

# LAND VALUES.

## SUPPLEMENT.

Condensed Report of Budget Debate in the Lords.  
Liberal and Conservative Policies outlined by Party Leaders.

JANUARY, 1910.

On November 22nd, the Earl of Crewe formally moved that the Finance Bill be read a second time. The Marquis of Lansdowne then rose to move the following Motion standing in his name:—

“That this House is not justified in giving its consent to this Bill until it has been submitted to the judgment of the country.”

**Marquis of Lansdowne :** I may remind your Lordships that in 1907 a Land Valuation Bill dealing with Scotland came before this House, and that Bill your lordships declined to pass. The following year that Bill came before you again. On that occasion you amended it, your amendments were not accepted, and the Bill was dropped. Now your lordships will observe that on both of those occasions this question of land valuation was presented to you as a matter with which you were perfectly competent and entitled to deal—(hear, hear)—and it does seem to me to be a thing unheard of, after that has taken place, that you should now be told that because another measure of the same sort is grafted on this Finance Bill you are to be deprived of the opportunity which, by common admission, was yours in 1907 and 1908. (Hear, hear.) I have been told that this House, comprising as it does a large number of landowners, should be extremely careful how it criticises proposals which are supposed to affect our own pockets. I should be inclined to reply, in the first place, that this is not by any means a House composed entirely of landowners; in the next place, that, if it does contain some landowners, they are probably some of the most competent and experienced landowners of the country; and, in the third place, that we have acquired a considerable experience of dealing with questions connected with the land—an experience for which we have in the past sometimes had to pay somewhat dearly. (Hear, hear.) I believe that no part of your financial scheme is more economically unsound than the portions which include the land taxes. You have singled out for specially severe financial treatment a form of wealth which is derived from an enterprise in which the profits are small and uncertain—an enterprise which is only just recovering from a very serious crisis, an enterprise which fills relatively a much smaller place in the wealth of the country than it did 40 or 50 years ago. It is, moreover, an enterprise which, as we now know, and as his Majesty's Ministers frankly admit, has for years past been paying, in consequence of the manner in which it has been assessed for income-tax, a great deal more into the Exchequer than it could reasonably be expected to pay. (Hear, hear.) So that there can be no doubt “these rapacious landowners,” who have monopolised so much power in the political system of this country, have, after all, really been the sufferers and victims rather than the occasion of suffering to others. (Cheers.) My lords, we ask, and I think we are entitled to ask, what discredit, in your opinion, attaches to the ownership of land that you single us out for treatment of this kind.

Of two men, one of whom has invested his fortune in land, and the other, let us say, in securities—which is, upon the whole, the more harmless and more useful citizen? May we not claim that the man who is content with a modest return, who submits to all the obligations which attach to the ownership of land, who contributes to the rates of his neighbourhood, who bears his part in local affairs, is at least as fully entitled to just and equitable treatment as his neighbour, who has invested his fortune in, let us say, American shares

and spends an agreeable time at watering-places or wherever he chooses to go? (Cheers.) Yet, my lords, the one escapes and the other suffers under your form of taxation, and in order that the one may be sufficiently harassed you are going to set up this colossal edifice of valuation which forms a conspicuous feature of the Bill upon the table. It is, according to your own showing, to cost the public a couple of millions at the outset. Those who are authorities on the subject greatly doubt whether your couple of millions are in any way nearly sufficient. Besides that you have to consider the expense to which you will put the owners of land, who will naturally have to watch the case on their own behalf. These clauses seem to me to open out an interminable vista of litigation which will worry and unsettle the whole face of the country. (Cheers.) It is the more preposterous because the result of all these taxes will not be to make any appreciable addition to the sums available for your immediate necessities. Yet you call these grants in aid and supplies to his Majesty. (Cheers.)

My lords, I will ask whether you have really considered the immense difficulty of this system of valuation which you are going to set up. A member of your own Government said that it was to be a costly, elaborate, and expensive system of valuation. There are, I am told, about 1,000,000 owners of land in this country, and there are thousands and thousands of persons who hold under leases with more than 50 years to run. All of these are cases that will have to be gone into thoroughly if this business is to be properly carried through. Have you considered the unreliability of these valuations? Why, whenever we read of, let us say, a compensation case in which a railway is concerned, what is the first thing to strike you? The most eminent members of the profession are brought forward, and their estimates of value are as wide as the Poles asunder. You are not going to have the most eminent members of the profession—you are advertising, I am told, for young men at £500 a year, and these are the Daniels come to judgment who are going to solve these intricate conundrums. I venture to say that these valuations based on hypothesis are, of course, sometimes inaccurate—you cannot help it—but it is to my mind rank folly to multiply them as you do under this Bill needlessly and on the kind of scale which is followed here. I know, of course, that these valuations are to be the groundwork of your new taxes, on which I shall say something presently, but that is not the only motive of these valuations.

