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Volume Title: The Growth of Public Employment in Great Britain

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Volume Publisher: Princeton University Press

Volume ISBN: 0-87014-059-0

Volume URL: <http://www.nber.org/books/abra57-1>

Publication Date: 1957

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Chapter URL: <http://www.nber.org/chapters/c2654>

Chapter pages in book: (p. 24 - 32)

CHAPTER 3

THE BRITISH GOVERNMENT SINCE 1890: A GENERAL VIEW

IN THE nineteenth century the British government's absorption of labor increased markedly, but there is little to indicate that labor employed by government grew much more rapidly than did the country's population. As the century drew to a close, however, the pace of governmental growth spurted, and, apart from fluctuations connected with war, the fraction of the labor force employed by the state increased rapidly—an increase unbroken to the present time.

From 1891 to 1950, government employment increased from less than 4 to nearly 14 per cent of the labor force (see Table 1). These figures exclude all nationalized industries and public services other than the Post Office. If nationalized industries and services are included, the 1950 percentage rises to 24. Thus toward the end of the nineteenth century, one worker in twenty-five was on a government payroll. In the middle of the twentieth century, one in seven was working in a regular government agency and nearly one in four either in such an agency or in a nationalized industry or service.

To obtain these figures and those for intervening decades, we were able to use the excellent Census data for 1911, 1921, and 1931. Before 1911 the Census data are incomplete. Small revisions, which we describe in subsequent chapters, were required to make good the deficiencies in the Census figures for the central government in these early years. Very large revisions had to be made in the local government figures. Since 1931 there has been no complete Census of government workers,¹ but the Ministry of Labour manpower series, taken together with the Treasury returns for the civil service, make fair estimates possible for 1938 and later years. For 1950 we have made use of an estimate by T. M. Ridley of the British Central Statistical Office, who based

¹ The 1941 Census was omitted because of the war. The final results of the 1951 Census were not yet available at time of writing. It was known, however, that this latest Census did not distinguish between private and public employment, but allocated government workers, as far as possible, to their proper industrial groups. An estimate of central government employment based upon preliminary figures from the 1951 Census is included in Table 2. See Chapter 4.

TABLE 1
Total Government Employment and Working Population, Selected Years, 1891-1950

	THOUSANDS OF EMPLOYED AND UNEMPLOYED PERSONS (FULL-TIME AND PART-TIME)				PER CENT OF ALL GOVT. WORKERS ^a				PER CENT OF TOTAL WORKING POPULATION ^a			
	Civil		Total		Civil		Total		Civil		Total	
	Armed Forces ^b	Local Govt.	Total Govt.	Working Population	Armed Forces ^b	Central Govt.	Armed Forces ^b	Local Govt.	Armed Forces ^b	Central Govt.	Armed Forces ^b	Local Govt.
1891	249	105-115	504-564	14,682	46.6	20.6	32.8	1.7	0.7	1.2	3.6	
1901	423	155-165	928-988	16,605	44.2	16.7	39.1	2.5	1.0	2.3	5.8	
1911	343	271	1,274	18,509	26.9	21.3	51.8	1.8	1.5	3.6	6.9	
1921	475	508	1,959	19,604	24.3	25.9	49.8	2.4	2.6	5.0	10.0	
1931	360	441	1,263	21,256	17.4	21.4	61.2	1.7	2.1	5.9	9.7	
1938	385	581	2,239	22,604	17.2	25.9	56.9	1.7	2.6	5.6	9.9	
1950	690	1,102	3,214	23,068	21.5	34.3	44.2	3.0	4.8	6.2	13.9	
1950 ^c	690	3,485	5,597	23,068	12.3	62.3	25.4	3.0	15.1	6.2	24.3	

