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CHAPTER 4

THE BRITISH CENTRAL GOVERNMENT, 1890-1950

DURING the sixty years from 1890 to 1950, the number of persons in the employ of the British central government multiplied about fivefold. Some 1.4 million people were added to the armed forces and civilian staffs. The portion of the country's total labor force absorbed by the central government rose from 2.4 per cent to 7.7 per cent (Table 1 and Table 4, Part C).¹ These figures reflect only the operations of the ordinary departments of government. The impact of the newly nationalized industries is described in Chapter 6.

This great rise did not occur in an uninterrupted way. Instead, the changing pressures of international and domestic problems and politics accelerated or retarded the pace of development for many years at a time. Three quite different periods are roughly definable. In the first, from 1890 to 1914, there was fairly steady response to forces already well established in the nineteenth century. Total central government employment doubled; that of civilians roughly tripled. During the second period, from 1914 to about 1933, an explosive expansion of the structure of the state occurred during World War I and was followed by contraction. Total employment at the end of the twenty-year period was no higher than at the beginning, but the number of civilian workers was somewhat greater and the size of the armed forces somewhat smaller. The third period, roughly from 1933 to the present, included the recovery from depression, the preparation for World War II, the great efflorescence of state power in the course of the war, and its redirection—with only some reduction—in the period since the war.

FROM 1890 TO 1914

Compared with the storms of later decades, the years from 1890 to World War I were quiet. The British economy, though not booming, was prosperous. Average real wage rates rose

¹ The absolute increase from 1891 to 1951, as shown by the adjusted Census data in Table 2, was 1,578,000 persons; the share of the labor force in 1951 was 8.5 per cent.

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TABLE 2
Central Government Full-Time and Part-Time Employment
as Shown by Census Data, 1891-1951

	1891	1901	1911	1921	1931	1951 ^c
				Thousands of Persons		
Armed forces ^a	249.0	422.7	342.8	475.2	359.7	826.7
Non-industrial civilian employees	90.8	130.0	229.9	410.7	372.1	783.0
Post Office, total	n.a.	n.a.	142.0	211.1	228.5	330.3
Other	n.a.	n.a.	87.9	199.6	143.6	452.7
Industrial workers	20.0 ^b	30.0 ^b	41.5	97.6	68.5	328.2
Total	359.8	582.7	614.2	983.5	800.3	1,937.9
			Per Cent of Total			
Armed forces ^a	69.2	72.5	55.8	48.3	44.9	42.7
Non-industrial civilian employees	25.2	22.3	37.4	41.8	46.5	40.4
Post Office, total	n.a.	n.a.	23.1	21.5	28.6	17.0
Other	n.a.	n.a.	14.3	20.3	17.9	23.4
Industrial workers	5.6 ^b	5.1 ^b	6.8	9.9	8.6	16.9
Total	100.0	100.0	100.0	100.0	100.0	100.0
Total as percentage of working population	2.4	3.5	3.3	5.0	3.8	8.5

^a Includes armed forces abroad.

^b Estimate; not available in Census.

^c See "Sources and Notes to Tables and Charts" for sources of 1951 data.

generally during the 1890's and then, with many differences among trades, and with some fluctuations, remained about on a level from 1900 to 1913. Unemployment rates were generally low.² Agriculture, after ruinous years in the 1880's and early 1890's when the impact of foreign competition was severe, enjoyed a period of mild recovery.

In international affairs it was a time of colonial rivalries and of diplomatic maneuvers climaxed by the Great War, the outbreak of which we use as the terminal date of the period. For Britain it included both the minor, but serious, conflict with the Boers and the pressure of German naval rivalry. Many influences, therefore, combined to force a strengthening of the armed forces.

In domestic politics, the Irish question, which caused the Liberal split in 1886, was very much to the fore. Although, as already noted, this split helped keep the Conservatives—with dissident Liberal support—in power until 1905, there was an interlude of Liberal government from 1892 to 1895. Moreover, the dissidents who joined the Tories over Home Rule were not only conservative Whigs but also Radical Unionists, led by Joseph Chamberlain. Still more, the political constitution of the country was changing in a manner which favored economic and social reform. A mass electorate had been created, labor unions made rapid progress in the 1890's, and Labour representation and Labour political activity both increased. Socialist propaganda and organization became more widespread and Socialist theory more widely accepted.

In these conditions the numbers employed by the central government approximately doubled, rising from about 360,000, as indicated by the Census data of Table 2, to about 720,000, as shown by the not quite comparable departmental figures of Table 4, Part A. As a share of the labor force, the increase was from 2.4 per cent to 3.8 per cent.

The details of the change are, unfortunately, obscure in certain respects. The Census categories are very broad and therefore unrevealing. The government itself had not yet compiled consolidated statements of the total numbers on its payrolls arranged by function or department. However, data for established civil servants³ in certain years, which we have arranged in Table 3,

² J. H. Clapham, *An Economic History of Modern Britain*, London, Cambridge University Press, 1938, Vol. III, pp. 464-471.

³ An established civil servant is one who is admitted to the permanent

help piece out the picture. With these data and collateral information, a number of developments of wide significance may be discerned.

The outstanding fact is that the bulk of the increase in governmental employment is accounted for by defense activities and by the Post Office. The armed forces increased from about 250,000 in 1891 to 395,000 on the eve of World War I.⁴ It was, moreover, an era of modernization and expansion in the equipment and organization of the Army and Navy. The Navy's main battle fleets were rebuilt three times in response to revolutionary advances in guns, armor, and means of propulsion—once in the late 1880's and early 1890's (Lord George Hamilton's program), again in the 1890's (Lord Spencer's program), and still again after 1905, when the Fisher-Cawdor program gave Britain its fleet of dreadnoughts and super-dreadnoughts. All this effort was hastened under the spur of German naval rivalry.⁵

The Army's long-standing deficiencies in organization and equipment were at last taken in hand as a result of its scandalously poor showing in the Boer War. By the Haldane reforms of 1906-1909, it was expanded, reorganized at the top and in the field, and provided with more modern arms and a more adequate outfit of transport, medical, and other auxiliary equipment.⁶

The net result was a very large expansion in the defense ministries and in the number of industrial workers employed in government dockyards and arsenals. Our estimate is that this accounted for an increase of some 50,000 or 60,000 workers (cf. Table 2, 1891, and Table 4, Part A, 1914).

Another large part of the increase occurred in the Post Office. The annual reports of the Postmaster General show an increase

civil service with a certificate from the Civil Service Commissioners and who otherwise holds a position entitling him eventually to a superannuation allowance. (Cf. *Introductory Memoranda Relating to the Civil Service*, submitted by the Treasury to the Royal Commission on the Civil Service, Appendix I to Part I of Minutes of Evidence, 1930, p. 1.) Unestablished personnel are of particular importance among Post Office workers and industrial staff.

⁴ This compares a Census figure in 1891 with one derived from departmental reports in 1914. The strength as compiled from departmental sources was 276,000 in 1891.

⁵ R. C. K. Ensor, *England, 1870-1914*, Oxford, 1936, pp. 177, 286-289, and 363-365.

⁶ *Ibid.*, pp. 292-293, 395-396, and 525.

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TABLE 3

Central Government Employment,
Established Civil Service Only,
1902, 1911, 1914

<i>Departmental Groups</i>	<i>Mar. 31, 1902</i>	<i>Mar. 31, 1911</i>	<i>Mar. 31, 1914</i>
Defense and supply	9,908	10,637	12,363
Admiralty	8,869	9,248	10,948
War Office	1,039	1,389	1,415
Post Office	77,035	99,355	123,668
Revenue departments	9,265	10,682	11,955
Inland Revenue	5,388	2,669	3,259
Customs and Excise	3,877	8,013	8,696
Social services	2,173	2,821	5,331
Education	1,614	2,093	2,200
Local Government Board	463	623	708
Insurance	0	0	2,249
Friendly Societies Register and others	96	105	174
Trade, industry, and transport	1,320	1,967	3,167
Board of Agriculture and Fisheries	181	349	634
Office of Woods and Forests	46	53	63
Board of Trade	1,093	1,565	2,470
Agency services	800	1,639	1,924
Ordnance survey	205	887	926
Mint	188	199	220
Stationery Office	87	134	191
Public works	320	419	587
Home and legal departments	5,147	5,907	6,271
Central Government and Finance	470	485	515
Home Office and legal departments	1,474	1,732	2,058
Prison Commission	3,203	3,690	3,698
Foreign and imperial services	240	285	303
Colonial Office	113	138	145
Foreign Office	127	147	158
Total	105,888	133,293	164,982

Note: The staffs of specifically named Irish departments have been eliminated. But certain departments, notably the Post Office and Revenue Departments, include Irish workers who could not be excluded.

in staff of 122,000—from 106,000 to 228,000 workers.⁷ The expansion reflects an enormous increase in the volume of ordinary

⁷ These figures include established and other employees of the Post Office, some of whom were part-time workers. They exclude employees in Ireland and overseas.

postal business and an expansion in postal savings and in telegraph activity. In this period, too, the Post Office's participation in the growing telephone business gradually increased until, in 1912, it absorbed the entire national system.