Then, it is not true that these taxes offer an almost unlimited opportunity for what I am afraid I must call predatory taxation? You are told to possess your souls in patience because you are only going to be charged  $\frac{1}{4}$ d. in the pound for this undeveloped land duty. My lords, if the young man at £500 a year or the department that he serves chooses to discover that your uninteresting acres have a potential value for some remote purpose your  $\frac{1}{4}$ d. in the pound at once becomes not a  $\frac{1}{4}$ d., but 3s., 4s., or 5s. in the pound, and I need not say that by one turn of the screw nothing can be simpler than to turn the  $\frac{1}{4}$ d. into 1d., 2d., 6d., or whatever you please. Then I notice that under these taxes the same people are liable to be taxed not once, but twice, thrice, or four times on the same property, and also that they are liable to be taxed when their property is remunerative, but do not get relief when it is unremunerative. Finally, I notice that, although these taxes have been persistently advocated as measures of relief to the sufferers from the rapacity of ground landlords, they do not

afford a farthing's worth of relief to the sufferers, and that what is extracted from the ground landlords goes either into the pocket of the Treasury or may be used for some of those marvellous schemes for regenerating something or somebody in the opposite extremity, perhaps, of the United Kingdom.

If I may sum up, we object to these taxes, first, because they are unproductive for present purposes; secondly, because they tax people on what they have not got; thirdly, because they are cumulative and tax the same people over and over again; fourthly, because they single out for specially severe treatment a class that does not merit it; fifthly, because they fetter and obstruct the land market; and, sixthly, because they are based on a Socialistic fallacy, on which you are acting, but which you have not the courage to avow. (Cheers.)

I have been in this House more than 40 years, I owe everything to its indulgence, and I say from the depth of my heart that it is my desire to do nothing unworthy of your high reputation of your great place in the Constitution of this country. But I believe that the worst and the most damaging thing that you could do would be that you should fail those who look to you as the guardians of their greatest constitutional right, the right to be consulted when fundamental political changes are demanded by the Government of the day; and, my lords, depend upon it that by rejecting this Bill you will, on the one hand, insist that that right shall be respected; you will not usurp the function of granting aid and supplies to the Crown; you will not pronounce a final verdict upon this Bill, bad though you may believe it to be; but you will say that it is a Bill to which you have no right to give your indispensable consent until you are assured by the people of the country that they desire it to pass into law. (Loud cheers.)

**The Lord Chancellor**, who was received with Ministerial cheers, said,—Except, I think, for one or two sentences at the commencement of his speech, the noble marquis has said hardly anything of the extreme gravity, from the constitutional point of view, of the step which he advises your lordships to take. The noble marquis has also criticised the new taxes imposed on land. It is impossible to enter into details about them on an occasion like this, nor did the noble marquis himself do so. They are in this country novel and experimental taxes. It may well be that some of them may prove difficult in the working, may require amendment or alteration; that is so and must be so with all experimental and new taxes. But the principle of this taxation is not new in the Colonies; it is not new in Germany or in the United States. It has been approved in the House of Commons, and not this House of Commons merely. In the last House, a Conservative House, the principle of land values was approved by a majority which supported a bill brought in for that purpose. It is perfectly true that that related to rating. (Hear, hear.) I cannot see, however, how it can be dishonest and unfair to levy taxes on that principle and defensible to levy rates on that principle. (Cheers.) I have the highest financial authority of the Conservative party in support of this principle as applied to taxes. In 1894, when the famous Budget of that year was brought forward, Sir M. Hicks Beach, now Lord St. Aldwyn, speaking in the House of Commons, said:—"Let the right hon. gentleman (Sir William Harcourt), if he thinks right, invent means of taxing the increased value of landed property in the neighbourhood of towns. In an endeavour of that kind I will support the right hon. gentleman as readily as anybody, because I think it would be fair. I know there is a great deal of the value of land in towns which at present escapes taxation from every source, and I think, if it should be possible—I know it to be very difficult—it would be desirable to remedy that injustice." There are Conservative members in the House of Commons many of whom, I believe, supported this principle of taxing land values on their election at the last general election, and it has been supported by the highest financial authorities, apart from political opinion altogether. The tax is a very difficult tax to raise, I know; it is a very difficult tax to adjust; but until this Budget was brought in, although there were a good many individuals who objected to it, I think the principle itself was certainly approved by the whole of the Liberal party and by a very large part of the Conservative party as well. (Cheers.) If we fail in the coming general election, assuming that his Majesty is pleased to dissolve Parliament, it will only be the beginning of a conflict which can only end in one way. (Cheers.) If we succeed, I hope we shall not flinch from that which will have to follow. We have not provoked this conflict. (Cheers and Opposition cries of "Oh.") We have not provoked it nor at any time desired it, but we are not afraid of it, and I hope that

we shall none of us fail to do our duty in preserving the Constitution of our country. (Cheers.)