	THOUSANDS OF EMPLOYED PERSONS (FULL-TIME AND PART-TIME)				PER CENT OF ALL EMPLOYED GOVT. WORKERS				PER CENT OF ALL EMPLOYED WORKERS			
	Civil		All		Civil		All		Civil		All	
	Armed Forces ^b	Local Govt.	Employed Govt.	Employed	Armed Forces ^b	Central Govt.	Armed Forces ^b	Employed	Armed Forces ^b	Central Govt.	Armed Forces ^b	Employed
1931	354	423	1,153	1,930	18.3	21.9	59.8	1.9	2.3	6.2	10.3	
1938	385	581	1,273	2,239	17.2	25.9	56.9	1.9	2.8	6.2	10.9	
1950	690	1,102	1,422	3,214	21.5	34.3	44.2	3.0	4.9	6.2	14.1	
1950 ^c	690	3,485	1,422	5,597	12.3	62.3	25.4	3.0	15.3	6.2	24.6	

^a Percentages based upon the mid-points of the ranges in 1891 and 1901.

^b Includes armed forces abroad.

^c Including nationalized industries and services employing 2,383,000 persons.

See "Sources and Notes to Tables and Charts" for sources of this and other tables and charts.

his figures on Ministry of Labour information, both published and unpublished. The figures for the armed forces are sufficiently accurate for our purposes throughout the sixty-year period. Our methods of estimate are set out in some detail in the appendix notes to Table 1 and subsequent tables.

In 1891 the chief function of British government, as measured by its use of manpower, was national defense: nearly 50 per cent of the men hired by government were in the armed forces. About 20 per cent were in the civilian branches of the central government. Somewhat over 30 per cent were local government employees. In the next sixty years, however, while the armed forces nearly tripled, the central civilian departments, including those supporting the armed forces, grew to about ten times, and the local governments to over eight times, their former size. In 1950 the armed forces accounted for only 22 per cent of government employment; civilian employees of the central government amounted to 34 per cent; and local government workers to 44 per cent. In addition, the workers in the nationalized industries were about as numerous as were the civilians in the central and local governments combined. Of the 2.7 million persons, more or less, who were added to the government's rolls (apart from the nationalized industries) between 1890 and 1950, about 440,000 went into the armed forces, about 1 million were civilians in the central government, and some 1,250,000 were added to local government staffs.

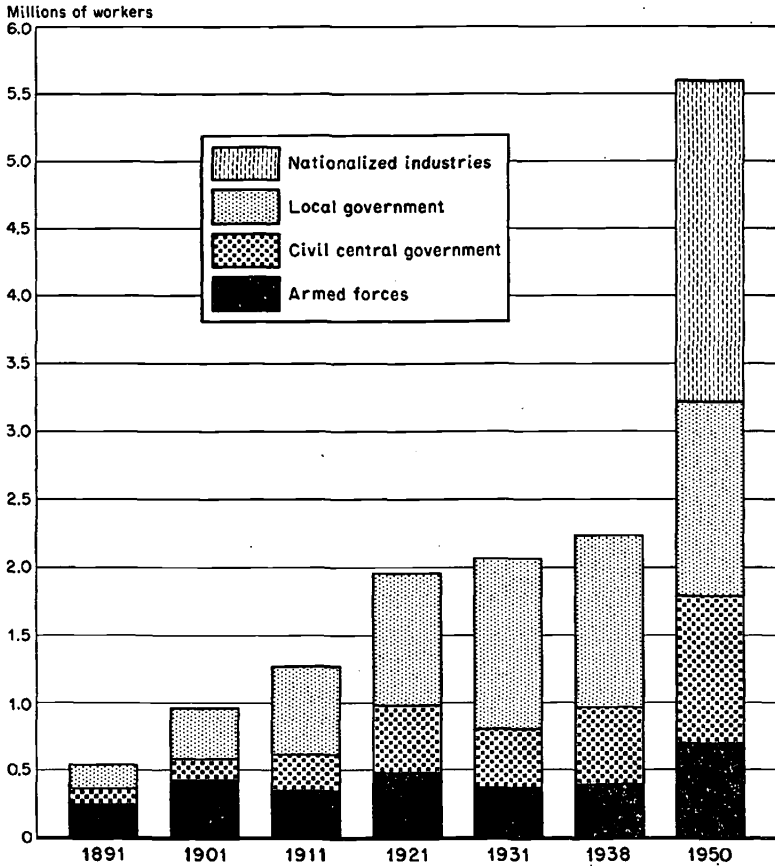
During this period in which the total working population of Great Britain grew from 14.7 to 23.1 million persons—an increase of 57 per cent—government employment, nationalized industries apart, increased 450 to 500 per cent. No other single major industry which can be followed over the entire period grew so fast. Over 30 per cent of the net addition to the working population during the sixty-year period was required by a governmental agency for work in some capacity. Between 1931 and 1950, over 60 per cent of the additional workers were so absorbed. (See Charts 1 and 2 for a summary of this growth.)