Other departments of the central government also grew rapidly—not the revenue departments, which were almost as large in 1851 as in 1914, but the departments in charge of regulating and guiding industry and trade, administering the new social services, and controlling the growing body of local officials and functions in the fields of health and education. The Board of Agriculture was strengthened as an information agency and given new administrative powers in connection with a law which radically changed the relation of landlord and tenant. The Board of Trade's powers over railroads were increased. The Home Office and the Local Government Board were enlarged to deal with the host of local officials required under the new local government acts of the late 1880's and early 1890's. Factory legislation went forward. The Board of Education was established in 1899, though it began to function fully only in 1902, when it also received enlarged powers and responsibilities under the Education Act of that year. Finally, toward the end of the period the famous acts of early twentieth century Liberalism were passed. An Act of 1908 established old age pensions. The Labour Exchanges Act of 1909 set up a national system of employment exchanges, thus making comprehensive a device which had been started in some localities in 1902. And the National Insurance Act of 1911 introduced both health insurance and unemployment insurance, though much of the detailed administration of the health plan was left to the friendly societies, and trade unions were encouraged by subsidies to keep their own unemployment insurance schemes alive.⁸ The general effect of these and other measures was to expand the various administrative departments and to create some new ones. As Table 3 suggests, the impact on the social service departments and on the "regulatory" agencies in the Trade, Industry, and Transport group was especially heavy. While the total military and civilian staff of the central government approximately doubled in size between 1891 and August 1914, the civilian employees of the government, including industrial workers, at least tripled (Table 2 and Table 4, Part A).

⁸ Clapham, *op. cit.*, Chap. VII.

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The civilian agencies, however, were still small even at the end of the period.

If the general order of magnitude of these comparisons is correct, the growth of government in this first period was reflected in the considerable expansion of the armed forces, the multifold growth of defense workers in factories, and the doubling of the Post Office staff. Together, these categories probably accounted for five-sixths of the total growth. The regulatory and social service agencies of the government also grew rapidly, but they were of such minute size in 1890 that even their rapid expansion was of small consequence for the size of government as a whole.

On the eve of World War I, the British central government was still mainly a government of soldiers and sailors, postal clerks, and tax collectors. The only marked change over two generations was the sizable staff of industrial workers required in the government-owned armament establishments. But regulatory and social service activities still counted for little. By the broadest definition they absorbed not 10 per cent of the civilian employees of the central government and not more than 4 per cent of the military and civilian staffs together (Table 3 and Table 4, Part B).

FROM 1914 TO 1933

In the next twenty years, Britain was shaken by greater convulsions of war and economic distress than she had suffered for a century. By the time the seizure had begun to abate, her central government had changed, but, considering the circumstances, the change was surprisingly small (see Charts 3 and 4).

The crucial facts of the era were, first, the Great War; next, the economic problems involved in recovery and readjustment to postwar conditions; and, finally, the impact of the depression of 1929-1932. The central government expanded explosively in the course of World War I. Millions were mobilized into the armed forces. The civilian staff rose from nearly 325,000 in 1914 to over 850,000 in 1918 (Table 4, Part A). Of this increase of nearly 530,000 persons, about 390,000 were industrial workers, largely enlisted in the munitions factories and shipyards. Almost 100,000 more were officials, clerks, and other civilian employees in the defense ministries. These two categories together accounted for over 90 per cent of the wartime increase in the civilian staff.

Most of the remainder of the wartime increase came in two

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TABLE 4
Central Government Employment, Selected Years, 1914-1950
A. Full-time Equivalent Workers

Departmental Groups	Aug. 1, 1914	Nov. 2, 1918	April 1, 1928	April 1, 1933	April 1, 1936	April 1, 1939	April 1, 1945	April 1, 1950
Defense and supply	(469,252)	4,823,178	435,659	416,236	459,933	698,100	5,908,100	1,080,800
Armed forces	395,000	4,261,957	336,835	320,973	341,233	480,000	5,090,000	690,000
Non-industrial staff	7,252	105,721	21,415	21,452	27,000	52,400	239,900	122,800
Admiralty	4,366	16,882	7,684	7,316	8,600	12,900	54,400	30,800
War Office	1,636	18,539	9,453	9,507	10,800	19,800	67,500	33,500
Air Ministry	0	4,646	4,278	4,629	7,600	19,700	35,700	24,400
Min. of Supply	1,250	65,142	0	0	0	0	60,800	} 33,300
Min. of Aircraft Production	0	0	0	0	0	0	21,500	
Other departments	0	512	0	0	0	0	0	800
Industrial staff	(67,000)	(455,500)	77,409	73,811	91,700	165,700	578,200	268,000
Admiralty	n.a.	n.a.	46,455	n.a.	51,000	71,600	154,800	97,800
War Office	n.a.	n.a.	24,253	n.a.	30,600	68,300	76,500	69,100
Air Ministry	n.a.	n.a.	6,701	n.a.	10,100	25,800	56,200	40,300
Min. of Supply	n.a.	n.a.	0	n.a.	0	0	290,700	60,800
Post Office	189,703	178,802	202,363	200,642	218,100	247,300	255,000	321,800
Non-industrial staff	171,848	158,676	169,056	171,277	182,200	196,200	208,500	249,900
Industrial staff	17,855	20,126	33,307	29,365	35,900	51,100	46,500	71,900
Revenue departments (non-industrial)	20,009	21,182	29,376	33,517	36,800	40,000	46,900	64,000
Inland Revenue	9,753	10,958	17,944	20,835	22,800	25,000	37,500	49,800
Customs and Excise	10,256	10,224	11,432	12,682	14,000	15,000	9,400	14,200
Social service (non-industrial)	8,109	15,221	18,100	15,446	21,900	24,800	37,700	73,900
Min. of Education	3,309	2,445	3,185	3,121	1,800	2,100	1,500	3,300
Min. of Health	0	0	6,412	6,791	5,900	6,700	3,600	5,900

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TABLE 4, PART A (continued)

Departmental Groups	Aug. 1, 1914	Nov. 2, 1918	April 1, 1928	April 1, 1933	April 1, 1936	April 1, 1939	April 1, 1945	April 1, 1950
Min. of Housing and Local Government	1,045	921	0	0	0	0	500	1,300
Min. of Pensions	0	8,561	7,213	3,896	3,200	3,000	11,300	11,000
National Assistance Board	0	0	0	0	6,600	8,100	8,700	8,500
Min. of National Insurance	3,443	3,058	0	0	0	0	5,600	35,500
Central Land Bd. and War Damage Commn.	0	0	0	0	0	0	2,200	3,100
Other departments	312	236	1,290	1,638	4,400	4,900	4,300	5,300
Trade, industry, and transport	n.a.	n.a.	27,088	n.a.	39,900	48,100	115,600	128,000
Non-industrial staff	11,065	49,955	23,420	34,489	34,800	42,900	110,900	113,700
Min. of Agriculture and Fisheries	3,381	3,903	2,302	2,450	1,700	2,700	3,700	16,800
Forestry Commission	95	103	n.a.	n.a.	n.a.	500	500	2,000
Board of Trade	2,535	7,036	4,607	4,191	4,300	4,800	6,800	10,100
Min. of Food	0	9,181	0	0	0	0	37,900	30,800
Min. of Transport	0	0	0	0	2,200	3,000	14,900	6,900
Min. of Shipping	0	2,690	n.a.	n.a.	0	0	6,600	6,400
Min. of Fuel and Power	0	0	0	0	400	500	0	5,300
Mines Department	0	0	0	0	0	0	0	0
Min. of Civil Aviation	0	0	0	0	0	0	0	0
Dept. of Scientific and Industrial Research	0	605	n.a.	n.a.	1,300	1,500	1,900	2,900
Min. of Labour	4,428	8,484	13,529	23,897	23,300	28,300	35,600	29,900
Min. of National Service	0	15,124	0	0	0	0	0	0
Other departments	646	2,829	2,982	3,951	1,600	1,600	3,000	2,600
Industrial staff	n.a.	n.a.	3,668	n.a.	5,100	5,200	4,700	14,300
Forestry Commission	n.a.	n.a.	3,450	n.a.	4,000	5,200	4,700	12,100
Min. of Transport	n.a.	n.a.	218	n.a.	1,100	n.a.	n.a.	n.a.
Min. of Civil Aviation	n.a.	n.a.	0	n.a.	0	0	0	2,200