**The Duke of Norfolk**: said that as one of the rank and file of the House he was anxious to explain why, in spite of the sonorous caution they had heard from the noble and learned lord on the woolsack, he still, although for the moment shrivelled up and pulverised by that address, felt it his bounden duty to support the amendment. The noble and learned lord told them in stirring language that the action that they proposed to take was unconstitutional, but Lord Halsbury, who had previously held the office of Lord Chancellor, assured them that it was constitutional, and the noble lord who followed urged them to pay no heed to either, because the country did not care whether it was constitutional or not. (Laughter.)

On November 23rd the debate was resumed.

**The Earl of Cromer**: I now turn to the land clauses. Your lordships are often accused of being an assembly of land owners. You may therefore like to hear the opinion of one of your members who does not possess, and is never likely to possess, a single acre of land in this or in any other country. (Laughter.) The only part of the Budget which affects me personally is the increased income-tax, which I have already said meets with my cordial approval because it is based on the principle that the man who is relatively rich should pay more than the man who is relatively poor. The land clauses, however, are a flagrant violation of that very sound principle. It is not proposed to tax a man according to his wealth, but according to the special form in which, whether he be rich or poor, his wealth is invested. (Cheers.) I say, my lords, that this principle is thoroughly unsound. Neither would any modification of the detail reconcile me to its adoption. I do not doubt that the laws regulating the tenure of land in this country are far from perfect. Notably, I should be glad to see something done to strengthen the position of leaseholders in towns against ground landlords. But if this subject is to be taken up, let it be considered in the ordinary way, that is to say, by introducing a Bill which both Houses of Parliament will be free to examine both in principle and in detail. (Cheers.) Whatever may be the constitutional practice, I cannot help thinking that to introduce drastic legislation on this subject in the garb of a Finance Bill, and thus endeavour to stifle the opinions of those who are not only most interested, but best informed on all matters connected with the land system, would appear to me certainly to be a very great abuse of power. What, however, is to be said of procedure of this nature when it is recognised that the proposals of the Government under this head will do little, if anything, to solve the financial difficulties of the moment? The fact is, my lords, that it is an abuse of terms to speak of the land clauses in the Bill as genuine financial measures. (Cheers.) With the facts before us, it is impossible not to include that the primary object in introducing them is not to obtain revenue, but to pave the way for the introduction of profound changes of a Socialist character in the system under which landed property is held in this country.

**The Duke of Marlborough**: When the Budget Bill of 1861 came up to the House of Lords, its rejection was moved by the Duke of Rutland, and though the motion was not pressed to a division, its constitutionality was accepted by men like Lord Granville, Lord Derby, the Duke of Argyll, and Lord Grey. The cumulative effect of the views expressed in 1860 and 1861 was overwhelming, and he ventured to say that their lordships would not find a right more definitely established by law, more absolutely justified by custom, practice, and tradition, or more conclusively endorsed by leading statesmen of both parties in either House than the right of their lordships to reject a money Bill. (Cheers.)

Taking this point as proved, the question which arose was whether this occasion was one which was sufficiently grave to justify the exercise of the right which they possessed, but which, like all rights, must not be abused. They had had occasion in previous debates to notice the growing power of the bureaucracy. It was now urged that their political activities should be suspended, their political functions interrupted, and their political right abrogated, because their exercise was in conflict with the convenience of the bureaucracy. The Executive, together with the bureaucrats, claimed to override the sentiments of that House, forgetting that the assertion of such a claim was to ignore the fact that ultimate sovereignty resided, not with the King in



Council, but with the King in Parliament. What was the present position of that House? Its relations with the Lower House were in themselves a monument to the political sagacity of the English people. Their adjustment had been perfected by the genius of great men. For centuries the delicate and subtle equipoise had been preserved, substantially unchanged by the statecraft of the leading representatives of both Houses, so that it bore to-day something of that mysterious sanctity which only time could give. The relations between the two Houses of Parliament in the vital matter of finance were the result of a noble political inspiration. They had been slowly up-reared in the passage of the centuries and hallowed by tradition. To-day the Executive, acting through the Lower House, was endeavouring to lay rude and irreverent hands upon a political fabric which had won the admiration of the civilised world. This magnificent monument and this unique expression of the temperament of our people was to be shattered at the bidding of a demagogue from Wales. (Laughter.) Neither the word of the Lord Chancellor nor the silence of Lord Crewe, a self-constituted mute at the obsequies of the British Constitution, nor the remarks of the noble earl on the cross-benches, had in any way shaken his confidence that the amendment moved by the noble marquis Lord Lansdowne ought to receive their unanimous support. (Cheers.)

