their war finances admirably, and they have shown that, in our own day, they have not deteriorated in this respect. On the other hand, they have, on several occasions, been led into spending huge sums on Poor Relief.³ The Poor Law, which goes back

¹ At first sight 39 million persons, viz. nine-tenths of the population, benefit from the Social Laws. These figures do not take duplications into account; so the proportion should be reduced to 60-70 per cent., which is none the less very high (Drage, p. 193).

² The Unemployment Crisis has grown a little less acute since June 24, 1921, when it reached its highest figure (2,177,899). But its character is the more serious in that it has become chronic. The number of unemployed has never been as low as a million. During the year 1929 it varied between 1,165,000 and 1,434,000; in the first quarter of 1930, between 1,534,000 and 1,731,000. The total number of men and women insured against unemployment being 12,100,000, the proportion of unemployed is well over 10 per cent. of the working population. Cf. the *Statist* of April 19, 1930.

³ Many books have been written on the history of the English Poor Law; a good résumé of it is to be found in Briggs' *Economic History of England* (London, 1914). For legislative changes since the War see two articles by Prof. H. Finer, "Le Gouvernement Local en Angleterre" and "Les Réformes du 1925-1926" (*Revue des Sciences Politiques*, October-December 1929 and

to Tudor times, has, since the reign of Elizabeth, given rise to many abuses. That thriftlessness which so clearly distinguishes the English lower classes from their brethren on the Continent has often been put down to it. However, in 1782, as if it were not enough to maintain workhouses¹ everywhere, the system of outdoor relief was inaugurated. This had consequences which, comparatively speaking, did not differ greatly from those of the present Social Laws. About 1830 the balancing of the Budget was endangered. The Report of the famous Poor Law Commission (1834) saved the situation.

So the history of English finance shows the extent of the danger which threatens British political economy, but it also gives grounds for hope that drastic action is not outside the bounds of possibility.²

January-March 1930). This excellent study will help to a better understanding of the reforms in local taxation, which were mentioned during the statement of the 1930 Budget.

¹ The term "workhouse" is misleading, for the poor in these institutions were, as a matter of fact, under no obligation to work.

² Charles Bastide's *L'Angleterre Nouvelle* (Paris, Alcan, 1929) fills out the subject treated in this appendix, as also those in earlier chapters.

APPENDIX B

MR. SNOWDEN—DRINK AND RACING

THE important part which the Campaign against Drink has played in Snowden's life has been mentioned several times in the course of this study. One of my friends, always inclined to give a materialistic interpretation to history, pointed out to me that the hatred of drink, common to Socialists, may be put down to political reasons. Alcohol is the morphia of the poor: it offers an illusory consolation to them in their sufferings, and, by degrading them, deprives them of the will power to pull themselves together and make new efforts. The reason why the Russian peasant remained so long a meek subject of the Czar was not due so much to the rewards promised to him in the next world by the Church as to vodka; ¹ by forbidding its sale, the Emperor Nicolas gave the final blow to autocracy. Does not Mr. Snowden himself complain that drink reconciles the worker to a life deplorable from the hygienic and material point of view? ²

For my part, without altogether setting aside political considerations, I feel that they count for very little in this case. To my mind, the origin of Snowden's hatred for drink lies in his deep interest in the class from which he springs and in his Puritanism. Anyone at all

¹ A similar thing was said about the England of the first part of the nineteenth century. Speaking of a cruel yet amusing novel about English strolling players, Augustin Filon said: "Courage is derived partly from the bottle and partly from religion; those were the two consolations between which the English of those days oscillated" (*Le Théâtre anglais*, Paris, 1895, p. 11).

² Cf. "Ephesian," *passim*.

well acquainted with English working-class conditions knows of the terrible misery caused by drink right up to the end of the nineteenth century. Swallowing up a large part of their wages, it made thrift impossible, poverty chronic and old age hideous. It was a source of constant tragedies, including the accidental deaths of infants suffocated in the night by parents coming home to bed in a state of intoxication; and it exposed childhood to all the temptations and corruptions of the streets. The very future of the race was endangered by the birth of degenerate children and by the bringing into the world of families too large for their parents to support.¹

Such a state of things must have been extremely painful to anyone coming into close contact with it. Faced with it, no Nonconformist could sit with folded arms. Puritanism, with its belief in the power of the spoken word, lent him eloquence. Its ascetic character roused in him violent indignation against those accounted responsible for the evil, and especially against the well-to-do classes accused of having set the bad example.²

Similar considerations brought Mr. Snowden and his friends up against another curse of the English working classes: racing. This seemed to him such a diabolical institution that he would not have the Government recognise it even indirectly by a tax on betting.³ Mr. Winston Churchill had no such scruples. In 1925 he laid a tax of 2-3½ per cent. on betting, and required that bookmakers should pay £10 a year for a

¹ On all these points see A. Andréadès, *La Population de l'Angleterre avant et après la Guerre* (Vol. I of the *Bibliothèque du Matron*).