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TABLE 4, PART A (continued)

Departmental Groups	Aug. 1, 1914	Nov. 2, 1918	April 1, 1928	April 1, 1933	April 1, 1936	April 1, 1939	April 1, 1945	April 1, 1950
Agency services	n.a.	n.a.	9,816	n.a.	13,500	20,000	46,100	59,800
Non-industrial staff	1,548	4,447	3,884	4,012	5,700	10,400	21,600	26,900
Ordnance survey	0	0	n.a.	n.a.	1,400	2,500	1,900	4,600
Stationery Office	517	2,627	n.a.	n.a.	1,100	1,600	2,600	3,200
Min. of Works	719	1,239	n.a.	n.a.	3,200	6,300	14,300	17,600
Mint	277	432	n.a.	n.a.	0	0	0	0
Other departments	35	149	n.a.	n.a.	0	0	2,800	1,500
Industrial staff	n.a.	n.a.	5,932	n.a.	7,800	9,600	24,500	32,900
Stationery Office	n.a.	n.a.	2,157	n.a.	2,300	3,000	4,100	4,400
Min. of Works	n.a.	n.a.	3,776	n.a.	5,500	6,600	20,400	28,500
Central government, home and legal departments (non-industrial)	8,253	9,194	11,861	12,969	14,200	17,900	29,300	23,500
Central Govt. and Finance	1,010	2,060	2,283	2,452	n.a.	n.a.	n.a.	n.a.
Home office	3,259	3,486	9,578	10,517	1,100	2,500	5,800	4,000
Legal departments	3,984	2,802	0	0	n.a.	n.a.	n.a.	n.a.
Prison Commission	0	846	0	0	3,400	3,600	3,100	5,400
Min. of Information	0	0	0	0	0	n.a.	n.a.	n.a.
Postal and Tel. Censorship Dept.	0	0	0	0	0	0	9,500	0
Other departments	0	0	n.a.	n.a.	9,700	11,800	10,900	14,100
			(in 9,578)	(in 10,517)				
Foreign and imperial services (non-industrial)	955	2,309	2,386	1,979	2,600	2,800	9,800	10,100
Foreign Office	187	835	n.a.	n.a.	1,600	1,700	6,800	6,200
Colonial Office	214	240	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
India Office	544	744	n.a.	n.a.	n.a.	n.a.	n.a.	0
Other departments	0	490	n.a.	n.a.	1,000	1,100	3,000	3,900
Misc. industrial staffs	(10,000) ^b	(10,000) ^b	4,478	13,924 ^b	4,400	8,600	11,200	9,800

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TABLE 4, PART A (continued)

Departmental Groups	Aug. 1, 1914	Nov. 2, 1918	April 1, 1928	April 1, 1933	April 1, 1936	April 1, 1939	April 1, 1945	April 1, 1950
<i>Summary</i>								
Defense and supply	(469,252)	(4,823,178)	435,659	416,236	459,933	698,100	5,908,100	1,080,800
Armed forces	395,000	4,261,957	336,835	320,973	341,233	480,000	5,090,000	690,000
Non-industrial defense staff	7,252	105,721	21,415	21,452	27,000	52,400	239,900	122,800
Industrial defense staff	(67,000)	(455,500)	77,409	73,811	91,700	165,700	578,200	268,000
Civilian agencies	(249,662)	(291,110)	310,472	321,961	355,400	409,500	551,600	690,900
Non-industrial staff	221,807	260,984	263,087	278,672	302,200	335,000	464,700	562,000
Industrial staff	(27,855)	(30,126)	47,385	43,289	53,200	74,500	86,900	128,900
Total	(718,914)	(5,114,288)	746,131 ^c	738,197 ^c	815,333 ^c	1,107,600	6,459,700	1,771,700

^a Part-time workers counted one-half with exceptions described in Appendix, "Sources and Notes to Tables and Charts."

^b Includes all industrial staff other than Defense and Post Office.

^c Includes staffs of reserved and agency services in Northern Ireland as follows: 1928, 5,004; 1933, 4,983; 1936, 4,000. In later years, these staffs are distributed by department.

Note: Figures in parentheses represent estimates.

n.a. = not available.

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TABLE 4 (continued)
Central Government Employment, Selected Years, 1914-1950
B. Departmental Staffs as a Percentage of Total Central Government Employment

Departmental Groups	Aug. 1, 1914	Nov. 2, 1918	April 1, 1928	April 1, 1933	April 1, 1936	April 1, 1939	April 1, 1945	April 1, 1950
Defense and supply	65.3	94.3	58.4	56.4	56.4	63.0	91.5	61.0
Armed forces	54.9	83.3	45.1	43.5	41.9	43.3	78.8	38.9
Non-industrial staff	1.0	2.1	2.9	2.9	3.3	4.7	3.7	6.9
Industrial staff	9.3	8.9	10.4	10.0	11.2	15.0	9.0	15.1
Post Office	26.4	3.5	27.1	27.2	26.7	22.3	3.9	18.2
Non-industrial staff	23.9	3.1	22.6	23.2	22.3	17.7	3.2	14.1
Industrial staff	2.5	0.4	4.5	4.0	4.4	4.6	0.7	4.1
Revenue departments	2.8	0.4	3.9	4.5	4.5	3.6	0.7	3.6
Social services	1.1	0.3	2.4	2.1	2.7	2.2	0.6	4.2
Trade, indus., and transport	n.a.	n.a.	3.6	n.a.	4.9	4.3	1.8	7.2
Non-industrial staff	1.5	1.0	3.1	4.7	4.3	3.9	1.7	6.4
Industrial staff	n.a.	n.a.	0.5	n.a.	0.6	0.4	0.1	0.8
Agency services	n.a.	n.a.	1.3	n.a.	1.7	1.8	0.7	3.4
Non-industrial staff	0.2	0.1	0.5	0.5	0.7	0.9	0.3	1.5
Industrial staff	n.a.	n.a.	0.8	n.a.	1.0	0.9	0.4	1.9
Central govt., home and legal dept.	1.1	0.2	1.6	1.8	1.7	1.6	0.5	1.3
Foreign and imperial services	0.1	0.05	0.3	0.3	0.3	0.3	0.15	0.6
Misc. industrial staffs	1.4	0.2	0.6	1.9	0.5	0.8	0.2	0.6
<i>Summary</i>								
Defense and supply	65.3	94.3	58.4	56.4	56.4	63.0	91.5	61.0
Armed forces	54.9	83.3	45.1	43.5	41.9	43.3	78.8	38.9
Non-industrial defense staff	1.0	2.1	2.9	2.9	3.3	4.7	3.7	6.9
Industrial defense staff	9.3	8.9	10.4	10.0	11.2	15.0	9.0	15.1
Civilian agencies	34.7	5.7	41.6	43.6	43.6	37.0	8.5	39.0
Non-industrial staff	30.8	5.1	35.3	37.7	37.1	30.2	7.2	31.7
Industrial staff	3.9	0.6	6.3	5.9	6.5	6.7	1.3	7.3
Total ^a	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

^a Includes staffs of reserved and agency services in Northern Ireland as follows: 1928, 0.7 per cent; 1933, 0.7 per cent; 1936, 0.5 per cent.