**Lord Pentland:** The objection to the Finance Bill centred in the land and licensing proposals. A Land Valuation Bill came before their lordships two years ago, and the criticism levelled against it was to the effect that it was taxation in disguise. The view then taken by noble lords was:—"This valuation is for no other purpose except to levy taxation; we will not pass the Bill, because it does not disclose your whole plan; we want to see your whole scheme, and then we will consider it." Now their lordships had before them the whole scheme. A tax was proposed to be levied, and it found a place in the Finance Bill of the year. The objection now raised had reference to the valuation which was a necessary concomitant of such a tax, and it was alleged that valuation was attached to this tax on so slender a foundation that some critics of the Budget had founded the accusation that "tacking" was a part of the Government scheme. But it could not be said that the valuation proposals were new to the country. On four occasions before the last general election, and during the time of the late Administration, they were discussed and divided upon in the House of Commons. On the two latest of these occasions they were carried by majorities in the other House, and on one of the occasions the seconder of the motion to read the Bill was a member of the Unionist party. It was well known that all the great municipalities favoured these proposals. Did their lordships think that they had a very strong case in resisting these proposals, or a case that would be considered as being very strong when it was referred to the country? Would noble lords be able to make out that this was a novel proposal or that it was not before the country at the last election? (Hear, hear, from the Opposition.) Indeed, a much stronger foundation was needed for the great constitutional change which was now proposed. (Hear, hear.) He could not believe also that their lordships had realised the moderate scope of the land taxation which was said to have excited great animosity. Land values accruing up to the present hour were all exempted, and there was nothing whatever to shake the security of any investments in property, whether held by high or low. All improvements also which were due to the expenditure of the owner were exempted now and for the future. Urban land, which was built upon and fully developed, was exempted, but in the case of land which might be developed, or was withheld from the markets, a halfpenny in the pound of capital value would be the owner's contribution to the public funds in respect of that land. Noble lords might retort, "Ah! but you will ruin agriculture." All agricultural land was exempted from these new burdens, and, indeed, it might be said that the Budget was a vehicle for conveying great benefits to the agricultural industry and to the owners of land. (Hear, hear.)

**The Earl of Camperdown** said that, according to the noble lord who had just sat down, the issue before the House was not fair play to the taxpayer, but fair play to a possible Liberal Government. (Cheers.) It appeared that if this House accepted the amendment they would have done for ever with the old state of things. What was to follow? The noble lord did

not tell them. He said that such steps would be taken as were necessary. Pray, what steps? It would be interesting to know. (Hear, hear.) The noble lord said they were ignoring the resolution of the House of Commons. What force had a resolution of the House of Commons over that House? When this matter was taken up in a sense in which the noble lord proposed it should be taken up, he would find that what would be required would be an Act of Parliament and not a mere resolution of the House of Commons. The noble lord had challenged contradiction of his statement, but to contradict them it would be necessary to go into Committee on the clauses of the Bill, because the language which the noble lord used with regard to the Bill was not consistent with the way in which he had read it. The noble lord said that on land which might be developed a duty of one halfpenny was to be imposed. There was no "might" about it. The tax was to be put on all undeveloped land, and undeveloped was stated to mean all land which was not covered with buildings.

**Lord Pentland** said land which had nothing but a purely agricultural value would not be taxed. It was only when land had a prospective building value that it would be subject to this tax.

**The Earl of Camperdown** said the noble lord was not speaking of agricultural land only. He was speaking of the tax on undeveloped land, and undeveloped land under the Bill was land not covered with buildings. But they were not in Committee. He very much wished they were. The noble lord said he was afraid their lordships did not realise the responsibility which attached to them in the course they might take with regard to the Bill. He could only say, having been for a very long time a member of that House, he had never entered on the consideration of any question with so deep a sense of responsibility as he had with regard to this matter. This was undoubtedly a most important Bill and the debate was a most important debate.