There is a variety of causes for the phenomenal growth which these figures reveal. During most of the nineteenth century, the expansion of government in response to the many problems created by the industrialization of production, by the concomitant rise of city life, and by the dependence of economic activity

GOVERNMENT SINCE 1890

CHART 1

Number of Government and Other Public Workers (including Military Personnel) by Main Types of Governmental Unit, Selected Years, 1891-1950



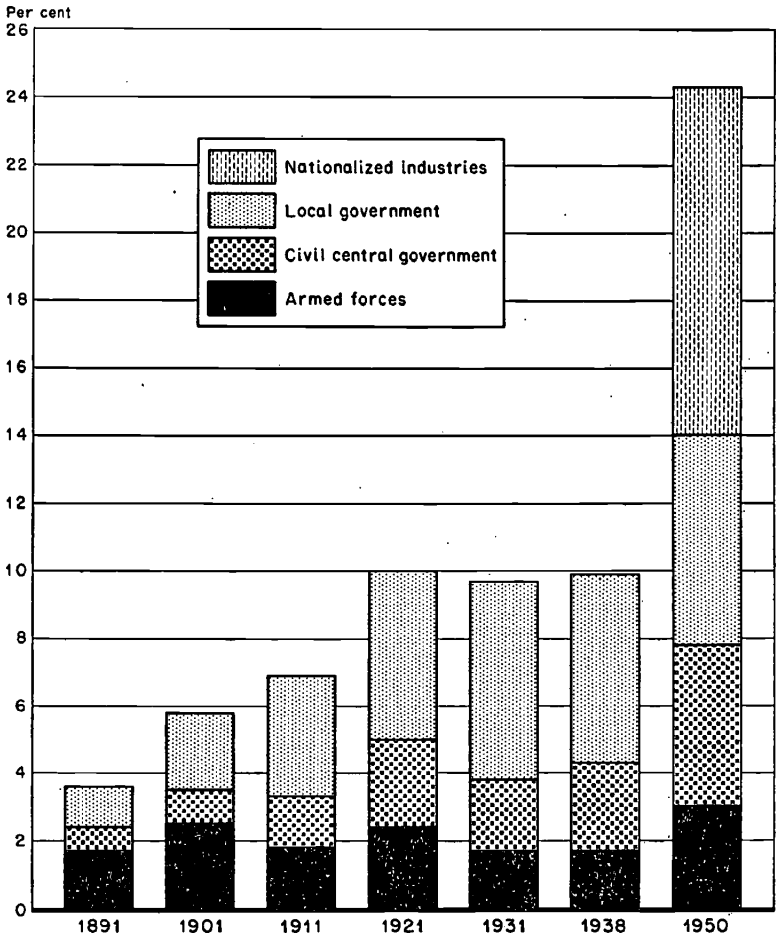
Source: Table 1.

on the operation of distant and unstable markets, was checked, though far from wholly prevented, by a set of forces described in Chapter 2. But in the last decades of the century these checks began to weaken, and in the course of time they were largely reversed and replaced by powerful influences favoring the growth of government.

One of these checks, limited suffrage, was partly eliminated by the extension of voting power to the working classes by the

CHART 2

Government and Other Public Workers as a Percentage of the Labor Force, Selected Years, 1891-1950



Source: Table 1.