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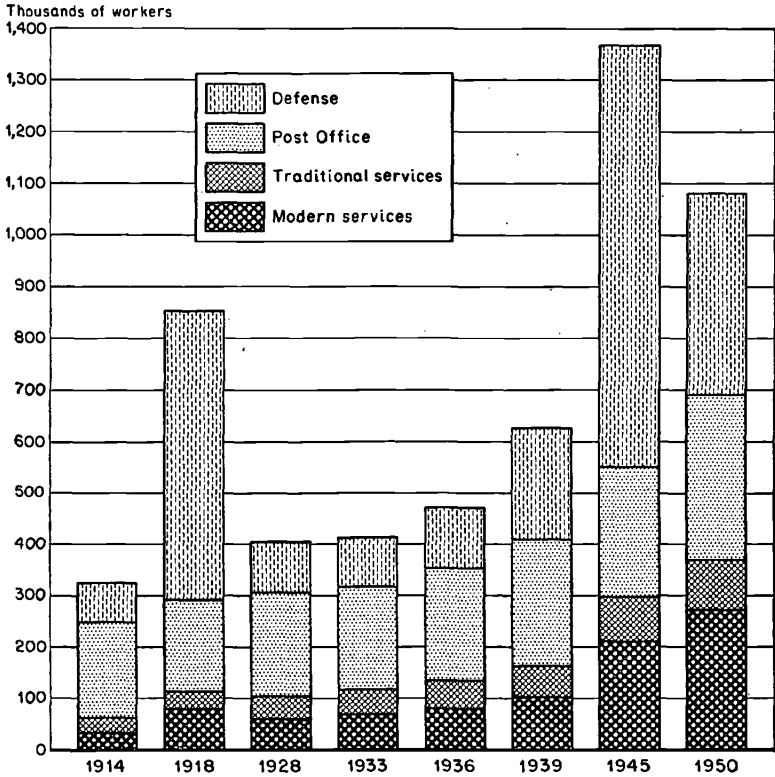
TABLE 4 (continued)
 Central Government Employment, Selected Years, 1914-1950
 C. Departmental Staffs as a Percentage of Total Working Population

Departmental Groups	Aug. 1, 1914	Nov. 2, 1918	April 1, 1928	April 1, 1933	April 1, 1936	April 1, 1939	April 1, 1945	April 1, 1950
Defense and supply	2.46	24.39	2.10	1.93	2.07	3.05	24.38	4.69
Armed forces	2.07	21.55	1.62	1.49	1.54	2.09	21.00	2.99
Non-industrial staff	0.04	0.53	0.10	0.10	0.12	0.23	0.99	0.53
Industrial staff	0.35	2.30	0.37	0.34	0.41	0.72	2.39	1.16
Post Office	0.99	0.90	0.97	0.93	0.98	1.08	1.05	1.39
Non-industrial staff	0.90	0.80	0.81	0.79	0.82	0.86	0.86	1.08
Industrial staff	0.09	0.10	0.16	0.14	0.16	0.22	0.19	0.31
Revenue departments	0.10	0.11	0.14	0.16	0.17	0.17	0.19	0.28
Social services	0.04	0.08	0.09	0.07	0.10	0.11	0.16	0.32
Trade, industry, and transport	n.a.	n.a.	0.13	n.a.	0.18	0.21	0.48	0.55
Non-industrial staff	0.06	0.25	0.11	0.16	0.16	0.19	0.46	0.49
Industrial staff	n.a.	n.a.	0.02	n.a.	0.02	0.02	0.02	0.06
Agency services	n.a.	n.a.	0.05	n.a.	0.06	0.09	0.19	0.26
Non-industrial staff	0.01	0.02	0.02	0.02	0.03	0.05	0.09	0.12
Industrial staff	n.a.	n.a.	0.03	n.a.	0.03	0.04	0.10	0.14
Central govt., home, and legal depts.	0.04	0.05	0.06	0.06	0.06	0.08	0.12	0.10
Foreign and imperial services	0.005	0.01	0.01	0.01	0.01	0.01	0.04	0.04
Misc. industrial staffs	0.05	0.05	0.02	0.06	0.02	0.04	0.05	0.04
<i>Summary</i>								
Defense and supply	2.46	24.39	2.10	1.93	2.07	3.05	24.38	4.69
Armed forces	2.07	21.55	1.62	1.49	1.54	2.09	21.00	2.99
Non-industrial defense staff	0.04	0.53	0.10	0.10	0.12	0.23	0.99	0.53
Industrial defense staff	0.35	2.30	0.37	0.34	0.41	0.72	2.39	1.16
Civilian agencies	1.31	1.47	1.49	1.49	1.60	1.79	2.27	3.00
Non-industrial staff	1.16	1.32	1.27	1.29	1.36	1.46	1.92	2.44
Industrial staff	0.15	0.15	0.23	0.20	0.24	0.33	0.36	0.56
Total	3.77	25.86	3.59	3.42	3.67	4.83	26.65	7.68

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CHART 3

Number of Civilian Central Government Workers Employed in Various Functions, Selected Years, 1914-1950



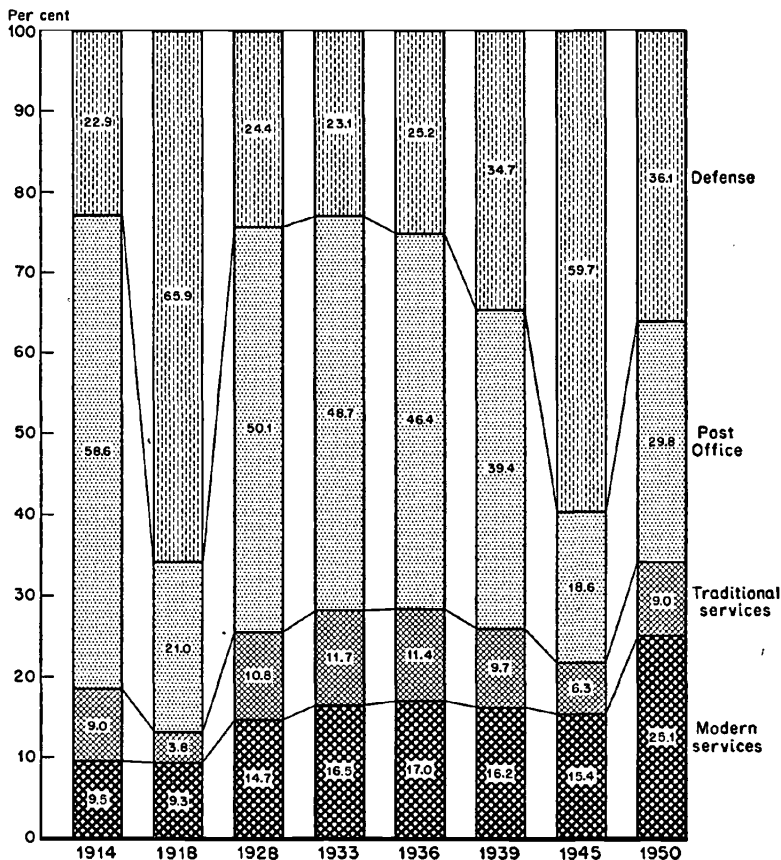
Source: Table 4, Part A.

categories: the group of economic regulatory agencies which the British Treasury refers to as Trade, Industry, and Transport; and the social service sphere. Before the war the regulatory group consisted mainly of the Boards of Trade and of Agriculture and Fisheries. In the course of the war, there was not only a considerable extension of the regulatory work of these departments, but there were established ministries for Food, for Shipping, for Mines, for Blockade, and for Reconstruction, as well as departments for Overseas Trade and for Scientific and Industrial Research. In addition, a Ministry of Labour was created which absorbed the Board of Trade's responsibilities for employment exchanges, unemployment insurance, and labor market

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CHART 4

Percentage Distribution of Civilian Central Government Workers among Main Functional Divisions, Selected Years, 1914-1950



Source: Table 4, Part A.

information, and a Ministry of National Service was established to supervise the withdrawal of labor for the armed forces. Regulation of economic life became a most important government function during the war. The personnel engaged rose from 11,000 to nearly 50,000.