**Earl Russell** said he believed he stood almost alone in that House in objecting to two of the largest items of expenditure provided for by this Budget, the expenditure on the Army and the Navy. It was to be remembered that there was recently a great clamour for largely increased expenditure on the Navy, and principally by those who were now reluctant to pay for it. The expenditure on the Army this year was 27½ millions, and on the Navy 35 millions. Last year the figures were 27 millions for the Army and 32 millions for the Navy. That represented a considerable increase, and that increase had been going on continuously and unchecked for many years. If they said it was impossible to reduce expenditure on armaments, that was a reflection on the civilisation of the present day. There was nothing reasonable in nations behaving to one another as if they were two armed desperadoes sitting on a bench, each waiting to see which would make the first move. This expenditure was unproductive, and it tended in some cases to precipitate the very conflicts which it was said to be designed to avoid. They were told that apart from the taxes the objection to the Budget as a whole was that it was Socialistic and the beginning of Socialism. For a great many years he had always indignantly denied that he was a Socialist, but quite recently he had received a programme and an invitation to join the Anti-Socialist Union. Directly he read that invitation he perceived that he must be a Socialist, for he was entirely unable to agree with any of their propositions. If the Budget was Socialistic in that sense then he was a Socialist and supported the Budget on that ground. The Liberal party was not Socialistic. The Liberal party was still the supporter of individualism and of individualism in property, but the State as a whole—and both parties in the State—was obviously, to any fair-minded observer, becoming more Socialistic in the sense that things were being done more by the community than were formerly done by private enterprise, and they were having common action in a great many things where they did not have it before.

The aristocrats in the Reign of Terror were not afraid of the guillotine, but the knife fell none the less, and the action which their lordships were now taking was, he believed, the beginning of the end of those understandings in their Constitution and between the two Houses. (Hear, hear.) Their lordships had, he ventured to think, inaugurated a revolution. They had put an end to those understandings and had made them

impossible. And could any of them doubt, whichever side succeeded at the next election, that sooner or later there would come a readjustment, and a readjustment which would leave that House powerless, as they on that side of the House thought, for evil. Personally, he did not regret it. From his point of view, that House had always been in favour of reaction. Its history stood out as a constant barrier to progress. It was represented sometimes as a deliberative and revising Chamber, which provided a very useful check upon measures that came from another place, and licked them into shape or deferred them. That House had done much more than that. It had delayed measures of reform of every character and dealing with every subject. It had delayed and destroyed them again and again. Its history was a record of interference with the course of progress. But they lived nominally, and their lordships would find that they lived really under the control of the democracy in this country, and he thought their lordships would find that the democracy intended to govern itself and to have the expression of its will obeyed and observed. He ventured to think that the action which it was now proposed to take would really put an end to all possibility of those understandings subsisting in future, all possibility of any useful check being exercised by that House. If any useful check had been exercised in the past, they would not have the chance of exercising it again. (Hear, hear.) They were introducing a new era, and they were, in fact, playing into the hands of the democracy and giving it the opportunity which it had long wanted. This conflict had threatened for some time, and he thought few of them on that side of the House would regret that the conflict should come and that it should be at an end. He for one should rejoice to see the veto of that House swept away, and, to his mind, that was the only good thing they could hope for from the amendment which was before them. They had inaugurated a course of events of which they could not foresee the exact termination. He believed that its ultimate result would be to make for progress, but that those of their lordships who had initiated it would not be pleased with the ultimate result. (Cheers.)

**The Earl of Lytton :** If the House was critical of this Bill it was not merely because it was going to affect the pockets of noble lords, it was not only on the ground of self-interest. It was true that the land clauses and the licensing clauses did arouse a degree of hostility which was not created by any of the other clauses of the Bill, and he thought he might say without fear of contradiction that if those two sets of clauses had not been put into the Bill the amendment of the noble marquis would never have been put on the paper. But, if that were true, it was because those clauses more than other parts of the Bill bore unmistakable evidence of having been actuated by political rather than by financial reasons. (Cheers.) The "hatred, malice, and all uncharitableness," too, contained in the speeches of those who defended these clauses were unmistakable proof that they had been drafted, not for financial needs, but in order to secure a political object at the expense of certain interests against which the Government had a political prejudice. Another feature which was common to these clauses, and to these clauses alone, was that in order to raise these taxes they were going to set up a costly system of valuation which would eat up all the revenue that would be derived from them for some years to come. (Hear, hear.)

