

8 BATTLE IS JOINED

"I remember perfectly well going to an old friend of mine in the House of Commons before I introduced my Budget. He is, I suppose, one of the wealthiest men in the Kingdom — a man who made his money by his own brains. I said to him, 'You had better make the most of me for the next two or three days. After the Budget you and I won't be on speaking terms.' He said, 'My boy . . . you put the burden on the shoulders that can bear it; and, if you don't, I will not be on speaking terms with you.' I followed his advice, and he has consistently supported me. . . ."

David Lloyd George

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Lord Salisbury resigned in 1902, and was succeeded by Arthur Balfour, who for some time had been performing many of the duties usually associated with the premiership. In the following year, the first major crack appeared in the Government's front, with the inauguration of Joseph Chamberlain's "Tariff Reform" campaign, which gradually shifted from the proposal of an imperial *Zollverein* to a demand for the imposition of a unilateral system of tariffs by the United Kingdom. The Unionist Government was severely split, and most people seem to have expected an early General Election; but the administration remained in office until December 1905, when Balfour resigned and King Edward VII called on Sir Henry Campbell-Bannerman, Liberal leader in the Commons, to form a government. After some initial difficulties, Campbell-Bannerman constituted an administration which included nearly all of the leading Liberal figures, save Lord Rosebery. Parliament was dissolved a few days later, and a General Election campaign commenced, with the main pollings in January 1906.

An election fought mainly on the question of whether to preserve Free Trade or to adopt the policy of "Tariff Reform" seems a far cry from the land question, but in fact the connection was considerable. Few or none of the land reformers evinced the slightest hesitation in adopting the Liberal line on Free Trade. Henry George himself had argued powerfully that Free Trade and

land reform were closely related policies,¹ and the advocates of land value taxation often described their own proposals as "True Free Trade" — as a natural and logical extension of the doctrines promulgated by Cobden, Bright and all the other heroes of the past.

The overwhelming majority of keen land reformers supported the Liberal Party, and most of those land reformers who were not Liberals were included among the supporters of the Labour Representation Committee (LRC): a body which was soon to be reconstituted as the Labour Party, but which was then operating (and continued for years to operate) as an ally of the Liberals in most matters. In some parts, notably in Glasgow, even the Conservatives appeared to tag along with the land reformers to a substantial extent.² Not long before the election, the land taxers knew of only two Liberal candidates in the United Kingdom who were not "sound" on their question. Rather significantly, these were men who stood at opposite ends of the Party: Harold Cox, who later achieved notoriety as one of the very few Liberal opponents of Old Age Pensions, and Leo Chiozza Money, who eventually achieved notoriety of a more personal kind, but who before that had found a home in the Labour Party.³ As the land taxers were particularly strong in Scotland they were able to carry out a close analysis of the Scottish candidates. They found that "all the Liberals and Labourists were in favour of the taxation of land values", while more than half of the Liberal and Labour MPs were enthusiastic for the cause.⁴ Campbell-Bannerman himself (who satisfied the land taxers not only in his doctrine but also in his zeal) set the tone for the campaign in a great, and oft-quoted, speech on 21 December 1905, at the Albert Hall in London: "We desire to develop our own undeveloped estate in this country — to colonise our own country — to give the farmer greater freedom and greater security; to secure a home and career for the labourers . . . We wish to make the land less of a pleasure-ground for the rich, and more of a treasure-house for the nation . . . There are fresh sources to be taxed. We may derive something from the land . . . We can strengthen the hand of the municipalities by reforming the land system and the rating system, in which I include the imposition of a rate on ground values."

The result of the election was an overwhelming majority for the Liberals over all other Parties combined; while the 29 LRC MPs and the eighty-three Irish Nationalists could be expected

to give support on most issues, and brought the Government's effective majority to over 350 seats. It was not unreasonable to anticipate that some action would very soon be taken to satisfy the land reformers.

The new Government's land policy towards Ireland was very different from that which it sought to apply in Great Britain. It would hardly be too much to describe Irish land policy as bi-partisan. There were some features on which a measure of disagreement existed between the leaderships of the parties; but these are of only minor importance by comparison with the common policy of extending peasant-proprietorship — where the dispute, such as it was, concerned means and not ends. The Liberals, as Home Rulers, sought to give Ireland what Ireland wanted; and this (so far as the most vociferous Irishman were concerned) was something uncommonly like a Conservative land policy. The first Chief Secretary for Ireland in the Liberal government was James Bryce, the distinguished historian — a convinced Home Ruler, and at heart a strong land-taxer; a man who in most matters stood in the Gladstonian tradition. The most important Irish land legislation which he was able to secure was the Labourers Act of 1906, which provided for compulsory acquisition of land for cottages and allotments. Bryce's appointment to the Irish Office was not really felicitous, and towards the end of 1906 he left for the much more congenial post of Ambassador to the United States. He was succeeded by Augustine Birrell, something of a literary dilettante, who remained at the post until the disasters of 1916.