In the social service sphere the need to provide compensation for those injured in the war and for the families of those killed brought about the creation of a Ministry of Pensions, whose staff included more than 8,500 persons at the end of the war.

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With the end of the fighting, a number of conditions, some permissive and some compelling, combined to bring about the virtual dismantling of the wartime structure. Substantial demobilization of the defense establishment was inevitable in view of the prime fact that the defeat of the Central Powers removed all immediate danger of serious international conflict. Additional pressure was provided by the provisions of the Treaty of Versailles, by the popular view that armaments were in themselves a cause of war, and by the activities of the League of Nations. All this was supported by a complex of domestic factors which favored budgetary economy, not only in the military sphere, but in government at large.

In the world of politics, the 1920's were the years of the decline of the Liberal Party. Taken together with the country's distrust of the still-untried Labour politicians, the result was a long period of Tory dominance in Parliament which made for restraint in government activity. The Labour Party did, indeed, twice form governments (1924 and 1929-1931). On both occasions, however, the Labourites depended on Liberal support, and, as it happened, Philip Snowden, their Chancellor of the Exchequer, proved just as orthodox in finance as were his Conservative counterparts.

In Britain's postwar situation, financial and political orthodoxy meant economy. It did so in part because of a Conservative yearning, backed by the temper of a large part of the country, to restore, so far as possible, the conditions of pre-war days, and in part because of a desire for lower taxes. In addition, economy was a necessary counterpart to the restoration and maintenance of the gold standard at the old par of exchange, on which financiers and many economists relied to regain for Britain her old position in finance and trade. When the Great Depression came, economy emerged again as the orthodox reaction to losses of tax revenue and foreign exchange. Economy, however, was not a policy which could be consistently pursued. Persistent demands for governmental aid for housing, education, and most of all for unemployment relief, backed, as they were, by votes, were met at least in part, though with restraint and sometimes at the expense of still more far-reaching savings in other spheres.

By 1933 the war-swollen employment rolls of the central government had been reduced to their 1914 level. The government's

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share in the labor force fell from 3.8 to 3.4 per cent, (Table 4, Part C) chiefly as a result of a decline in manpower used for defense. The drive for economy left its mark on the civilian departments as evidenced by the small net increase in those branches. This increase was only some 29 per cent, compared with over 100 per cent both in the 1890-1914 period and in the period since 1933. The divergent movements, or lack of movement, in the chief departments of government are summarized in Table 5.

TABLE 5
Changes in Central Government Employment between
August 1914 and April 1933

	<i>Thousands of Persons</i>	<i>Per Cent</i>
Defense	-53.0	-11.3
Post Office	+10.9	+5.8
Traditional services	+19.2	+65.9
Revenue	+13.5	+67.5
Central govt., home and legal depts.	+4.7	+57.1
Foreign and imperial	+1.0	+107.2
Modern services	+37.1	+120.8
Social services	+7.3	+90.5
Trade, industry, transport ^a	+23.4	+211.1
Ministry of Labour	+19.5	+439.7
Economic regulatory agencies	+3.9	+59.1
Agency services ^a	+2.5	+159.2
Industrial staffs	+3.9	+39.0
Total	+19.3	+2.7

^a Non-industrial staff only.

In part, the very moderate rate of increase in the civilian departments is accounted for by the trend of Post Office business, which was not much larger in 1933 than in 1914.⁹ And this, together with some improvement in productivity, confined the growth of employment in this huge department to less than 6 per cent.

In other branches, increases were more substantial. Growth

⁹ For example, the number of letters, newspapers, etc., carried rose only 15 per cent, the number of parcels, 11 per cent. An increase in local telephone messages of 36 per cent was offset, in part, by a decline in inland telegraph messages of 47 per cent.

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in the revenue-collecting agencies resulted from: the larger collection and the larger number of taxpayers; the higher tax rates, which made taxpayers more energetic in protecting their rights and so increased the volume of disputed cases; the greater complexity of the laws; and the greater variety of tax laws to be administered.¹⁰ There was also an increase in the agencies dealing with law and justice.

Still larger increases occurred in the group identified in Table 5 as the "modern" services of government. Total employment in the group more than doubled, but the major changes centered in the social service area and in the Ministry of Labour. The latter department, the staff of which administered the expanding scheme of unemployment insurance and various schemes for retraining the unemployed and increasing their mobility, and which provided labor market information on a more elaborate scale, quintupled in size. The Ministry of Housing and Local Government was transformed into the Ministry of Health. It became responsible for the supervision of the ever more ramified work of the local authorities, particularly in the field of public health (see Chapter 5), and for the administration of several new acts to encourage slum clearance and house building. Its staff increased to over six times its 1914 size. Between them the Labour and Health ministries accounted for an increase of more than 25,000 out of some 37,000 workers in the group of modern services.

Apart from the staff of the Ministry of Health, the growth of employment in the Social Service group was slow over the period as a whole. The same was true of the economic regulatory agencies. In the attempt to eliminate government intervention in industry and trade, all the major wartime economic agencies were abolished and the activities of the Ministry of Agriculture were severely cut. The Board of Trade remained larger than before the war, but only some 60 per cent as large as it was when peace returned.

We may conclude, then, that in spite of a great wartime upheaval, and apart from certain special branches of activity, the growth of central government was substantially checked during 1914-1933.

¹⁰ Cf. *Third Report of Committee on National Expenditure*, 1922, Cmd. 1589, p. 33.

SINCE 1933

The circumstances which produced this check were, however, short-lived. With the advent of Hitler and the war that followed, the country was once more rearmed, and the elaborate machinery of government economic activity and regulation was rebuilt and extended. After World War II, the military services were demobilized only incompletely. The demobilization of economic controls was, in the end, quite extensive; but it was longer delayed than after World War I, left a persistent residue of intervention, and embodied a wide extension of the social services. Over the whole period 1933-1950, employment by the central government rose from something over 700,000 to nearly 1,800,000, expanding its share of the labor force from 3.4 to 7.7 per cent (Table 4, Parts A and C).

Although, in general, this study follows the history of public employment only through 1950, the fairly important change in circumstances and in public policy since the return to power of a Conservative Government in 1951 requires at least brief notice of more recent events. Between 1950 and 1955, rearmament pushed defense employment to higher levels. Over the same period, civilian employment declined as many economic controls were eased or abandoned. The net result was an increase in the total numbers employed by central government, which raised its share of the labor force virtually to 8 per cent. Employment for defense purposes in April 1955 was three times larger than in 1933; that for civilian purposes had approximately doubled. Table 6 summarizes the main directions of change.

The pace of military activity began to pick up as early as 1936. By the end of the war, over 5,000,000 persons were in the armed forces, 240,000 were engaged in non-industrial work for the defense departments, and 578,000 were employed in munitions factories and other industrial works owned by the government. This wartime increase closely parallels that in World War I, but what happened to it after the end of the second war was markedly different. In the 1920's the defeat of Germany had provided a temporary respite from the threat of conflict among the major powers. The armed forces had been quickly reduced to pre-war size and then below. After World War II, on the other hand, the quarrel between Russia and the West first prevented so large a demobilization and then required a considerable rearmament effort begin-

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TABLE 6
Changes in Central Government Employment,
April 1933 to April 1955

	CHANGE BETWEEN SPECIFIED YEARS					
	1933-1950		1950-1955		1933-1955	
	Thousands of Persons	Per Cent	Thousands of Persons	Per Cent	Thousands of Persons	Per Cent
Defense	+664.6	+159.7	+193.2	+17.9	+857.8	+206.1
Armed forces	+369.0	+115.0	+149.0	+21.6	+518.0	+161.4
Civilian staffs	+295.5	+310.2	+44.2	+11.3	+339.7	+356.6
Post Office	+121.2	+60.4	+4.1	+1.3	+125.3	+62.4
Traditional services	+49.1	+101.4	+0.1	+0.1	+49.2	+101.5
Revenue	+30.5	+90.9	+1.4	+2.2	+31.9	+95.2
Central govt., home and legal depts.	+10.5	+81.2	+0.4	+1.7	+10.9	+84.0
Foreign and imperial	+8.1	+410.4	-1.7	-16.8	+6.4	+323.4
Modern services	+203.6	+300.0	-69.5	-25.6	+134.1	+197.6
Social services	+58.5	+378.4	-8.0	-10.8	+50.5	+326.9
Trade, industry, and transport ^a	+79.2	+229.7	-44.6	-39.2	+34.6	+100.3
Ministry of Labour	+6.0	+25.1	-7.0	-23.4	-1.0	-4.2
Economic regulatory agencies	+73.2	+691.2	-37.6	-44.9	+35.6	+336.1
Agency services ^a	+22.9	+570.5	-6.1	-22.7	+16.8	+418.7
Industrial staffs	+43.1	+309.4	-10.8	-18.9	+32.3	+232.0
Total	+1,033.5	+140.0	+127.9	+7.2	+1,161.4	+157.3

^a Non-industrial staff only.

