

Britain's Labour Party First Came to Power on Welfare Policy: Taking Housing Policy for Example

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Abstract. In 1924, the British Labour Party, which was based on the working class, first came to power. Faced with the miserable conditions of the British working class after the First World War, the British Labour Party implemented a series of social welfare policies with socialism as its goal. The most far-reaching of these was Labour's housing policy, the Wheatley Housing Act. This policy continued after the fall of Labour and into the Great Depression. This policy effectively solved the housing problem in British society at that time, alleviating the social contradictions in the UK, and setting a good example for other countries to solve the housing problem in the process of industrialization. This paper uses literature analysis to analyze the Wheatley House Act from the aspects of background, content, and function and finally comes to the conclusion that the Act increases the number of people employed in the construction industry by modifying the term of life, and provides more rental houses for the proletariat by restricting the right of homeowners to dispose of houses. This kind of policy is a good embodiment of the "social organism" social ideology of the Labour leader MacDonald in the 1920s.

Keywords: Laissez faire; Wheatley Housing Act; Government regulation; social organism.

1. Introduction

The housing problem is an inevitable problem faced by all countries in the process of industrialization and urbanization. Britain, as the first country in the world to complete industrialization and urbanization, also had the earliest housing problem. The First World War was an important turning point in Britain's search for a proper housing policy [1]. The Wheatley Housing Act is a housing social welfare policy formulated and implemented by the British Labour Party under the influence of post-war thought. Its implementation has a profound impact on the settlement of social problems and the construction of the welfare state in the UK and promotes the UK to take a big step towards the comprehensive construction of the welfare state. The study of housing policy during the first term of the British Labor Party is conducive to a better understanding of the social problems in the process of national industrialization, and to absorb the ruling experience of the Labor Party to solve these social problems. This paper starts from the background of the introduction of the Wheatley Housing Act, points out the housing problems faced by British society at that time, analyzes the ways of solving these problems according to the content of the Act, and finally analyzes the early social thought of the British Labor Party reflected behind the housing policy.

2. The Housing Policy before the British Labour Party Came to Power

Before the advent of the industrial age, the British government and charitable organizations used the Poor Law and workhouses to solve the housing problem of the poor. With the development of the Industrial Revolution, cities gathered a large number of people, and the original relief system could not meet the needs of housing problems, and a large number of people did not have stable addresses and lived in slums. The Reverend Alston described the working-class quarters of London as having 1,400 houses in which 2,795 families lived, with a total population of about 12,000 people. The space for so many people, less than four hundred yards square in total, was so crowded that husbands, wives, four or five children, and sometimes grandmothers and grandfathers, lived in a single room of ten or twelve feet, where they worked, ate, and slept [1]. These slums had small spaces, poor health

conditions, and chaotic public security conditions, resulting in frequent epidemics and social malignant events, which seriously affected the overall stability of the city.

Although faced with such social problems, British society in the 19th and 20th centuries generally believed that housing was a kind of private property and should be built by residents privately. Moreover, the cost of housing construction was high, and the profit was small. If the government handled it, it would bring a serious financial burden to the government. Under the guidance of this thinking, the British government focused on the sanitary conditions of urban residents' living areas, rather than addressing the shortage of housing. The British government, on the one hand, closed down and demolished a large number of houses judged unfit for living due to hygiene and health concerns, on the other hand, it was unwilling to fund the construction of new houses to make up for the vacancy, resulting in the demolition of old houses in all regions more than the number of new houses. Between 1910 and 1914, 6,780 new houses were approved for loan construction [2]. However, 7,427 old houses were demolished during the same period [3]. This unscientific approach not only failed to solve urban problems but also exacerbated the housing crisis.