The Wyndham Act had left its own legacy of problems, both in the things which it settled and in the things which it failed to settle. John Redmond, leader of the Irish Party, pointed out in 1906 that there were 15,000 fair-rent cases waiting to be heard, and over 9,000 appeals pending. Many tenants were therefore rushing to buy land under the Wyndham Act at "foolish and extortionate prices". It also became evident that the financial calculations made at the time of the Act were grossly over-sanguine; the total sum required for purchase would be in the region of £183 millions, not £100 millions, and the requisite bonus to the landlords would be far greater than the £12 millions provided for.⁵

A particularly urgent problem concerned the Irish tenants who had been evicted from their holdings prior to the 1903 Act.⁶ As

usual, it was civil disturbances which brought the matter to the attention of the politicians. Regularly each year, disorders occurred in the Congested Districts during March and April, when the grasslands were being relet to graziers; but normally these disturbances died down in May when the relettings were completed. In 1907, however, they actually increased in May, and continued to increase into June. In the view of MacDonnell (whose presence and influence remained, in spite of the change of government) — it was necessary to “convince the people that we are in earnest in our policy of acquiring the ‘ranches’”.⁷

By that time 8,400 applications had been received from evicted tenants who sought holdings, and of these just over 1,000 had been granted. A very considerable number of the remainder were spurious, but, in Birrell's view, a number “which won't exceed 2,000”, had a good case. Many of these had been excluded by the previous Government as the result of an administrative decision. Birrell, however, considered that compulsory powers of land acquisition were necessary in order to resettle these tenants, and that something like 80,000 acres would be required for the whole operation. The Government was able to pilot a bill through Parliament which gave the Estates Commissioners power to purchase land to resettle the evicted tenants, and this largely disposed of the problem.⁸

There remained the much more widespread problem of the future of the Congested Districts. In 1906, under Bryce's régime, a Commission was set up, with Lord Dudley — a Conservative and former Lord Lieutenant of Ireland — as its Chairman. The Dudley Commission reported in May 1908. It considered that holdings of an annual value below £10 were too small to be economic. In the Congested Districts, 74,500 of the 85,000 holdings were below that value. The Dudley Commission concluded that it was necessary to acquire additional land to an annual value of £450,000, and that the amount of land existing in the Congested Districts was barely sufficient for the purpose. The Commissioners considered that the land which would need to be remodelled into economic holdings would need to be kept in the hands of public authorities for something like two years in order to effect resettlement and redistribution; that the process of remodelling the holdings entailed a necessary loss in the region of 13-15 per cent; and that a very substantial increase in the grant to the Congested Districts Board would be required.⁹

The Government proposed legislation in the autumn of 1908; but the Bill was later scrapped, and introduced in another form early in the following year. The 1909 Land Bill was of general application, and was designed partly in the light of the Dudley Report. The major provisions fell into two groups: financial adjustments, and proposals relating to the Congested Districts. There would be a considerable cutting-back on the landlords' bonus in future transactions, and the annuity rates of repayment by the peasants would be slightly increased. A much larger part of Ireland would be brought within the jurisdiction of the Congested Districts Board, and the sum available for resettlement within those districts was much increased. The Bill also provided for compulsory sales. There was trouble with the Lords — who were more prepared to accept compulsion from Conservatives than from Liberals — but the Government showed considerable toughness, and the measure was eventually carried, though in a somewhat reduced state. By the time that the Bill became law there was little public interest in its provisions, outside Ireland itself, for the great storm over Lloyd George's 1909 Budget was already blowing at full force.

By contrast with its Irish land policy, the Liberal Government's land policy for Great Britain was by no means bipartisan, and parliamentary altercations of the most violent kind were inevitable. Even here, a few measures could be devised where the disagreement was not too severe. A Bill which was originally called the Agricultural Holdings Bill and later the Land Tenure Bill was introduced in 1906. It was originally a private member's bill and was later adopted by the Government. At first it seemed likely that there would be severe trouble, and many Conservatives cursed it in a way which suggested that the Lords might eventually resist it to the uttermost; but in fact it passed both Houses. Some amendments were proposed by the Lords, but did not radically affect its character. In the form in which it eventually passed, tenants received increased freedom of cultivation and added rights of compensation in respect of improvements and of damage to crops by the landlord's game. The Bill seems to have been popular among the farmers; perhaps the Conservative peers decided at the end not to offend men who could normally be numbered among their own Party's supporters.

Some members of the Government — notably Earl Carrington, President of the Board of Agriculture — were keen advocates of

smallholdings, and an Allotments and Smallholdings Bill had a rather easy passage through Parliament in 1907, although it ran into some trouble with certain land taxers.¹⁰ The maximum size of allotments was increased, and their control was transferred wholly from the Rural Districts to the more democratic parish authorities. Smallholding commissioners were given power to investigate the demand for, and feasibility of, smallholdings in a locality, and then require the County Council to work out a scheme of operation; in default of which the Commissioners could execute a scheme themselves. Powers of compulsory acquisition were also granted. Although the new Act made provision only for hiring, and not for purchase, of smallholdings, the right to purchase under the Act of 1892 was not abrogated.

