When Balfour resigned as Conservative Prime Minister in December 1905 it was partly on the expectation that a weak and disunited Liberal Party would fragment in office and therefore lose the next election. In fact the sensible Scottish Liberal leader Sir Henry Campbell-Bannerman was able by firm leadership to outgun the potential dissidents of the 'aristocratic' wing of his party (Asquith, Grey and Haldane), and in the event all three served in his very powerful Cabinet which on its radical wing included the promising figure of Lloyd George at the Board of Trade and the former trade union leader John Burns at the Local Government Board. Though Burns himself no longer had the 'fire in his belly' which had motivated the dockers' leader of 1889, his appointment was of enormous significance since he was the first working man to achieve Cabinet rank. He personally achieved little in his eight years in this post, but his very presence next to 'marquises and belted knights' symbolised a new democratic age and concern for the masses.

Campbell-Bannerman judiciously decided on an immediate election which in January 1906 resulted in the biggest landslide since 1832. The Conservatives dropped from 402 to 157 (Balfour himself was defeated at Manchester) while the Liberals totalled 401, including 24 so-called Lib.-Labs., and could count on the support of a further 29 Labour members and the 82 Irish Nationalists. It was a stupendous Liberal victory which produced a House of Commons with a Government majority of 356.* It seemed to many that after nearly twenty years of Conservative rule the democratic changes of the 1880s had at last borne fruit.

* As often, the electoral system distorted the true voting strength of the defeated party, and though the Conservatives obtained only 23 per cent of the seats, they had actually received over 43 per cent of the votes. They thus had a substantial popular base from which to rebuild.
Historians and contemporaries have been equally perplexed to explain the reasons for this surprising election result. Social reform, though vaguely mentioned by some Liberals, was not a key electoral issue although it was to become a major preoccupation of the Liberal Government. 'Chinese slavery', the importing of indentured Chinese labour, in South Africa was much more widely discussed, to the discomfort of the outgoing Unionist ministry. Chamberlain, who had resigned from Balfour's Government in 1903 to lead his tariff reform campaign, saw Imperial preference as a means of cementing colonial links, protecting British industry and providing the revenue to finance social reform. It was a bold programme but it failed to capture the imagination of the working class and tended to produce discord in the Conservative camp while uniting Liberals behind their traditional shibboleth of free trade. The Nonconformist conscience, also a traditional element in the Liberal make-up, had been outraged, almost anachronistically in this a-religious early century, by Balfour's Education Act of 1902. The Act had legalised secondary and technical education (which was being provided unconstitutionally by many School Boards) by abolishing the School Boards and vesting control in the local authorities, which were also to finance and control all the former voluntary religious schools. It was an attempt to provide uniform local administration, but since so many of the voluntary schools were Anglican it inevitably produced the cry of 'Church on the rates' and again strengthened Liberal support. For those perceptive enough to realise it, the most significant element in the new Parliament was the group of 53 Labour members, 29 of whom were sponsored by the Labour Representation Committee which after the election began calling itself the Labour Party. This success was partly due to a secret compact by which about 30 previously Conservative seats were left uncontested by the Liberals, a free anti-Conservative field for Labour activity. Some trade unionists still saw themselves as allies of the Liberals (the Lib.-Labs.), for it was still quite natural to see Liberal and Labour as both parties of the Nonconformist Left, allies rather than competitors. The key issue which had increased both L.R.C. and T.U.C. membership in the years before the election had been the Taff Vale case by which unions were held to be responsible for a company's loss of income due to a strike. This in effect removed the strike weapon from a union's armoury and produced much anti-Conservative feeling.

This Labour strength, as yet numerically insignificant in the context of Liberal euphoria, was in fact the symbol of the distress of the masses