During World War I, Britain turned to a wartime economy, building materials were used in the military industry, large numbers of skilled workers were sent to the battlefield, and housing construction was largely stopped. Housing supply failed to keep up with housing demand, leading to a sharp rise in house prices, at a time when the income of ordinary workers could not afford such high prices, and eventually, a large number of tenants were evicted by landlords, and the same house was rented to different groups of people during the day and night. By the autumn of 1915, collective anti-rent movements were taking place in Birmingham, Manchester, Luton, London, and Glasgow [4]. This series of events not only seriously damaged the fragile stability of the country during the war, but also seriously affected the enthusiasm of the people to join the army, and finally forced the government to intervene in the housing market and formulate policies to curb the housing price. The UK government passed the Rent Increases and Mortgage Interest Act. The Act limited increases in rent and mortgage rates for small houses for a period of six months from August 3, 1914, to the end of the war. The law applied to unfurnished houses, low-rent apartments, and suites. Standard rent meant the rent at the time the house was let on August 3, 1914. The interest rate on the home was not paid directly, and the tenant can receive a subsidy from the local government for the amount at the time of the assessment of the house [5]. The act alleviated the situation somewhat by capping rents for workers at pre-World War I levels, but it did not actually solve the housing stock problem because the freezing of housing prices severely discouraged homeowners from renovating their homes and capitalists from investing in new ones. After the end of the First World War, the contradiction between housing supply and demand surfaced again, and the government issued the Addison Act in 1919, hoping to solve the housing problem of workers through local subsidies. However, due to the high housing prices, the government subsidies did not play a role, not only did not alleviate the housing problem but meaningless waste of government revenue, so the government stopped the subsidy principle in 1921. In 1923, the Conservative government introduced the Chamberlain Act, which encouraged local governments and private individuals to build housing for workers, and the government provided subsidies to the builders. The subsidy is higher if the target is a slum area. Central government granted councils £6 a year per house for 20 years, with a one-off £75 grant for private housebuilders [6]. This Act attempted to solve the problem of housing supply from the perspective of house builders, but due to the impact of rising prices and chaos in post-war Britain, these subsidies still could not significantly improve the enthusiasm of local governments and private housing, so in fact, they did not achieve a good effect.

At the same time, the First World War brought great changes to British society. After the war, there was an upsurge in marriage and changes in family structure. After the war, British workers and women got the right to vote, and the international workers' movement rose. Whether the housing problem can be effectively solved is not only related to the recovery of the British economy but also to whether the traditional social order in Britain can be maintained. In this case, the Labour government came to power in 1924 and started the housing policy of the Labour period.

3. Analysis of the Wheatley Housing Act

The biggest highlight of the Labour Party's domestic policy during its first term in office was the housing construction policy. The previous Conservative government tried to provide subsidies from both the builders and the buyers, and the policies focusing on building and selling houses failed. However, the Labour Party based on the working class grasped the real pain point of the housing problem -- rental houses. Because the vast majority of people in the middle and lower classes simply did not have the ability or willingness to buy houses at that time. The Labour Party immediately introduced bills in parliament to limit the right of homeowners to own all their property and to increase the number of rented homes. With the support of the Liberal Party, the bill was quickly passed, and then the famous Wheatley Housing Act was born, which played a significant positive role in alleviating the housing problem.

In terms of increasing the number of rented homes, the Labour government set up a Building Industry Commission to analyze the problems in the building industry. The commission's report pointed out briefly and clearly that the biggest problem in the construction industry was the shortage of construction workers, and that this gap would grow as the shipbuilding industry recovered from its current slump. The reasons for the shortage of workers were natural employment conditions caused by seasonal changes and irregular demand; Recruitment of existing workers by other industries; The continuation of the construction depression from 1905 to 1914; The decline in population caused by war; Post-war riots and immigration. The report proposed a 15-year plan to provide a relatively stable environment for the development of the construction industry. The report recommended that the housing construction industry should expand contracting as much as possible to maximize the use of the existing labor force, and at the same time raise the maximum age for interns to enter the construction industry from 16 years to 20 years and shorted the internship period from 5 years to 4 years to increase the number of workers in the construction industry. The adoption of the report's recommendations greatly promoted the development of the construction industry.