Far more explosive politically was the question of land value taxation. At first the land taxers were sanguine about early legislation.¹¹ The Government, however, did not produce a Bill for all-round land valuation as had been hoped, but only a Bill for the valuation of Scottish land. Scotland certainly felt more keenly on the subject than did England; but the attitude of John Burns, President of the Local Government Board, was also important. At first the land taxers had viewed his appointment with particular pleasure; but by the end of 1906, Trevelyan was privately declaring that Burns was "simply a Tory on the question".¹²

Even in the old Parliament, Scottish site value rating had received the sympathetic attention of the House of Commons. A Bill designed to allow Scottish local authorities to collect their rates on the basis of site values was promoted by the municipal council of Glasgow, and passed its second reading in the House of Commons in June 1905; but, like the parallel English Bill, it did not secure Parliamentary time for further progress. In the 1906 Parliament, more than four-fifths of the Scottish MPs could be regarded as supporters, and over half of the Scottish representation as enthusiastic supporters, of the "Glasgow Bill". There could be no reasonable doubt as to the general view either of the Scottish electors, or of the Scottish local authorities on whom the burden of administration would fall. As Scottish land law is markedly different from English law,¹³ there was much to be said for a "pilot" scheme in Scotland.

The new Government proposed first to value the land of Scotland, and then to enact taxing legislation when valuation was complete. Their Bill for valuation was first proposed in 1906 by

the new Secretary of State for Scotland, John Sinclair. It was carried with triumphant majorities in the Commons, but rejected outright by the Lords in 1907. Another Bill to the same effect was proposed in 1908. This time the Lords did not formally reject it, but passed wrecking amendments which defeated its whole purpose. For the time being, the Government was powerless to proceed further with the measure.

The Government also sought to extend the principle of smallholdings in Scotland. Behind this decision lay not only the familiar arguments in favour of smallholdings, but also a special concern about the continued emigration from Scotland, and particularly from the rural districts. A pamphlet issued by the Scottish Liberal Association, for example, argued that: "Under a favourable land system, nearly one million extra inhabitants might earn a healthy living on the land."¹⁴ The proponents of smallholdings saw this policy virtually as an extension of the Crofters' Act of 1886 to the whole of Scotland.¹⁵

Two features of Sinclair's Bill were contentious. The proposal that there should be no difference of treatment between the "crofting counties" and the rest of Scotland was popular among the radicals, but was disputed by some of the more Whiggish Liberals.¹⁶ The second issue was whether the smallholders should be tenants or whether they should be encouraged to become owners. On this matter the Government was united. There was little sympathy for the idea of applying the Irish peasant-proprietorship doctrine to Scotland. The Scottish Liberal Association, for example, unanimously carried a resolution in 1906, which urged the Government: "to resist all attempts to embody (in the Bill) any scheme of Land Purchase or the creation of any vested interests whatever, other than those which may result from the tenants' own improvements."¹⁷ Perhaps the commonest view outside Scotland was that of Reginald McKenna, who "told a friend that he and his colleagues had accepted Sinclair's bill on being assured that it was what Scotland wanted and were perfectly indifferent to its fate."¹⁸

Predictably, the Sinclair Bill was carried by the Commons, but it was wrecked by the Lords. One of Campbell-Bannerman's last actions in the Cabinet, at the beginning of 1908, was to insist that it be re-presented that year to Parliament. Again, however, the Bill was ruined by the Lords. As in so many other matters,

the Government could do no more than lick its wounds and plan revenge.

The difficulties with which the Liberal Government was confronted in the first three years of its existence made some serious clash between the two Houses of Parliament inevitable. An administration supported by an overwhelming majority in the Commons was again and again forced either to abandon its purpose altogether, or at least to make major concessions, at the behest of a completely unrepresentative, and frequently irresponsible, Upper House. Perhaps the Lords could be overruled on a particular issue if Parliament were dissolved and a majority in the new House of Commons upheld the Government's view; but this procedure was intolerably cumbersome for ordinary legislation.

Politically, there were serious difficulties. In 1906, the Liberals had stood on the top of the hill; and all roads from the top of a hill lead downwards. A General Election at any time thereafter would assuredly cut their majority; while a General Election fought on an issue on which most electors were disinterested would be likely to destroy it altogether, and either set a Tariff-Reforming Unionist government in office, or give the Irish that balance of power which they had exercised in 1885 and 1892, with results which were baleful both to the Liberals and to themselves.