Acts of 1867 and 1884.² Years were required, however, for the power latent in these Acts to be harnessed for practical political action. Although working class members—"Lib-Labs"—began to appear in the House of Commons as early as 1874, not till 1900

² These Acts enfranchised householders in town and country. Universal male suffrage was not achieved until 1918, when women over 30 also were given the vote subject to certain property qualifications. Finally, in 1928 the franchise was extended to all women 21 years of age and over.

was there a concerted effort to elect Labour members under the aegis of the newly founded Labour Representation Committee. Within the older parties, in the 1870's and 1880's, Randolph Churchill, with his vision of a Tory Democracy, and Joseph Chamberlain and his Radical allies began the process of adapting political programs to the demands of a mass electorate. Patriotic sentiment aroused by the issues of Irish home rule, colonial expansion, and the Boer War, however, kept social reform in the shade for a long stretch, and not till late 1905 did the Liberals return to office newly equipped with an active program and a vigorous leadership pledged to further intervention by government in economic life. In the election of January 1906, moreover, 29 Labour members and 14 members of the Miners' Federation were elected, and from that time the influence of workers' demands on government became continuous and strong.

Coincident with this beginning of the shift of voting power, the prevailing view of the proper functions of the state widened. Benthamite individualism began to suffer the penalties of its own triumph. During most of the nineteenth century, the problem of social progress had presented itself to enlightened men as one of freeing the individual drive for self-advancement from the trammels of state control. This liberation had been largely achieved, with extraordinary results in Great Britain. But not all the results had been satisfactory, and people with humanitarian impulses began to ask whether the state might not be used to mitigate some of the evils with which the success of liberated trade was mixed. In this the humanitarians were aided by the Benthamite doctrine itself. This taught that individual liberty was, in general, the proper means for ensuring the objectives of society. More fundamentally, however, it taught that the object of social arrangements is the greatest happiness of the greatest number. And in those sectors where it now appeared that the object might be better achieved by collective action, it was clear that individualism would give way.³ By 1891 the Birmingham Radical businessman Joseph Chamberlain could argue in the House of Commons that "the State is justified in passing any law,

³ A. V. Dicey, *Lectures on the Relation between Law and Public Opinion in England during the Nineteenth Century*, London, Macmillan, 1905, pp. 302-309; Lionel Robbins, *The Theory of Economic Policy*, London, Macmillan, 1952, pp. 36-46; and pp. 20-22, above.

or even in doing any single act, which in its ulterior consequences added to the sum of human happiness."⁴

Side by side with this transition in orthodox opinion, a more comprehensive Socialist view had been gaining ground. This view was little accepted in 1890, but it was already being actively propagated. Its adherents became the intellectual leaders of the British Labour Party, and it has come to be a strong force in British political life.

The accumulation of factual information about social conditions and the development of economics and the social sciences increased the pressure for government intervention. In the first place, while great progress had been made through industrialization in a regime of individualism, a very large portion of the British population continued to live in conditions which, by slowly rising standards, were considered impoverished. Surveys like Charles Booth's *Life and Labour of the People in London* revealed conditions which shocked public opinion in the late eighties and nineties.⁵ As statistics improved and students of social conditions multiplied, the continued existence of such conditions was kept before the public. Increasing knowledge of them aroused influential circles and furnished working class movements with factual weapons. Second, from the last part of the nineteenth century, the rising social sciences tended to stress the social or systemic, rather than the personal, origins of misfortune. When Beatrice Webb, as one of Booth's investigators, found that disorganized hiring methods maintained in partial employment on the London docks several times as many men as could be kept in steady work, she was pointing to a social cause of unemployment and poverty. When Sir William Beveridge was led to attach to his early book on *Unemployment* (1909)

⁴ J. L. Garvin, *Life of Joseph Chamberlain*, London, Macmillan, 1932, Vol. II, p. 534. Cited in J. H. Clapham, *An Economic History of Modern Britain*, Vol. III, p. 397. Clapham comments: "This was a view which Chamberlain, the Radical Unionist, shared with Randolph Churchill, the Tory Democrat; with Robert Blatchford the Socialist, and with a great number of plain men labelled or unlabelled."

