Memorandum by the Chancellor of the Exchequer.

I venture to submit to my colleagues the conclusions which I have gradually reached upon the necessary Trade Union legislation.

I assume that there will be general agreement with the proposals of the Lord Chancellor's Committee about (1) strikes against the community or the State; (2) "peaceful picketing"; and (3) "the tortious act." I am strongly in favour of (4) compulsory ballot before a privileged strike, but I recognise the divisions of opinion on this point. But if (1), (2) and (3) are satisfactorily dealt with, the ballot question sinks into unimportance. I am, however, attracted by a suggestion which was made in the Lord Chancellor's Committee that we should set up the State machinery for Trade Union ballots and leave it open to any Trade Union to use it at a very moderate cost per member if and when they choose. Later on, when passions have cooled, it is possible they will find it of great convenience. At any rate, it is an innocent method of not entirely ignoring a subject upon which so many people are aroused.

It would be a great pity to deal by legislation with the above four questions without at the same time dealing with the political levy. This is a real and dangerous abuse, and, as we shall in any case encounter the violent hostility of the Labour Socialist Party, it is surely worth while to do our work thoroughly in the general interest. I therefore renew the suggestion which I made in February of last year of combining the reform of the political levy with a reduction at the cost of the Exchequer in Election expenses. I venture to repeat what I then wrote:

"If we recur to the main principles, we see that we have before us two worthy objects:

First, to liberate working men from the unfair and humiliating position of being compelled under threat of ruin and starvation to subscribe to the propagation of political principles which they detest.

Secondly, not to hinder by want of funds the less wealthy classes in the nation from using to the full their Constitutional rights and so being continually assimilated into the British Parliamentary system."
Pages can be written in favour of these objects, and they are both of them right and true to the national interest. The difficulty of our problem resides in the fact that they seem to be opposed to each other. Can they be reconciled?

Surely they can be reconciled by a very simple course which proceeds at every step along the path of sound conviction. Let us pass the Bill to liberate workmen from the thraldom of the Levy, and let us at the same time reduce the cost of Parliamentary election to all classes and all Parties by substantial grants from the Exchequer. I would suggest that in supporting the Bill we announce that a sum of, say, £300 will be paid by the Exchequer to the expenses of any candidate who polling an adequate number of votes. If there were, say, fifteen hundred candidates, this would cost £450,000. The burden to the Exchequer could be accepted. Such a boon would take the edge off every bond fide candidature in the country. It would make men of all Parties more free from unwholesome excesses in Party discipline. It would pay the larger part of the expenses of many Labour candidatures. It would gratify every Member. It would free the charge that we are anxious to obstruct the entry of Labour men to Parliament from its sting. It would supply the new fact and makeweight which we must recognise is necessary to enable us to give effect to our convictions on the main issues. The Exchequer contribution can of course be considered both in respect to method and amount.

I believe that such a combined policy would gain overwhelming support in the House and would largely cut the ground from under the feet of the Socialists in the country. The policy would be one of 'fair play to the workman whatever his opinions, cheaper elections for all Parties, freedom of Members and candidates from undue reliance on Party funds.'

The Cabinet Committee which examined the question in February 1925 did not think such a proposal suitable to a Bill dealing only with the political levy, nor did they feel it would have met the House of Commons' situation. But in a general Bill the position is surely different. The diminution in the cost of elections would be a part of a general policy and would redeem that policy from an accusation of being aimed at working class institutions. I am very anxious indeed that we should safeguard ourselves against any charge of hampering working class representation in Parliament, which is the alternative we offer to all forms of Direct Action. I beg that the matter may be reconsidered anew as a part of our general policy.

W. S. C.

Treasury Chambers,
October 27, 1926.