

Great Britain

Although World War I increased the United States's economic and political influence, it cost Great Britain its position as a leading economic power in the world. Before the war British banks lent money to nations all over the globe. But the war was costly, and Great Britain was forced to borrow heavily from the United States. As a result, Great Britain became a debtor instead of a creditor nation.

The war also cost Great Britain its privileged position in world trade. American and Japanese companies captured many British overseas markets during the war. In addition, Great Britain's factories were old and the equipment outdated. Countries like the United States and Japan, which had industrialized later, had newer factories and more modern equipment. Consequently, they could produce goods at a lower cost. Many factories in Great Britain closed or cut back production after the war. By 1921 more than 2 million workers had lost their jobs.

The General Strike

Great Britain's economic woes reached a crisis point in 1926. Coal miners were engaged in a bitter strike for higher wages that year. For months the coal companies had refused to give in to their demands. In an effort to end the stalemate, the coal miners convinced many other trade union workers to join in a general strike, a strike involving all or a large number of a nation's workers. On May 4 all transport workers, dockers, public utility employees, and workers in the building trades and heavy industry walked off their jobs. The government declared a state of emergency and called out the troops to run essential services.

In the end, the General Strike was a failure. By December 1926 the coal strike had also collapsed. In 1927 Parliament passed the Trade Disputes Act, which made general strikes illegal.

Rise of the Labour Party

Despite the failure of the General Strike, British workers gained political strength during the 1920s. During this decade the Labour party became the second leading party in the country after the Conservatives. In 1924 and again in 1929, Labour governments were elected to office. Each time, King George V named Scottish Labour leader **Ramsay MacDonald** prime minister. Because the Labour party supported Socialist policies, its rise to power alarmed the Conservatives and their wealthy supporters. However, once in power, MacDonald and other Labour leaders tempered many of their radical demands.

From Empire to Commonwealth

In the 1920s and 1930s, Great Britain retained control of many of its colonial territories. However, the dominions, like Canada and Australia, became completely independent states. In 1931 Parliament passed the Statute of Westminster, which established



Visualizing
History

Irish nationalist leader Michael Collins, speaking here to crowds in the Irish capital of Dublin, negotiated a 1921 treaty with the British. *What changes did the treaty bring to Ireland?*

the Commonwealth of Nations, a voluntary association linking Great Britain and its former colonies on an equal basis.

One of Great Britain's major postwar problems was its relationship with Ireland. After an unsuccessful rebellion by Irish nationalists, the British government and the Irish agreed to a compromise that moved Ireland toward independence.

A treaty signed in 1921 granted dominion status to the Catholic southern part of Ireland, which became known as the Irish Free State. The largely Protestant northern counties remained part of Great Britain. They were known as Ulster, or Northern Ireland.

Wanting complete independence for all of Ireland, a radical group, led by Eamon De Valera, revolted against the new Irish Free State. The Irish government suppressed this rebellion, but economic distress brought De Valera to power in 1932. Five years later, the name of the country was changed to Eire, and a president replaced the British monarch as the head of state.