**The Marquis of Londonderry,** who was imperfectly heard, was understood to say that the Bill imposed taxation on a special class of the community whom the Government looked upon as entertaining views hostile to them and to their policy. Certainly the land taxation proposed to be levied was out of all proportion to the means of those owners of land who were to be called upon to pay. Why was land singled out by the Government for this kind of taxation? There was a great deal of property belonging to other classes, and unconnected with land, which the Government did not propose to tax in the same way. Why was the money which was invested in shares and in limited companies not taxed in equal proportion with the property of the landowners? (Hear, hear.) The revenue to be obtained from the land taxation would be of very doubtful amount, and whatever the sum might be it would be swallowed up in the expenditure connected with valuation. Indeed, the Government by taxing land were not so much endeavouring to bring in revenue as to force land

on the market. The reason for taxing landowners appeared to him to be quite simple. It was because the Government at the present moment had the fixed idea that this taxation should be imposed for the purpose of nationalising the land in the future. (Hear, hear.) The Government desired to have the owner of land replaced by the State, and the Budget was the first step in that direction. They had insisted that there should be a valuation of all land whether it came under the taxes or whether it was exempt. As far as he could gather, the main object of the Bill in regard to land was valuation and valuation only. Valuation was their first object; revenue for the purpose of meeting the expenses of the country was a very secondary one. Therefore he thought this question of valuation of all classes of land was merely intended to pave the way to the nationalisation of the land. The Budget would make the position of the owner of land an impossible one by placing upon him taxation of an onerous and ruinous character. Eventually he would be glad to ask the State to buy him out. The policy was that of Henry George, which had never been accepted by the people of this country. Passing to the licensing taxes he said they were not only unjust but vindictive. It was said they were only introduced for the purposes of revenue, but how could that be reconciled with the statement of some of their leading colleagues in another place?

**Lord Avebury :** He came now to a very excellent object which the Government had in view; to encourage building, and thus improve the dwellings of the working classes. Here again expert opinion was almost unanimous against the land proposals in the Budget. A committee of the Law Society appointed to report upon the Bill said, "they regard them (i.e., the land clauses) as unjust in principle, in that they are specially directed against owners of a particular class of property and one which already bears its fair share of Imperial and local burdens; as unnecessary from a purely financial point of view, as seeking to bring about under the pretext of taxation results which, if deemed desirable, should be openly pursued by substantive legislation; and as calculated to cause dislocation of business and to augment unemployment." And again, "a change of such importance ought not to be brought forward as part of a financial measure." The Law Society of Ireland had expressed very similar opinions, and they added that some of the proposals "will weigh with special severity on the tenant farmers of Ireland." The Land Agents' Society had issued a memorandum in which they pointed out that the "so-called unearned increment" did not, and was never likely to, exist, except in the shape of accumulated interest on locked-up capital; that "the Ministerial estimate of £2,000,000 as the cost of the valuation of the land . . . is wholly inadequate." They believed "that the view is held in some quarters that the increased burdens imposed upon the land by the Bill will affect large landowners only. Nothing, in their opinion, could be further from the truth. On the contrary, in many respects—such as, for instance, valuation—the cost to a small owner must necessarily be relatively very much greater than to a large owner. In the opinion of the committee no landowner, however small, will be able in prudence to dispense with the services of a skilled valuer." The Society of Auctioneers expressed the opinion that "the cost both to the nation and private owners will be enormous, and altogether out of proportion to the revenue obtained. The valuations will be very complicated, and in many cases there will be conflicting interests in connection with the same property. The effect of the Bill will be to create distrust and uncertainty with regard to the tenure of land and will lead capitalists and others to abandon land as a subject for investment." The Surveyor's Association had issued a statement, in which they pointed out that "at the present time, owing to the great decrease in the value of property the margin on many mortgages has been reduced below the statutory one-third, and the imposition of the proposed duties will cause a still further reduction, so that trustees and others who have hitherto regarded mortgages as one of the soundest forms of investment will be compelled to call in their capital and invest it in other securities; the result being great hardship on and expense to the owners of property, and restriction of the capital available for investment in land. The Valuers' Association sent out a circular to all their members and received 421 replies. Of these 411 condemn the land clauses, and only ten support them. The Finance Bill has already had a deterrent effect on the letting of building land, and some of the signatories have experienced instances where contracts which were on



the eve of completion have been annulled on account of the cumulative taxes proposed, and the cancelling of these agreements will cause an enormous amount of unemployment in the building and allied trades." He had been for 25 years president of the Building Societies Association. The societies of which it was composed had over £70,000,000 sterling invested in such securities, and they would also be very adversely affected. (Hear, hear.) For instance, the secretaries and surveyors of the Bradford Equitable in their report to the society point out that:—"The Budget suggestions for land taxation are so complicated and apparently unworkable that there appears to be no possibility of making any useful suggestion for their amendment, and the probability of further legislation on similar lines, increasing the amount of the taxes, will for a considerable time seriously unsettle the property market and reduce the selling value of all real estate far beyond the amount of the proposed taxes. This state will certainly continue until buyers can estimate with a fair amount of accuracy the full effect of such legislation." (Hear, hear.)