It was the land question which lay at the root of the eventual conflict. In all conscience, the Lords had plenty of warning. In October 1906, Lloyd George told the Welsh National Liberal Council that the "next great legislative ideal" of the Government was "the emancipation of the Welsh peasant, the Welsh labourer, and the Welsh miner, from the oppression of the antiquated, sterilising and humiliating system of land tenure."¹⁹

In April 1907, Winston Churchill (a rising member of the Government, though not yet in the Cabinet), declared that land reform was "the most important and certainly the most fundamental part of constructive Liberal social policy". At the same meeting, Campbell-Bannerman described the proposed land valuation of Scotland as "an indispensable preliminary step" for the Government's programme.²⁰

Campbell-Bannerman's health had been bad right from the formation of his ministry. Early in 1908 he fell ill, resigned, and died shortly afterwards. His successor was the Chancellor of the

Exchequer, H. H. Asquith. In Asquith's early career, there had been much evidence of great capacity, but less evidence of radicalism. Yet, like Campbell-Bannerman and Gladstone too, he became increasingly radical as his career advanced. Asquith was not the sort of man who is drawn into politics by some consuming idea; rather did his mind remain open until a decision was needed; but, once he had decided on a course he pursued it with devastating determination. Campbell-Bannerman called Asquith "the sledge-hammer" in debate; and this was largely true in other matters as well. Intellectually, he decided in favour of land-taxing at the turn of the century, though he could hardly be called an enthusiast. Once the exigencies of the situation made land reform a central issue of politics, Asquith was prepared to use all his skill to secure victory for the reformers. Not least momentous of his early decisions was the choice of Lloyd George for the Exchequer. Some have suggested that this decision was forced upon Asquith against his will; the wholly friendly correspondence of the two men at the time of the appointment — meant for no eyes but those of each other — is quite inconsistent with that view.²¹ Lloyd George was already known as an ardent land reformer, an extremely skilful administrator, and a stormy petrel who had a marked propensity to infuriate all the forces of the "establishment", especially the Lords.²²

The first Budget of the Asquith régime had been prepared by the Premier himself in his days as Chancellor, and was introduced by him into the House of Commons. That Budget proposed no new land taxes. Ardent land-taxers, indeed, were becoming more and more restive. Late in 1906, about 400 MPs had petitioned Campbell-Bannerman for the introduction of land value taxation. The United Committee for the Taxation of Land Values — formed in 1907 to co-ordinate the interested bodies — circulated over fifty million leaflets within three or four years.²³ In November 1908, a Memorial signed by 250 MPs went a good deal further than the petition of two years earlier, and urged that the taxation of land values should appear in the next Budget.

Asquith was inevitably subjected to barrages from both sides, and he circulated to the Cabinet some critical memoranda from Liberal MPs who had reservations on the subject.²⁴ The objections were met by the Chancellor. There was no doubt about the Liberals' general commitment; as Lloyd George pointed out: ". . . The overwhelming majority of the Party in the House are

pledged to the taxation of land values, and urgently press it upon the Government. There are at the outside six Members sitting on the Liberal side of the House who oppose it in principle. They have never mustered more than three in the Division lobby when the Government proposals bearing on the subject have been submitted to the House."²⁵

The Government might decide what action was necessary; but if it wished to legislate, some means had to be found by which it could appease, browbeat or circumvent the Lords. If the Government decided that land should eventually be taxed, the simplest and most natural approach was first to value it, and then to tax it at a later date. This, of course, was what had been tried a year or two earlier for Scotland, with disastrous results. Thus, in Lloyd George's view: "It would be impossible to secure the passage of a separate Valuation Bill during the existence of the present Parliament owing to the opposition of the Lords, and therefore the only possible chance which the Government have of redeeming their pledges in this respect is by incorporating proposals involving land valuation in a Finance Bill. On the other hand, it must be borne in mind that proposals for valuing land which do not form part of the provision for raising revenue in the financial year for which the Budget is introduced would probably be regarded as being outside the proper limits of a Finance Bill by the Speaker of the House of Commons."²⁶ The general opinion at the time was that measures which could properly be included in the annual Finance Bill would be passed, however reluctantly, by the Lords. It is difficult to escape the conclusion that the Government was at this stage trying to compromise with the Upper House — to secure something in the direction of land value taxation, while avoiding an immediate confrontation.

At that particular moment, the argument for new taxation of some kind or other was overwhelming. The Government's social reform policies and its rearmament programme were both expensive. It was not, on the face of it, difficult to persuade moderate men who had no particular love for land taxation as such, that a proportion of the new burdens might fall upon land values.

Lloyd George proposed to the Cabinet two main kinds of new land taxes. First was a tax of one penny in the pound (just over 0.4 per cent) on the capital value of land. For the first two years at any rate, the tax would be levied only on mining royalties, ground rents and vacant land. Devices were proposed to avoid

“double taxation”, to exclude practically all householders, and to exclude agricultural land save where that land had acquired an enhanced value for potential building purposes. Very little revenue was expected from vacant land in the first year; on the other hand, a substantial revenue might be anticipated from mining royalties and ground rents.