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ning after the outbreak of war in Korea. By 1955, the armed forces stood at two and one-half times their pre-war strength. Moreover, the great development of mechanization caused a sharp increase in civilian defense staffs. The non-industrial defense staff in 1955 was five times its 1936 size, and the industrial staff had more than tripled.

When recovery from depression reduced the pressure for economy, the civilian agencies began to grow. By 1939 nearly 90,000 additional persons had been hired. Half of these were in the Post Office, where activity was stimulated by improving business. Protracted unemployment had earlier caused the government to create an Unemployment Assistance Board to administer relief outside the insurance scheme. This move, designed partly to relieve the local authorities and partly to reduce the expense of the dole, involved a staff of 8,000. The institution of a general tariff, as well as higher taxes, helped push employment in the revenue departments up by 6,500. For the rest, a variety of moves were made to subsidize or to cartelize industry and agriculture and to extend social legislation.¹¹ Among them were the establishment of statutory cartels in a number of industries, special schemes to encourage investment in depressed areas and to transfer workers out, and a small beginning of town and country planning.

During World War II the civilian agencies grew even more rapidly. Although the increase in activity was largely confined to functions engendered by the war itself, these were so varied that every important group of agencies grew rapidly. Burdened by the administration of war pensions and war damage claims, the social service group grew by some 50 per cent from 1939 to 1945. Booming construction needs caused the Ministry of Works, which is responsible for the construction and housekeeping needs of government departments and for administering certain controls over building materials and the construction industry, to increase by 130 per cent. The Home and Legal Departments grew by two-thirds. But the most dramatic increases took place in the departments regulating trade, industry, and transport. Ministries of Food, Production, Economic Warfare, and Reconstruction were established; the Department of Mines grew into the Ministry of Fuel and Power; the Ministry of Transport ab-

¹¹ Cf. P. J. D. Wiles, "Pre-War and War-Time Controls," in *The British Economy, 1945-50*, G. D. N. Worswick and P. H. Ady, editors, Oxford, 1952.

sorbed the shipping department of the Board of Trade and was transformed into the Ministry of War Transport.

In addition to monetary measures to control inflation, the government undertook to regulate investment directly; it controlled foreign exchange and forbade foreign issues; it engaged in direct purchase of imports, of essential raw materials, and of foods. Prices were fixed, consumer and producer goods were rationed, and some trades were subsidized. Wages were influenced through compulsory arbitration; workers were not only conscripted for the armed forces, but their right to shift among civilian jobs was limited, and there was positive direction of labor to essential jobs. The work of some industries whose output was limited was concentrated in one or a few firms. The use of many materials was limited to specified purposes; the production of many commodities was forbidden or directly controlled with respect to quantity, quality, or packaging, while the output of other commodities, notably farm products and coal, was pushed. Employment in the regulatory agencies¹² quadrupled during the war, a rate of growth rivaled only by the service ministries themselves. All in all, some 145,000 additional employees were hired by the civilian agencies between 1939 and 1945.

Afterward the development of the civilian departments followed a checkered course. With the return of peace, the social services were widely extended. Government building and repairs required an increase of labor in the agency services. At the same time, the Labour Government undertook generally to maintain many of the economic controls established during the war. By 1950, employment had increased 25 per cent in the civilian agencies other than the Post Office. Since the Conservatives regained power in 1951, however, there has been a marked abandonment or relaxation of controls. The staffs of the economic regulatory agencies were severely cut, and the activities of the agency services were also sharply curtailed. Employment in the group of Modern Services, as a whole, has fallen by fully one-quarter.

The net outcome has been that the civilian agencies other than the Post Office have grown during World War II and its aftermath in a degree very like that in World War I and its aftermath. During both wars, employment in these agencies increased some-

¹² Exclusive of the Ministry of Labour, which combined regulatory and social service functions.

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what over 80 per cent.¹³ Ten years after World War I, employment stood some 8 per cent below its level at the war's end. Ten years after World War II, employment, despite an interim rise, was back to its war-end level.¹⁴

This general similarity, however, conceals very significant differences. In the first place, as already stated, the cutback in staff after World War I began more promptly. More important, a large part of the increase in the modern services after World War I took place in the Ministry of Labour and reflected the need to deal with that period's chronic and depression-born unemployment. Another considerable part was in the Ministry of Health and was associated with a great increase in local government activity. In the 1939-1955 period, on the other hand, Ministry of Labour personnel declined nearly 20 per cent. The economic regulatory agencies proper increased their staffs by 32,000 persons or 220 per cent in that period (between 1933 and 1955, by 336 per cent). This compares with an increase of only 3,200

¹³ Post Office employment measured by our figures declined 6 per cent during World War I, then increased 13 per cent from 1918 to 1928. During World War II it increased 3 per cent, and another 26 per cent from 1945 to 1950.

¹⁴ Considering that the periods are of somewhat different length, the rates of growth are, in fact, almost exactly the same. Indeed, if one makes allowances for the wartime bulges, the rate of growth in this sector as a whole has been notably steady since 1914, when it can first be separately distinguished. The following figures are revealing.

INDEXES FOR CIVIL CENTRAL GOVERNMENT EMPLOYMENT, EXCLUDING POST OFFICE			
PERIOD	DURATION (years)	Actual Indexes	Indexes for Growth Rate of 4% per Annum
World War I and 10 post-war years	14	1914=100	100
		1928=172	173
Inter-war period	11	1928=100	100
		1939=157	154
World War II and 10 post-war years	16	1939=100	100
		1955=185	187
War and peace	41	1914=100	100
		1955=500	499

The present writers are not the discoverers of this striking regularity. It was first observed and described by that remarkable anonymous student of government whose single brilliant memoir announced Parkinson's Law (*Economist*, November 19, 1955).

persons, or 48 per cent between 1914 and 1928. The more recent period has thus been marked by a far more rapid growth of staff devoted to economic controls.

In a similar way, in 1955 the staffs of the social service agencies as a whole were over 40,000, or 165 per cent, higher than in 1939, and 50,000, or 327 per cent, higher than in 1933. By contrast the rise from 1914 to 1928 was only 10,000, or 123 per cent. The growth of staff in the later period was clearly more rapid than in the earlier. Moreover, the more recent decades reflect primarily an expansion of the work of the central government itself, rather than the encouragement and supervision of local activity.

The causes of the growth since the early thirties and of the directions it has taken are to be found partly in tendencies which have been growing in strength for many decades and partly in certain factors peculiar to World War II and to the period thereafter. Among the persistent forces was the continued shift of effective political power to the lower income groups. In the inter-war period, traditional political allegiances were in a state of flux and dominant power remained with the Conservatives. The Labour Party, however, continued to attract voters from both the working class and the middle class. Its significant, although not steady, growth was aided by the split among the Liberals, by the failure of orthodox economic policy to cope successfully with the depression, and later by the Conservatives' association with Munich. By the end of the 1930's, therefore, the Labour Party had emerged as a far more powerful instrument for expressing the aspirations of the working classes.

These aspirations are by no means confined to Labour supporters, but they are most strongly expressed in that party's programs. They may be stated categorically as follows: (1) the attainment and protection of "national minima" of income, health care, housing, and education; (2) the control and reduction of the major risks of industrial capitalism, chiefly business cycles, industrial hazards, and urban health dangers; (3) a more nearly equal sharing, not only of income, but of industrial authority; and (4) the deliberate state control of resources to promote the common good, as a substitute for reliance upon the market.