**Earl Beauchamp:** They came to the land taxes. It was with very great surprise that he heard the leader of the Opposition last night speak of these taxes as falling really upon an enterprise which filled relatively a much smaller place in the wealth of the country than it did 40 or 50 years ago. The values which the Government proposed to tax hardly existed 40 or 50 years ago. This taxation of land values was not a taxation of agricultural land values, nor of the land throughout the country; it was the taxation of urban land values. (Cheers.) Indeed, every amendment which was suggested by the friends of noble lords opposite designed to protect agriculture was, as far as possible, accepted by the Chancellor of the Exchequer. Clause 7, dealing with increment value, gave an exemption of agricultural land; Clause 14 (the reversion duty) and Clause 17 (undeveloped land duty) also exempted agricultural land. There was, therefore, here no question of the taxation of agricultural values. They were dealing with urban values, and what the Government proposed to do was to ask that that vast wealth should contribute its share to the taxation of the country. This wealth, which was hardly known 40 or 50 years ago, had grown, to the knowledge of every member of that House, almost beyond the dreams of avarice. Hardly any form of wealth in this country was so immense as the possession of land in urban areas. It had escaped up to the present moment not only its fair share towards the taxation of the country, but also towards rating. Here in the Finance Bill of this year was the attempt on the part of his Majesty's Government to ask owners of urban land value for the first time to pay some small portion of their immense wealth to the common stock of the country, and that was the proposal that was an offence to noble lords opposite. He asked to be allowed to turn to these various land taxes, and to give some examples of how our old land system had operated in the past, and how it was not unjust that these taxes should really force these landowners to pay something more towards the taxation of the country. To guard himself against any misconception, he hoped that their lordships would allow him to say that in any instance given he did not desire or intend to attack any individual. It was the system that made it possible, and it was against that system, quite apart from any individual, that this taxation was proposed. These land taxes were four in number. In the first place, there was the increment value duty which exempted agricultural land. Then his Majesty's Government proposed to value the land of the country, and its value to-day would be stated. When on any future occasion the property changed hands and it appeared that it had increased in value, then, subject to certain deductions, the Government proposed that 20 per cent. of that increase should be a contribution to the national Exchequer. There was no confiscation; no taking away of anything that now belonged to any landlord in the country. The only part which was made subject to taxation was any future increase that might happen. They were not dealing with present values or prairie value. They took a percentage of the future profit which was not due to any expenditure on the part of the landlord himself.

He would give one or two instances. Thirty years ago on the failure of a prominent financier in the City of London his business premises in Lombard-street were sold for about £37 per foot; rather an extravagant price for that day. Now, so far as could be judged from sales in the City, land in that neighbourhood was being sold at no less than £50 per foot.

Considering the fact that the landlord had made no contribution to increase the value of that land, that seems to them to be a proper subject for taxation. Another instance. In 1865 a piece of land on the foreshore of the Thames near the Temple changed hands for £8,250. In 1870, at the cost of the rate-payers, the Victoria Embankment was built. A year afterwards the London School Board bought that same piece of land and had to pay no less than £26,420. They said, and who could deny that that vast increase in five years was a proper subject for taxation. But this question did not affect only London. Let them take Manchester. In 1780 land at the corner of Piccadilly and Mosley street was sold for a little under 1s. 6d. a yard. Six years ago that same land was sold at the rate of from £59 to £70 a yard. There was some land in Cross-street which was sold in 1881 at the rate of £60 a yard. In May, 1900, it was sold at the rate of £120 a yard. He quoted these increases as examples of what in the opinion of His Majesty's Government was proper subjects of taxation.