The second kind of tax was known as the “Frankfort Tax” — as a similar tax was levied at Frankfurt, in Germany. When land which had already been valued was later sold at an enhanced price, that land would be taxed at 20 per cent on the increment. In the same way, when valued land was transferred at the death of its holder, the legatee should pay 20 per cent on any increment in value.

It was not considered that the new land taxes would bring in any very great revenue during the first year. The sum originally contemplated was £500,000, although Lloyd George later spoke of £650,000. Even the larger figure was only one-twentieth of the total increase in taxation proposed for the year. Far larger items were the increases in estate duties (£2,850,000), in income tax (£3,500,000), in liquor licences (£2,600,000) and in taxes on tobacco and spirits (£3,400,000). Yet the Chancellor had far more trouble over the land taxes than the other proposals. He later contended that “by far the most difficult fight he had was in the Cabinet, not in the country”,²⁷ and “Loulou” Harcourt, son of Sir William, seems to have been particularly obstreperous. It was Asquith who came to the Chancellor’s aid when Cabinet opposition became particularly severe.

When the Budget was announced on 29 April 1909, some changes had been made in the Chancellor’s original proposals. The Undeveloped Land Duty was reduced from a penny to a halfpenny, while a new Reversion Duty of 10 per cent was proposed, which should be paid by a lessor when a lease fell in to his advantage.²⁸

The Land Taxes became the great issue of discussion in Parliament and the country. The Irish fulminated against the taxes on alcohol and tobacco, and the Conservatives made a somewhat feeble attempt to incite the “beer and baccy” working man against the Government; but there could be no doubt where the main interest lay. The enthusiasm of the land-taxers on one side, and the fury of the landed interests on the other, took good care of that.

At first, the Opposition criticism was more or less predictable: the *Daily Telegraph's* word "preposterous" being one of the more severe. Some of the more radical land-taxers were disappointed by the Chancellor's moderation, and by his departure from Georgeist orthodoxy. He was in the infuriating position of having the complete answer to their strictures, but being unable to use it.

At some point in 1909, the two parties' attitudes towards the land taxes underwent a profound change. The Opposition came to regard the Budget as a means for bringing down the Government; while the Liberals began to see it, not as a means of circumventing the Lords, but as a means of confronting the Lords in open battle and defeating them. These matters may be understood only in the light of the general political situation.

Although land reform was the great positive issue on which most of the active Liberals had set their hearts, the Liberals were also moved by a concern to protect Free Trade and defeat "Tariff Reform". They had a huge majority in the House of Commons and while that majority remained, Free Trade was safe. A General Election need not be held (as the law then stood) until the end of 1912. A General Election at any time involved a risk, not merely of party defeat, but that Free Trade itself would be swept away. Land Taxing, important as it was, could wait for a propitious moment; while, if Free Trade were once abandoned, the damage to the whole economy would be severe and permanent, even though the electors might soon repent of their folly and send the Liberals back again to office.

The year 1908 had been bad for trade. There was a big increase in unemployment, and a run of fearful by-election results for the Government. Eighteen Liberal seats had become vacant in the course of the year. Seven were lost to the Unionists, and two more demonstrated a really huge drop in Liberal support. The beginning of 1909 showed a substantial improvement in the unemployment figures, and also in the by-election results for the Government; but in April there was a big drop in the Liberal majority at East Edinburgh, and in May two more seats were lost — one each to the Unionists and Labour.

In this climate, the Unionists set up a body called the Budget Protest League, with the evident intention of taking the campaign into the country. The Liberals were bound to counter, and established a Budget League a few days later. There was good

reason for thinking that the Opposition would try to goad the Government into holding a General Election in the shadow of the Budget; the operative question was whether the Liberals would accept the challenge.

Land taxing was certainly a popular issue. One of the best by-election results which the Government had had for a long time was recorded just before the Budget, when a strong land taxer defended a Liberal seat and received an almost undiminished majority. Even clearer evidence was provided at the by-election in High Peak, Derbyshire on 22 July — for by that time the Budget controversy was already acute. The MP, Oswald Partington, took Government office, and was obliged (as the law then stood) to defend his seat. The Liberal majority had been less than 900 in 1906, and the same Unionist candidate was still in the field. Partington fought his campaign on the Budget proposals, and won the contest. On the form of the previous year, there is not the slightest doubt that he would have been defeated.

The Finance Bill had a long and rough passage through the House of Commons. The liquor taxes were fought by the Opposition and the Irish; the land taxes, which won general support from Liberals and Labour, were opposed tooth and nail by the Conservatives. A small number of Liberals — ten or a dozen — appear in division after division against the Government. The Second Reading, in June, brought no Liberal or Labour votes in the Opposition lobby, though 33 Government supporters were absent unpaired. On the Third Reading two Liberals voted against the Government, and ten were absent unpaired. One Conservative voted on the Government side.²⁹ That Third Reading, however, which in most years would be reached in July, was not taken until November.