On the issue of rental housing, the main elements of the Wheatley Housing Act were: a new subsidy of £9 a year for housing meeting certain criteria, and £12 and 10 shillings for agricultural parishes for 30 years; Housing must be rented to current tenants and cannot be sublet without the consent of the local government; These houses cannot be sold without the consent of the Minister of Health; There were reasonable wage clauses in the construction contract; The rent had to be based on the pre-war housing of the working class in the same area, not on the rent of similar houses, but on the rent of houses occupied by tenants of similar classes, which in practice meant that many people would get new houses [7]. The law also provided flexibility to raise rents if housing construction failed to meet demand using a combination of regulated rents, subsidies from the Ministry of Finance, and local government subsidies equivalent to half of those from the Ministry of Finance. The plan was to be inspected every three years, and if during this period less than two-thirds of the building board's overall forecast was built during the preceding three years, the plan would be terminated. The Labour government expected 90,000 homes to be built in 1925, increasing every year thereafter to 225,000 by the end of the program in 1939 [8,9]. In the event of an increase in the cost caused by factors outside the control of the construction industry, the project cost was deemed unreasonable after a full investigation, and the project would be terminated [10]. Since it was the first time in power, the Labour government mishandled the "Abel affair", leading to a new election, and lost the new election to the Conservatives. Baldwin's Conservative government inherited the Wheatley Housing Act, which lasted until 1933.

Although the implementation time of the Wheatley Housing Act was less than expected, its positive effect could not be ignored. The Act had a significant impact on British society. First of all, the act stimulated housing construction, and the number of new homes increased, which greatly alleviated the contradiction between housing supply and demand. By the time the Act was repealed in 1933, a total of more than 500,000 houses had been subsidized. This act mobilized the enthusiasm of local governments and private investment in housing construction, and the total number of houses invested by it had increased significantly since 1925, vigorously promoting the development of the

construction industry. Second, the implementation of the Wheatley Housing Act also boosted the economy and expanded employment. At the beginning of the Labor Party came to power, the economic situation was grim, and the number of unemployed people was large. The British economy recovered and developed to a certain extent in the context of the post-war world economic depression, which was closely related to the large investment in the construction industry. Third, during the implementation of the Wheatley Housing Act, a large number of workers joined the construction industry and secured employment, which promoted the increase of domestic purchasing power and the overall recovery of the economy. Moreover, the Wheatley Housing Act expanded the power of the working class and improved the living conditions of the working class to some extent. The government had decreed that the sale and purchase of homes must be lived in or rented out to existing tenants, thus limiting the protection to low-income working-class families and preventing them from falling into the hands of higher-income groups. This showed that the government's protection had included all members of society, with special emphasis on the protection of the working class, which was relatively disadvantaged economically. Rent control was implemented to reduce the rent burden on renters, so that they were protected from eviction and had a place if they encountered setbacks in life, such as loss of income due to illness, unemployment old age, or some other special reason for not being able to pay a large amount of rent. Finally, the Wheatley Housing Act established the principle of the government's legal intervention in the housing market, thus making the government's intervention in the housing market an important part of its internal function. From the laissez-faire housing issue before the First World War, to the limited management of housing prices by the government during the First World War, to the active intervention of the government in the housing market after the war, the birth of the Wheatley Housing Act marked the completion of this process, and it was also the culmination of the British government's intervention in the housing market policies in modern times. The program increased state subsidies for the construction of rent-controlled housing, identifying the housing shortage as a long-term problem to be solved. This series of legislation strengthened the central supervision of the government over the housing market, established a relatively appropriate subsidy principle, regarded solving the housing problem as a social service, and provided housing for every citizen became an important part of the functions of the urban government.

In short, the British Labour Party's Wheatley Housing Act made the most important contribution to resolving the socio-economic depression and political tensions after the First World War. The implementation of the Act and its good results provided an important inspiration for the Beveridge Report. On the basis of these ideas, the Beveridge Report put forward the idea of building a comprehensive welfare state, which had a profound impact on the ruling direction of the British Labor Party and the development trend of British society after World War II.