Acceptance of these goals had been spreading among the British people for a long time, and the triumph of certain new views on economics associated with the name of Lord Keynes considerably

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increased their influence. These doctrines appeared, on the one hand, to demonstrate that it was within the power of government to avoid at least major depressions, and, on the other hand, to remove one of the great checks to the transfer of income to the poor, namely, the fear that such transfers might seriously impede the accumulation of capital. After the appearance of Keynes' *General Theory of Employment, Interest and Money* in 1936, a broad section of the Labour program gained the support of professional economic opinion to a degree it had not had before.

Responding to the clear drift of public opinion, the wartime government took several steps. Its notable White Paper on Full Employment¹⁵ laid down a general program for the stabilization of employment for later years. In addition, the government appointed a number of committees of investigation. Their reports on housing, on urban and country planning, and on industrial location, for example, looked toward a far greater degree of government intervention when peace returned. The most influential document was the Beveridge report on *Social Insurance and the Allied Services*. This and Beveridge's non-official book *Full Employment in a Free Society* added the weight of official statistics and analysis and the prestige of an outstanding former civil servant to the more general programs of the politicians. Beveridge's analysis won such a wide measure of public support that it became clear that any post-war government would go a considerable distance to implement his recommendations. Nevertheless, the defeat of the Conservatives in 1945 may be attributed in part to public fear that that party would not go far enough.

The persistent forces, of which these political and ideological developments were expressions, were bolstered by the experiences of the war and the problems of the post-war period. World War I had already demonstrated the feasibility, if not the complete success, of government regulation of resource allocation, of production, and of distribution. World War II, with its more nearly total mobilization of resources, was a demonstration on a grander scale. It was generally felt that the more extensive intervention in the second war organized the productive power of the country more effectively and distributed the burdens of the war more equitably than had been done a generation earlier.

¹⁵ *Employment Policy*, Ministry of Reconstruction, 1944, Cmd. 6527.

However vexatious in their intimate application, controls which, in their broader aspects, seemed to work so effectively for the workers' benefit during the war were not to be lightly abandoned by them or by the party which aimed to represent them. This reluctance to return to the market was aggravated when it became clear that—in the face of the depletion of Britain's foreign investment, the disruption of her export trade, and the drain of continuing defense expenditures—the extended social services would be a severe economic strain in the first years of peace. In this situation, even the wartime Coalition Government was prepared to maintain many of the economic controls which had earlier been viewed only as wartime expedients. The Labour Government, when it took over, supported them with enthusiasm. They were relaxed only gradually so long as that party remained in power. Under the Conservative Government, most wartime and post-war controls have, indeed, been abandoned. There remains, however, a significant residue, and this seems to represent an expansion in the economic role of the state capable of enduring even under a government generally antipathetic to intervention, and even after many of the immediate difficulties of the post-war period had been overcome.

In the complex adjustment of the civilian agencies to their peacetime functions, three lines of development stand out. In the first place, certain departments furnishing only indirect support for the war effort had been starved of manpower during the conflict itself, sometimes in the face of large additional burdens. When labor became more plentiful after the war, these departments quickly expanded. The revenue departments and the Post Office are prominent examples of these conditions, although, presumably, they applied generally. Government revenues increased three and one-half times between 1939 and 1945, but the personnel of the tax-collecting agencies rose only some 17 per cent. There was therefore a large increase after the war both to relieve the strain on the staff and to handle the further expansion of receipts between 1945 and 1950. Post Office personnel also increased markedly after 1945, although in this case there is no clear indication of a substantial increase in the volume of business during the war. The need to enlarge the staff in these departments was all the greater because hours of work were reduced after the war's end.¹⁶

¹⁶ See Chapter 7, note 3.

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The second line of development after World War II has been the very large expansion of the social services. Foreshadowed by the comprehensive Beveridge report, action was taken on many fronts after the war. The National Health Service Act of 1946 provided for free medical care for the entire population. Its central administration was made the chief responsibility of the Ministry of Health, whose responsibilities for local government were transferred to a new Ministry of Housing and Local Government. The National Insurance Act consolidated and strengthened existing arrangements covering the risks of unemployment, old age, and ill health. It was supplemented by a new act covering industrial injuries and by the establishment of a system of family allowances. Administration was centralized in a new Ministry of National Insurance, which in 1955, after consolidating with the Ministry of Pensions, had nearly 38,000 employees. A National Assistance Act provided a new central system for relief of poverty. The Education Act of 1944 laid the basis for a national system of secondary education, and while administration remained largely a local burden, larger powers of decision were given to a newly established Ministry of Education. The Housing Acts of 1946 and 1949 extended the subsidies offered for new home building and involved a larger volume of central administration. Taken as a group, the social service departments nearly doubled their staffs between 1945 and 1950 and nearly tripled them between 1939 and 1950.

The third line of adjustment has had to do with the administration of controls over labor, production, and markets. Because of the change in policies which followed the shift of governments in 1951, the transition to peacetime conditions has been less straightforward in this sector. A brief résumé will suggest the main changes between the end of the war and today.¹⁷

Fairly comprehensive controls over manpower had been set up during the war to prevent men in certain occupations from changing jobs without government permission, to prevent firms from hiring workers except through the official employment exchanges, and in some cases to direct workers to particular industries by persuasion or order. In general, these controls were quickly abandoned after the war. For some years, indeed, they were maintained

¹⁷ Cf. Worswick and Ady, *op.cit.*; also Central Office of Information, *Britain, An Official Handbook*, London, H.M.S.O., 1956, Chaps. V, VII, IX, and XI, and British Information Service, *Labor and Industry in Britain*, various issues.

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for coal mining and agriculture and at times for other industries. They are now completely abandoned, with the exception that employers in most industries must report their vacancies to official employment exchanges and engage their workers only through these agencies.

Controls over imports were retained for some years with full wartime rigor. For a time also the government remained the sole purchaser of the major imported raw materials and foodstuffs. Allocations systems for raw materials, however, were gradually abandoned as supplies increased. There has also been a gradual changeover from state to private trading in imported goods, which began under the Labour Government and has been completed under the Conservatives. Control over private purchases abroad has been considerably relaxed, although licensing is still used to restrict the quantity of many imports and the source of many more. There is a residue of export controls, now chiefly confined to goods of strategic importance. Exchange control, moreover, remains in force, although there has been some relaxation in its operation.

Building construction remained under strict licensing control for some years after the war, but restrictions began to be relaxed in 1953, and licensing was abolished in 1954. Construction, however, is not free of government control. It is influenced through a continuing system of subsidies to local authorities for house construction and slum clearance, through the government's supervision of the borrowing programs of local authorities, and through the government's powers over the location of industry (see below). In addition, not only building construction but investment at large is subject to the government's influence on interest rates and to its control over finance exercised through the Capital Issues Committee. Some of these controls represent activities established or greatly enlarged since the war.

Rationing and price control of consumer goods, widely maintained in the early post-war years, have been gradually abolished. The prices of bread, milk, and potatoes, however, continue to be fixed, and the great majority of houses let are still subject to rent control.

It is important to remember that although formal controls over most commodities, both consumer and producer goods, have been dropped, the government continues to maintain a close watch over supply and output, to collect industrial statistics for pur-

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poses of record and possible future regulatory needs, and to influence the course of events by consultation with industry. In general, each industry in the country remains connected with the government through a specified ministry which acts as the industry's "production department." The production departments not only perform statutory functions with regard to the industry they watch, but attempt to be versed in its problems and to sponsor its interests within the government. They encourage the establishment of joint councils of employers and workers, give technical advice, and in other ways try to promote efficiency in industry.

In still other directions, the scope of wartime regulation was maintained or even extended. Agriculture is an outstanding example. The war had already seen something like a 25 per cent increase in agricultural output as a result of government-proffered market incentives and government direction. A system of guaranteed prices and assured markets was set up under the Agriculture Act of 1947 in order to raise output to a level 50 per cent above its pre-war position, and an attempt is now being made to push production to still higher levels. Although there is now much less reliance on direct price controls, output is still stimulated by government support prices and deficiency payments, the cost of which in 1955-1956 (together with general food subsidies) is estimated at over 335 million pounds. The Ministry of Agriculture through a network of local agencies has extended its work of planning output and guiding farmers in the management of their lands. Although the staff of the Ministry is now greatly reduced from its post-war peak, it remains nearly five times as large as before the war.