In this atmosphere of storm and crisis, Lloyd George was seen at his very best. The challenge of the Opposition was taken up. Just over a week after High Peak had polled, he spoke at a Budget League meeting in Limehouse, in East London. His speech seems mild enough to us today; but it infuriated the Opposition beyond measure, and it was evidently the Chancellor's intention that it should. We may guess that he had already decided that it was a good idea to drive the Lords into rejecting the Budget, and then go to the country on the cry of "Peers versus People". The tone of Limehouse was kept up. Even Sir Edward Grey, the Foreign Secretary, whom nobody regarded as one of the most radical

members of the Government, was persuaded to make some gentle gibes about Dukes. Lloyd George's most radical (and funniest) speech was delivered at Newcastle on 9 October; this was the occasion when he revealed that "a fully-equipped Duke costs as much to keep as two Dreadnoughts; and Dukes are just as great a terror and they last longer."

While the great battle over Lloyd George's land taxes was moving towards its climax, another important and protracted contest which bore on the land question was also being fought. In February 1909, John Burns, President of the Local Government Board, introduced his Housing and Town Planning Bill. The Bill included a wide range of proposals affecting improvement schemes in working-class areas, and provisions for town planning in places where building development seemed likely. In the debates on the Bill, Burns's second-in-command, Charles Masterman, delivered himself of the observation that in urban areas housing conditions were on the whole improving, though not as fast as the Government wished; while in the countryside they were actually deteriorating.

The Government's Bill passed the Commons, but met with wrecking amendments in the Lords. The Marquis of Crewe, chief Government spokesman in the Upper House, at one point considered the differences "unbridgeable". Yet although the Lords detested many of the Government's proposals, they did not wish to incur the obloquy of taking too obstructionist a line on housing questions, lest this might harm Conservative candidates in the next General Election. Thus a compromise was eventually achieved between the two Houses. Power was given to local authorities under the resulting Act to purchase land compulsorily in connection with housing schemes, and also to acquire land by agreement, even where they had no immediate requirement of the land. A presumption of law was created in tenancy agreements to the effect that the houses concerned were, and would be kept, fit for habitation. The erection of the notorious "back-to-back" houses was at last prohibited.

On the central question of the Budget, however, the two Houses of Parliament were set on a collision course. The Finance Bill went to the Lords in November 1909, and they passed a wrecking amendment to the Second Reading with a large majority.³⁰ The Liberal and Labour MPs (with the help of one rebel Conservative) carried a resolution of the House of Commons

which declared the Lords' rejection of the Budget to be unconstitutional. Parliament was dissolved, and a General Election began. It certainly looked very much as if the Lords had been violating the Constitution, or at least straining the Constitution to its utmost limits, in order to protect their own landed interests against taxes which nobody in the world could describe as ruinous. From the Government point of view, there could scarcely be a more favourable issue on which to face the country.

The story of what happened next is one of the most familiar in modern history, and need only be mentioned in outline. The General Election was held in January 1910,³¹ and gave the Liberals and Unionists almost equal representation. The balance of power therefore went to 40 Labour and 82 Irish Nationalists (who were considerably split among themselves). Almost all of the Labour MPs knew that they depended on Liberal votes for their election, and they were hardly in a position of strength. As for the Irish, they were compelled to make the choice between on the one hand supporting a Budget which was thoroughly unpopular in their own country, and on the other setting the Conservatives in power and blighting all hopes of Home Rule. Eventually the Government proposed resolutions indicating their intention to curtail the power of the House of Lords permanently. If this could happen, at least the road was open for Home Rule, and on that understanding most (but not all) of the Nationalists supported the Budget when it was brought forward again in the new House. The Lords let it through with hardly a murmur. The Government then proposed its Parliament Bill, to give effect to the constitutional resolutions. It sought to abolish the Lords' power to block Finance Bills, and to limit their power to hold back other kinds of Bills. Suddenly, the King died, and a Constitutional Conference was set up to try to work out an inter-party compromise. After prolonged negotiations the Conference broke up, the Lords rejected the Parliament Bill, and in December 1910 there was another General Election, which resulted in almost the same configuration of Parties as in January. The official Conservative leadership in the Lords was at first truculent, but decided later to recommend abstention on their followers. After an exciting, but unsuccessful, revolt by "diehard" Conservative peers, the Parliament Bill passed the Lords.