4. Social thought of the British Labour Party in the 1920s

During the first term of the Labor Party, in addition to the housing policy, its social security construction also included the reform of the relief system, unemployment security system, health and education policies, etc., but these policies were canceled due to the rapid collapse of the first term of the Labor Party government. However, as a socialist party determined to reform society, one can still see some of the social ideas of the Labour Party in the 1920s behind these policies.

The leader of the British Labour Party in the 1920s was John McDonnell, who made a vivid metaphor for the road of the Labour Party to achieve socialism by gradual improvement, "The slogan of socialism is evolution rather than revolution, and the battlefield of socialism is Parliament [11]". Having been elected to power, the Labour Party had always hoped to eventually build a socialist society by reforming capitalism. This kind of thought was vividly reflected in the housing policy. Compared with the Russian Bolsheviks of the same period, the Labor Party did not adopt the way of state-directed housing construction and direct government allocation of housing but alleviated the housing problem through appropriate restrictions and subsidies to homeowners, rather than directly

controlling the housing market. It was to ease the contradiction between supply and demand in the housing market by means of adjustment and guidance, which was the concrete embodiment of the socialist society through the transformation of capitalism advocated by the Labor Party.

Starting with specific policies, including housing policy, the Labour Party of the 1920s sought to change the functions of the capitalist state. MacDonald's theory of the "social organism", in which the whole society is an organism, and the state is not an instrument of class oppression, but an organ of the organism was widely promoted by the Labour Party of the 1920s. In his view, "In the socialist stage, the state will not disappear, but is more necessary, when the main function of the state is to organize the free cooperation of individuals" [12]. MacDonald pointed out that the transition from a capitalist to a socialist society would result in a fundamental change in the character of the state, "from a guard organization to a service organization, from a mere protector of society to an institution contributing to the general health and welfare of society" [13]. Under the guidance of this kind of thought, in the ideal society of the British Labor Party in the 1920s, the government serves the society as a whole, rather than being the tool of a specific class, and the ruling party's administration should always take the overall interests of the society as the standard. Therefore, in the housing policy of the Labour Party, it can be seen that the Labour Party tried to balance the interests of both the bourgeoisie and the working class without losing too much from either side. This governing strategy was also reflected in other domestic policies of the Labour Party in the 1920s, which, in terms of results, did not win the trust of the majority of the bourgeoisie or the support of the majority of the proletariat, and laid the groundwork for the division of the Labour Party in the 1930s.

5. Conclusion

Faced with the severe housing problem in British society after the First World War, the British Labour Party learned from the failure of the Conservative Party, focused on the working class who had a large housing demand but did not have enough funds, and launched the Wheatley Housing Act. The result of this study is that the Wheatley Housing Act limited the right of homeowners to use their houses and subsidized suitable houses, ensuring that the policy actually benefited the proletarian masses and actually increased the number of rental houses. At the same time, the act also promoted the development of the construction industry, increased the supply of housing in society as a whole, and eased the contradiction between supply and demand in the market. The introduction of the Wheatley Housing Act effectively solved the housing problem in society, improved the living standard of most of the proletarian masses, eased the political atmosphere of social tension after the First World War, and stabilized the British regime at that time.

It is further concluded that the social welfare policy of the British Labour Party clearly reflects the "social organism" thought of McDonnell, leader of the Labour Party in the 1920s. At that time, the Labor Party advocated that the whole society should be regarded as a whole. Through reform, the dividends of social development could better benefit the proletariat, and more people who benefited from this social system would promote the further stable and healthy development of society, thus forming a virtuous circle in the whole society. This study provides valuable reference significance for future research in this direction. Future research should focus more on the idea of the Labour Party making policies from the whole society rather than from a certain group in the society. This idea has a profound impact on the development of later generations of socialism in Britain and also has certain enlightenment for countries to solve social problems in the current era. Future research should focus more on the direction of the "social organism".

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