² Until about 1850 the aristocracy deserved this accusation; witness the expression *Drunh as a Lord*.

³ When, after the 1922 election, there was a talk of introducing a measure of this kind, so general on the Continent, he exclaimed: "Has this great country then sunk so low, are the resources from which it draws moral and legitimate taxation so exhausted, that the Chancellor of the Exchequer should think of patronising, legalising and making respectable what is, perhaps, after drink the greatest curse of this country?"

licence. The first of these taxes proving unfruitful was short-lived. But the tax on bookmakers survived and yielded £200,000 a year. In spite of present difficulties, Mr. Snowden preferred to do without it, rather than sacrifice a principle.¹

The measures which Snowden advocated against drink have varied with time. While he was still in the Civil Service—for even then he took part in the Temperance Movement—a strict application of existing laws and the organisation of counter-attractions to keep the workers away from the public-houses seemed to him all that could be asked for at the moment. Once in Politics, he demanded the municipalisation of public-houses, a reform which would make it no longer to the retailer's interest to encourage drinking, and which would facilitate the reduction of hours during which drink could be sold. After the War, going still further, he advocated, in addition to secondary measures, that local authorities should have the right to forbid entirely the sale of drink in their districts and that all licensed premises should be closed on Sundays.

This development is very characteristic of his methods. At bottom he has never changed; he has never drunk alcohol and has always desired to see its use prohibited. But he felt that this prohibition preached by the Temperance Societies was incapable of realisation as being too much opposed to English customs. And since, as he said, there was no high-road to abstinence, it would have to be arrived at by roundabout ways. As the number of teetotallers increased, and the Conservatives themselves took steps to buy out licences (cf. Balfour Act of 1904),² he felt he could lift up his voice. The introduction of Prohibition in the United States encourages him to hope for local optional prohibition. In the meantime, just as in 1891 he demanded rival

¹ Cf. further back the summary of the 1930 Budget.

² Between 1905 and 1928, 16,124 licences were bought out; 6793 which expired were not renewed.

attractions to the public-houses, so in 1924 he favoured, in a practical manner, by means of fiscal reductions, non-alcoholic drinks, such as mineral waters, tea and coffee, capable of taking the place of beer or wine.¹

It is to be wondered why he has not done more, why he has not increased the duty on spirits or that on beer. (It will be remembered that his last Budget taxed brewers but not consumers.) The question forces itself on our attention all the more since he has always regarded taxation as an instrument of fiscal reform, and as far as beer is concerned, he did, during the 1923 Budget debate, prove that the high duties on this drink had reduced the amount of drunkenness and disease resulting from it.²

The explanation as to beer is doubtless that it is an article of general consumption³ possessing nutritive qualities which in the eyes of many people entitle it to more favourable consideration than tea or coffee, which are accused of being bad for the nerves of women and children.⁴

As to spirits, he has no doubt taken into account the very heavy duties laid on during the War, which, still in force, have so much restricted consumption that a considerable decrease in revenue from them is expected by the Customs and Excise for 1930.⁵

It must also be borne in mind that under the combined effect of taxation and propaganda, drinking has declined during the last quarter of a century to an extent

¹ It must have been some satisfaction for him to read in the *Brewers' Journal* of December 1929 a pathetic appeal to brewers to unite in a campaign to advertise the virtues of beer.

² On these grounds he opposed, at the time, the reduction proposed by Mr. Baldwin and maintained that the Government's solicitude should be directed towards sugar.

³ In 1923 he had upheld the contrary, seeing that more than 7,000,000 persons had pledged themselves in writing not to take alcohol in any form whatever.

⁴ This argument has often been put forward by the Conservatives and, of course, by the brewers too.