Activity to control the location of industry and the use of land is considerably greater than in pre-war days. This effort started on a significant scale as early as 1934 under the Special Areas Acts which offered loans, subsidies, and some preference in government contracts to firms settling in depressed areas. After the war, these powers were revived and strengthened by the Distribution of Industry Acts of 1945 and 1950 and by the Town and Country Planning Act of 1947. These Acts, it was hoped, would lay the basis for public control of land use generally. Under their authority, elaborate machinery for research, planning, and administration has been erected. In consequence of these and supplementary

land-use laws and as a result of more vigorous efforts to stimulate housing and slum clearance, the central government has become involved in a wide variety of new activities concerned with land development and building construction.

Compared with the war-time peak of economic regulation, or even with the controls maintained by the Labour Government during the immediate post-war period, present direct controls over prices, production, and distribution represent a wide abandonment of regulatory powers. A variety of controls, however, remain, and in some areas they have been extended. The government, moreover, maintains close informal contacts with industry and labor, and its statistical and informational services are more elaborately organized than they were before the war. As a result, the staffs of the regulatory agencies remain much larger than in pre-war years.

The Changing Character of the British Central Government

Through the many fluctuations in the pace of governmental growth, a number of sustained forces have produced a profound change in the character of the state. This change stands out boldly if we compare the situation in the nineteenth with that in the mid-twentieth century. Table 7 shows the net changes in employment between 1914 and 1950. Before World War I, detailed comparisons are difficult to make, but rough indications can be found.

One of the major changes is the decline in the importance of the armed forces. In 1851 they included 80 per cent of those employed by the central government. Since then they have nearly quadrupled in size, but their relative importance has sunk steadily. They accounted for 70 per cent of central government employment in 1891, 55 in 1914, and 39 in 1950 (Table 2 and Table 4, Part B).

The share of the whole staff devoted to defense, however, has declined much less rapidly, because the number of civilians involved in administering the forces and in producing the weapons of war has increased with great speed. In 1851 the civilian defense staffs numbered approximately 10,000-15,000; in 1891, perhaps 25,000; but in 1950 they employed 391,000 persons of whom 123,000 were in administrative and other non-industrial jobs. The share of the total defense staff in 1851 was therefore roughly

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TABLE 7
Central Government Employment, 1914 and 1950

	THOUSANDS OF PERSONS		PERCENTAGE CHANGE	RATIOS OF SPECIFIED CATEGORIES (per cent)			
	1914	1950		To Total Govt. Employment		To Total Labor Force	
				1914	1950	1914	1950
Defense	469.3	1,080.8	130	65.3	61.0	2.46	4.69
Armed forces	395.0	690.0	75	54.9	38.9	2.07	2.99
Civilian staffs	74.3	390.8	426	10.3	22.1	0.89	1.69
Post Office	189.7	321.8	70	26.4	18.2	0.99	1.39
Traditional services	29.3	97.6	233	4.1	5.5	0.15	0.42
Revenue	20.0	64.0	220	2.8	3.6	0.10	0.28
Central govt., home and legal depts.	8.3	23.5	183	1.2	1.3	0.04	0.10
Foreign and imperial	1.0	10.1	910	0.1	0.6	0.01	0.04
Modern services	30.7	271.5	784	4.3	15.3	0.16	1.18
Social services	8.1	73.9	812	1.1	4.2	0.04	0.32
Trade, industry, and transport ^a	11.1	113.7	924	1.5	6.4	0.06	0.49
Ministry of Labour	4.4	29.9	580	0.6	1.7	0.02	0.13
Economic regulatory agencies	6.7	83.8	1,151	0.9	4.7	0.04	0.36
Agency services ^a	1.5	26.9	1,693	0.2	1.5	0.01	0.12
Industrial staffs	10.0	57.0	470	1.4	3.2	0.05	0.25
Total	718.9	1,771.7	146	100.0	100.0	3.77	7.68

^a Non-industrial staff only.

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85 per cent of central government employment. In 1950 it was still 61 per cent—very little under what it had been in 1914. While defense therefore remains much the most important activity of the central government, its importance now depends heavily on the volume of civilian support required to sustain the combat elements.

The growth of employment by the Post Office is a function of the rate of progress of the British economy, of the changing importance of transportation and communication in its operation, of the share of that work done by the Post Office, and of course of the productivity of postal workers. In the last half of the nineteenth century, all these factors except possibly the last made for a rapid increase in Post Office employment. The economy was growing rapidly; its growth was fostered and molded by more elaborate facilities for moving goods and messages, among which the Post Office was prominent; the postal service was still young and extending the variety and spatial coverage of its activities. Its staff of workers, some 10,000 in 1851, increased about six times by 1891 and absorbed perhaps one-fifth of all central government workers and about three-quarters of the non-defense staff.

Since that time, however, growth has been slower. By the end of the nineteenth century, most modern postal services were already well developed. Only the telephone and overseas wireless service have been added since. The absorption of the telephone service, together with expansion of the economy, more than doubled the staff between 1891 and 1914. In the next twenty years, however, the staff remained nearly constant, a reflection of relative economic stagnation and improving productivity. Through all these years, from 1891 to 1933, the share of the postal service in central government employment nevertheless remained approximately constant, at first because the Post Office was growing rapidly, and in the 1920's and early 1930's because the government at large, like the Post Office itself, for a time ceased to grow.

The decline in the relative importance of the postal service began in the late 1930's. As economic activity improved, a notable increase in the Post Office staff took place, but it was by no means so rapid as that in defense or in what we are calling the modern services of the government. In 1950 the Post Office used only 18 per cent of all central government employees and less than half of the non-defense staff (Tables 4, Parts A and B).

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Apart from the Post Office, the branches of the civil government prominent in the middle of the nineteenth century were the ancient departments concerned with foreign affairs, with internal order and justice, and with the collection of revenues. Altogether these employed less than 17,000 people (outside Ireland), and all but some 2,000 were tax collectors. They accounted for only about 7 per cent of the total central government employment but for about half of the staff not involved in defense.¹⁸

By 1914 the situation had been transformed. In spite of a considerable increase in the budget, the revenue departments had increased only a third since 1851. Presumably this modest increase was made possible by the simplification of the tax structure carried out in the second half of the nineteenth century, when the tariff was all but abandoned and the excise tax confined to a very few commodities. Because other departments of government increased greatly during this period, the traditional civil departments sank to a minor place. By 1914 they were but 4 per cent of the total and less than 12 per cent of the staff not engaged in defense. Since that time the growing burden of tax collection and the increasing complexity of international affairs have caused the traditional services to grow about as fast as the central government as a whole.

The most dramatic and significant change has, of course, been in the importance of the social services and of the agencies regulating economic affairs. In 1851 the social services were represented chiefly by the Poor Law Board, the General Board of Health, and the British Museum. Together with some still smaller agencies, they employed 313 persons. The only regulatory agencies with staffs of any size were the Board of Trade with 103 officials and the Inclosure Commission with 79. Other agencies dealing with reports and records hired a few hundred persons. Starting with so few workers, the years from 1851 to 1914 must have been the period of most rapid relative growth, for by 1914 the modern services employed nearly 31,000 persons, who constituted 4 per cent of government employees and perhaps 13 per cent of the non-defense staff. The most significant period of expansion,

¹⁸ References to the size of various departments in 1851 are based on the 1851 *Census of Population*, "Tables relating to the principal departments of the Civil Service in Great Britain, from returns furnished by the respective offices, etc.," House of Commons, Accounts and Papers, Vol. LXXXVIII, pp. CCCXLIX-CCCL.

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however, occurred after the outbreak of World War I. Since that time they have increased their staff by some 240,000 persons, almost eight times the number they previously employed. They absorb 15 per cent of all government workers and nearly 40 per cent of all workers not engaged in defense. Judged by the size of their staffs, the regulatory and social service agencies bear the same relation to the central government today as did the ancient civil departments a century ago.