The effect of the Budget on the Unionist opposition was in its own way almost as remarkable as its effect on the Liberals. While

a "diehard" like E. G. Pretyman could contend that "the repeal of the land taxes is our trump card",³² the Unionist leadership knew better. Joseph Chamberlain's son, Austen, told Balfour that "in London and in Yorkshire (West Riding especially) the Budget was popular and the Lords were not. The electors . . . voted against the Lords and, above all, against Landlords. In Scotland the class hatred was very bitter and the animosity against landlords extreme. Nothing else counted very much."³³

A few weeks later, some of the leading Unionists — including Austen Chamberlain, Wyndham, F. E. Smith and Bonar Law — discussed the question together in more detail, and circulated their conclusions to the leadership of the Party. According to Chamberlain: "They all say that in the English towns we were beaten by the land taxes of the Budget. Goulding added that he was convinced that the defeat of the Moderates in the recent London County Council election was due to the same cause and that unless we are prepared to indicate an intention of dealing with this question we have no chance of winning the towns back. . . ." All present decided that "we could have nothing to do with the taxing of ground values or with any general valuation scheme, and that if anything was to be done by us it must be on the lines of a reform of rating, not as in the Budget by a new national tax".

They were prepared to support a measure to enable local authorities to rate vacant plots on their letting value, and agreed to recommend proceeding on the lines of the "Minority Report" of Lord Balfour of Burleigh in 1901. Chamberlain concluded that: ". . . It was very strongly pressed upon me before I left that I should take the earliest opportunity of putting forward reform of rating on these lines as the Unionist alternative to the Government land taxes. Those present believe that if it were made clear that this was the Unionist policy it would produce an enormous effect on the boroughs. . . . It is evidently a subject of the greatest importance."³⁴ Lord Lansdowne, Unionist leader in the Lords, who was not present at the deliberations, seemed to endorse the conclusions.³⁵

The distinction which the Unionist leaders drew between a local measure which they found tolerable and a national measure which they did not, was an important one, and it is remarkable that few or none of the land-taxers seems to have appreciated the subtlety. Austen Chamberlain stated the position with delight-

ful candour: "It is certain that if we do nothing the Radical Party will sooner or later establish their national tax, and once established in that form any Radical Chancellor in need of money or any Socialist Chancellor in pursuit of the policy of the nationalisation of the sources of production, will find it an easy task to give a turn of the screw. . . . On the other hand if this source of revenue, such as it is, is once given to municipalities, the Treasury will never be able to put its finger in the pie again, and the Chancellor of the Exchequer will have no temptation to screw up taxes from which he derives no advantage."³⁶

The Unionists also gave attention to the smallholdings question. Joseph Chamberlain's friend Jesse Collings was known to be a particularly enthusiastic exponent of the idea of smallholdings. A measure of misunderstanding existed between Collings and Balfour, which derived partly from suspicions over motives, and partly from a disagreement over the use of compulsion on reluctant landowners.³⁷ This controversy led Balfour to make a public statement in October 1910, which laid down a recognisable Unionist policy for agricultural land. That policy included the encouragement of owner-occupiers who were to be linked in some form of co-operative system, and receive loans from public funds through a Land Bank.

Thus when the great constitutional crisis of 1909-11 came to an end, certain general propositions could be made about the political issues which turned on land. There was no doubt whatever that interest in land questions, both rural and urban, was intense, and that it was essential for any political party to offer some quite drastic land reform. Both of the major political parties seemed to be moving in the direction of some measure of site value rating for local purposes, although neither was committed to a policy of rating exclusively on the basis of site values. Both favoured extensions in the systems of smallholdings and allotments. The Unionists wished smallholders, so far as possible, to be owners; while the Liberals wished them to be tenants of public authorities. This was, however, to a large extent a "non-problem". Neither party sought to enforce its own favoured system against the wishes of reluctant beneficiaries. The tenures offered by the Acts of 1907-8 were practically as secure as freeholds, and it is noticeable that very few smallholders seem to have had any desire to become outright owners.³⁸ Measures like the extension of credit facilities had received official endorsement

from both great parties. If the land question in any of its aspects was again to become a central issue of political controversy, this would happen not because the politicians manufactured a question on which to fight, but because a large section of the public favoured major legislative changes which at least one of the parties was unwilling to accept. Did any such feeling exist, or would the British land problem wither away, as the Irish land problem seemed to be doing?