⁵ Cf. my analysis of the Budget.

undreamed of abroad.¹ The following figures clearly demonstrate this :²

	Jan. 1, 1905.	Jan. 1, 1925.
Licensed Premises	99,478	78,333—21·3%
Breweries	5,001	1,453—81%
Proportion of licences to population	} 1 for 342 persons.	1 for 505 persons.

Between 1913 and 1928 the consumption of beer dropped by 42·3 per cent., that of spirits by 57·6 per cent., and convictions for drunkenness by 70·5 per cent. (55,642 as against 188,877).

¹ Soon, as a humorist has said, there will be as many teetotallers as drunkards in Great Britain.

² Cf. the volume entitled *Licensing Statistics for 1928* (London, 1929).

CONCLUSION

ENGLISH people with whom one discusses Mr. Snowden readily make predictions as to his future. Some of them prophesy a Labour Government with an absolute majority, which, dependent not as at the moment on the good-will of the Liberals and Conservatives, but on its own extreme Left Wing, already known at Westminster as the "Mountain," will be driven to extreme measures, as were the Liberals in 1885 and 1910, unable to remain in power without the support of the Irish Nationalists and the Labour Party. In the event of such an occurrence, Mr. Snowden, if he wishes to remain in office, will find his authority considerably weakened. Others maintain that for some time yet Labour Cabinets will be only short-lived, and that, as in 1924, voters, quickly disillusioned, will return the Conservatives again with a large majority. Others, again, foresee the possibility of a coalition between the greater part of the Liberal Party and the moderate Labour element (to-day the most important), and the formation of a Radical-Socialist Cabinet (in the literal sense of the word) in which Mr. Snowden will be the dominating figure.

Forecasts of this kind are more in place in a

political article than in an essay such as this.¹ Anyway, the economist can find enough material for positive studies in Mr. Snowden's sixty-six years of life without indulging in guess-work as to the future.

His career affords great interest, for, as we have seen, his political life is inextricably bound up with the development, the distinctive character of which is so little understood abroad, of British Socialism and British post-war finance. Moreover, a study of his career enables us to examine closely the financial policy of the two first Labour Cabinets, and to understand the reasons for the character it has taken.

Apart from this, his strong and original personality makes a singularly powerful appeal. It is surprising that a study of Mr. Snowden and his financial policy has not already been undertaken, and it is a pity that the subject has not tempted any British financial expert. I myself could have done it better justice had I been able, when writing, to have had access to the records and documents to be found in the large libraries of Western Europe. Unfortunately I was obliged to be in Athens.

As it is, I must crave indulgence for the incompleteness of this study. Notwithstanding its gaps and its shortcomings, it is, at any rate, a conscientious and purely objective work. In the absence of any guide—for, as I said at the beginning, the only biography of Mr. Snowden² is little concerned with

¹ As a matter of fact, it will all depend on the attitude of the five million who gave their votes to the Liberals last year, and on what the future has in store for Mr. Lloyd George.

² That by "Ephesian," to which I am once more glad to pay a tribute.

Political Economy and gives no references—I set to work to look through Parliamentary Proceedings, magazines and newspapers for first-hand information. Not being a Socialist myself, I have done my best to put my own theories on one side to try to understand the motives and ideas of others. I have made not the slightest attempt to interpret events so as to bear out the arguments of any School. On the contrary, I have made as full a statement as possible of the facts so that everyone shall be at liberty to form his own opinion (possibly at variance with my own), and especially so that the foreigner shall be able to obtain some idea of the situation and its bearings. The science of Finance rests on facts and figures and not on speculations and preconceived ideas.

I have not tried, I must admit, to provide entertainment for the reader. Romantic biographies are the fashion of the day. Well, Mr. Snowden's life related in the driest manner possible is a real romance. Its various phases provide incident enough. It has colour and variety enough to satisfy the most enthusiastic reader of fiction. It even contains an inspiring moral, just as those books written formerly for the young used to do. A consideration of the qualities which have enabled Mr. Snowden to overcome the difficulties which fate and his own character piled up in his path leaves one with a feeling of encouragement. One realises that even in a society like our own, a working man's son, stricken with ill-health from his early years, can, without leaving the straight and narrow path,

and without the aid of revolutions or other social upheavals, rise to the top of the tree and remain there if, in addition to a certain requisite ability, he has the necessary capacity for work, a practical mind and honesty of purpose.

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1640 to 1903

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