⁵ The results of Booth's first studies were published in a series of papers in the *Journal of the Royal Statistical Society* beginning in 1886. The report of his pioneer survey of London appeared in preliminary form as *Labour and Life of the People* in 1889 and 1891. His elaborate final report in 18 volumes, *Life and Labour of the People in London*, was published in 1902. B. S. Rowntree's similar survey of York, *Poverty; A Study of Town Life*, was published in 1901.

the subtitle *A Problem of Industry*, he was shifting the burden of responsibility from the shoulders of the individual to those of society. Third, the development of economic science increasingly undercut the Victorian conviction that such maladjustments as unemployment are evanescent or isolated phenomena and that the free market has a persistent tendency to eliminate unemployment and to allocate work and workers with satisfactory efficiency. When Keynes wrote of *The End of Laissez-Faire* in 1927, he was saying more than that governments in their folly had abandoned the policy of non-intervention, and more than that the development of monopoly and the destruction of war had made the policy less workable. He was also, and more fundamentally, arguing that the theoretical bases of laissez-faire were less solid than economists had supposed and that, in the absence of governmental management in at least some spheres, the automatic workings of the market could not be trusted to produce satisfactory results. In this conviction he was already representative of a wide section of opinion within professional economics, and his *General Theory of Employment, Interest and Money*, when it appeared a decade later, merely consolidated the triumph of this view. Since that time the weight of expert opinion has sanctioned some form or degree of systematic governmental planning in economic life.

These gradual shifts in political power, in the dominant political theory, and in social and economic science would, in themselves, no doubt have been enough to account for a far more active governmental response to the problems of industrialism and of capitalistic economic organization. In fact, however, those problems, especially in Great Britain, were enormously aggravated by other developments.

During most of the nineteenth century, Great Britain had enjoyed the advantages of her headstart in industrialization. But beginning in the last decades of that century and even more after 1900, Britain felt the impact of foreign competition in all fields in which she had previously been most secure—in engineering, and, somewhat later, in textiles and in coal. This raised a series of questions for industrial policy which, in palmier days, had been more easily avoided: protection, subsidy, rationalization, and nationalization. The pinch of foreign competition also called in question the organization of the capital markets, which seemed

to facilitate foreign rather than home issues. It aggravated the perennial problem of unemployment by permitting the emergence of persistent areas of depressed industry. And it complicated the maintenance of Britain's balance of international payments. For after World War I it proved impossible to expand exports of commodities and services sufficiently to cover new foreign investment. And after World War II, in the face of great losses of investment income and of an inflationary policy at home, exports were insufficient even to cover Britain's purchases abroad.

Of even greater importance, however, were the problems raised by war and defense. In contrast to the Victorian Age and its freedom from general war, the twentieth century has already witnessed two great conflicts. More than that, the progress of industry and the accumulation of capital have revolutionized the scope and character of wars and their influence on economic life. Because the capital equipment of the soldier has become many times more expensive and his consumption of munitions has multiplied, it has become necessary to mobilize vastly greater fractions of wealth and income than were formerly needed. The administrative organization controlling and supporting the fighting formations has grown apace. Modern weapons are more destructive and modern armies are capable of operating on a far larger scale at far larger distances from their homes than was true a century ago. And as economic activity, and particularly Britain's economy, has become dependent on the steady operation of distant markets, the impact of war on production and trade has been extremely severe.

As a consequence of these various changes, the size of the total defense establishment has grown faster than that of the armed forces. The actual prosecution of war has required extensive intervention by the state, and the economic problems of recovery from war have involved continued governmental activity during the interludes of peace. The elaborate regulatory agencies thus called into being constitute bureaucratic instruments which have made it easier for the state to undertake functions unconnected with war.

These many-sided developments form the general background against which the expansion of the British state in the last sixty or seventy years must be placed. In subsequent chapters we look more closely at the ways in which these various influences made themselves felt in the chief branches of government.