Notes-8

- 1 Notably in *Protection or Free Trade*, first published in 1886.
- 2 *Land Values*, February 1906, p. 167.
- 3 *Ibid.*, November 1905, p. 105.
- 4 *Ibid.*, February 1906, p. 167.
- 5 Birrell, 30 March 1909. Parliamentary Debates 5S, 3 col. 189.
- 6 For a general history of the evicted tenants, see Birrell's memorandum, 17 June 1907. CAB 37/89/69.
- 7 MacDonnell to Birrell, 16 June 1907, circulated to Cabinet, 17 June 1907. CAB 37/89/68.
- 8 See F. S. L. Lyons, *John Dillon* (see bibliog.), p. 298; see also Irish Land Commission return up to 31 March 1917. MacDonnell C471, fos. 17-22.
- 9 See Birrell memoranda, 23 October, 13 November 1908. CAB 37/95/130 and 151.
- 10 For J. C. Wedgwood's views, see *Staffordshire Sentinel*, 24 June 1907. Edwin Montagu also detested the Bill; see J. C. Wedgwood to wife, 10 November 1906, Wedgwood papers. At one point the easy passage was not anticipated. Carrington to Ripon, 2 April 1907. Ripon 43,544, fos. 125-26.
- 11 C. Llewellyn Davies to J. C. Wedgwood, 29 January 1906. Wedgwood papers.
- 12 C. P. Trevelyan to wife, 18 December 1906. C. P. Trevelyan papers ex. 21; J. C. Wedgwood to Trevelyan, 8 February 1907, *ibid.*, 7. For a milder view of Burns, see J. C. Wedgwood to Randolph Wedgwood, 14 February 1907. Wedgwood papers.
- 13 Scottish land-taxers themselves were not completely *ad idem* as to the best treatment of feu duties. See *Land Values*, August 1907, pp. 50-1, etc.
- 14 SLA leaflet (probably for one of the 1910 General Elections), n.d. HHA 23, fos. 250-51.
- 15 See, for example, pamphlet *Smallholdings and Land Values*, published by the United Committee for Taxation of Land Values,

- April 1907. HHA 23, fos. 232-37. For a general account of the legislation, see John Brown, "Scottish and English Land Legislation 1905-11", *Scottish Historical Review*, vol. 46 (1968), pp. 72-85.
- 16 Munro-Ferguson memorandum, 12 January 1910. HHA 23, fos. 238-39; Sinclair to Asquith, 7 September 1908. HHA 11, fos. 178-83.
 - 17 SLA Minute Book 1904-9, p. 334.
 - 18 Brown, *op. cit.*, pp. 81-2.
 - 19 *South Wales Daily News*, 12 October 1906. LG(B) B/4/2/27.
 - 20 *Liberal Magazine*, 1907, pp. 255-58.
 - 21 Asquith to Lloyd George, 8 April 1908. LG (NLW) 20, 462C, fo. 2285; Lloyd George to Asquith, 11 April 1908 (misdated 1907). HHA 11, fo. 77.
 - 22 See, for example, Ripon to Campbell-Bannerman, 3 December 1906. C-B 41,207, fos. 152-53.
 - 23 *Land Values*, June 1915, pp. 3-6.
 - 24 Cabinet memorandum, 23 January 1909. CAB 37/97/10; HHA 22, fo. 98ff. The most adverse Liberal critic may be identified as Sir John Dickson-Poynder. One of the other two was Ernest Soares.
 - 25 Lloyd George memorandum, 29 January 1909. CAB 37/97/16.
 - 26 Lloyd George memorandum, 13 March 1909. CAB 37/98/44.
 - 27 Malcolm Thomson, *David Lloyd George* (see bibliog.), p. 183.
 - 28 For a simple summary of the new tax proposals, and how they related to expenditure, see *Liberal Magazine*, 1909, pp. 227-31.
 - 29 The Liberal opponents were Julius Bertram and S. H. Whitbread. Of the ten absent unpaired, F. W. Chance, Sir Robert Perks and E. A. Ridsdale had been rebels on a considerable number of earlier Budget divisions. The Conservative rebel was T. H. Sloan. All but one of the Nationalists abstained. None of the five Liberal rebels defended their seats in January 1910; Sloan did, but was defeated by the "official" Conservative.
 - 30 There were small rebel "splinters" on each side. Four Liberal peers (Lords Chichester, Northbourne, Sandwich and Temple) voted or were paired against the Bill; eight Unionists (Lords Boston, de Saumarez, Emly, James of Hereford, Monteagle, Peel, Torphichen and Rollo) in favour.
 - 31 A few constituencies polled in early February.
 - 32 Pretyman to Austen Chamberlain, 5 October 1910. AC 8/6/30.
 - 33 Chamberlain to A. J. Balfour (copy), 29 January 1910. AC 8/5/1; also AJB 49,736, fos. 63-5.
 - 34 Ms. marked "Sent to JC, AJB, Landsdowne & Wyndham", 9 March 1910. AC 8/5/14; also AJB 49,736, fos. 69-82.

- 35 Landsdowne to Austen Chamberlain, 16 March 1910. AC 8/5/13.
- 36 Chamberlain ms., 9 March 1910. AC 8/5/14.
- 37 See Balfour to Collings, 16 September 1910 (copy); Collings to Balfour, 22 September 1910 (copy); Austen Chamberlain to Balfour, 23 September 1910 (copy). AC 8/6/9, 13, 16.
- 38 Thus, in the first two years of operation of the Acts, only a little over 2 per cent of the applicants had sought to purchase their holdings. Taking an extreme case, Cambridgeshire County Council had received over 1,200 applications for smallholdings, and only one man had applied for purchase. He proved to be an undischarged bankrupt. *The Times*, 16 August 1910.