Let them turn to the reversion duty, a duty on leases, in which again there were exemptions for agricultural property and certain other exemptions to which he need not now refer. On the determination of any lease 10 per cent. was payable upon the increased value. Here again, let them take the provinces. In South street and Broad-street Sheffield, a gentleman held land at ground rent of £5 1s. per annum. For the renewal of that lease a sum of no less than £150 was paid. There was no question here of what the gentleman in possession might have been paying to middlemen. That would not become subject to taxation. What would be subject to taxation was the difference between the £5 and the £150, upon which, in their opinion, it was only fair the ground landlord should pay 10 per cent. In Birmingham four years ago there were some premises in New-street, the ground rent of which was £975, which was 14 times more than had been paid before. In Broad-street there was a public-house of which the ground rent had been £40 per annum. It was put up to auction and no less than £840 per annum was given for that lease. Then they came to the undeveloped land duty, and he could not help thinking from what had been said chiefly by Lord Camperdown that it was this duty against which most of the objection of noble lords opposite was directed. This was a duty of one halfpenny on the site value. Here, again there were exemptions in favour of agricultural land. He did not know that there was a tax in the whole programme of his Majesty's Government which had been more urgently demanded by municipalities throughout the country than this tax on undeveloped land. There was a debate in the House of Commons, some years ago upon a Bill for the taxation of these values, and Sir Albert Rollit, then the Conservative member for South Islington, spoke in favour of the Bill and quoted the following resolution which had been unanimously adopted by the Association of Municipal Corporations:—"That it is urgent to provide some means by which owners of land, whether occupied or vacant, shall contribute directly to local rates." At Felixstowe a certain plot of one and a half acres of undeveloped land paid only a few shillings in rates and taxes. That land was wanted for the site of an hotel, and the terms of purchase were that £2,000 should be paid for the land and £500 more when the magistrates granted a license for the building. In that case the plot was wanted for the development of the town, and the land was worth apparently not less than £1,400 an acre. It was withheld, and paid only a few shillings in rates and taxes. Was it an extreme or revolutionary proposal that the landlord should pay in proportion to the value of the land? The taxation proposed in the Budget would have amounted to only £5 a year in that case. The demand for this tax came from all parts of the country. The demand which had come specially under his notice was that from watering places, which suffered considerably when the owners of land outside the town refused to allow that land to be built upon. As a result the rates in the town were heavier than they need be. The land was held up until a very large sum—often a fancy price—was paid for it. The Government said that until the owners got these fancy prices they ought to pay their proportion towards the rates which their neighbours had to bear. In 1885 the Royal Commission on the Housing of the Working Classes reported in favour of the rating of undeveloped land. In regard to wayleaves, there was an almost classic example of their value. It was the case in Monmouthshire in which it was stated that the landlord received no less than £12,300 per annum in respect of the tolls levied on coal carried on a railway through his park. Five per cent. was not a revolutionary amount to take from such wealth.

He thought it was perfectly obvious that they could not possibly raise the money on these various land taxes unless they began by valuing the land. Then where was the tacking? When noble lords again charged the government with tacking would they explain exactly to which portions of the Bill they referred and what portions of the Bill could have been left out in view of the demand there was for increased revenue? The fact was that what was needed in this regard was a new standard—that they should have the same standard of value when the landlord paid to the community as when the community paid to the landlord. There was a meeting of the Glasgow Town Council in 1908 at which they adopted a resolution in favour of the principle of the taxation of land values. It was no wonder that they should do that in Glasgow, which suffered so largely from most of the evils of overcrowding and of slums to which our large towns were so subject. Let them take the case of London. In London one-fifth of the land within the boundaries of the County was vacant land. Let them think of the result of that on the rates of London. That land escaped paying on its real value towards the rates of the County of London. Complaints from every part of the country. He would take an example from Oxted. Land was rated at 13s. 7d. an acre; the landlord asked when he was going to sell it £800 per acre and made various demands and restrictions with regard to its use. That was an example of the different standard adopted by the landlord when he was asking the community to pay him money and when it was a question of paying rates for the benefit of the community. That was an inconsistency which the Government would be very glad in some measure to see altered. They had this demand from the municipalities of the country. The system was not uncommon either abroad or in the colonies. Among the absences from the front bench opposite none was more remarkable in this connection than the absence of Lord St. Aldwyn—an almost unrivalled authority on matters of finance. They regretted the noble lord's absence; he never spoke without commanding respect on both sides of the House. He had expressed himself in times gone by as not wholly opposed to this system of taxation or some attempt to secure some part of the value for the benefit of the community. He would give one or two instances how the tax proposed by the Government would work in actual practice. The income-tax payable on a certain agricultural estate with some small amount of land near towns and a gross rental of £22,900, was £897. In future the tax and the super-tax would amount to £1,170—an increase of only £273. As to the small parts near towns, taking them at the utmost at 56 acres, worth £10,000 for the purposes of undeveloped land duty, a total duty would be payable of not more than about £20. It was always possible for a landowner who found himself in the position of being expected to pay undeveloped land duty to rid himself of that disagreeable necessity by developing the land or by selling it to somebody else.

A NOBLE LORD.—Find some one to buy it.

**Earl Beauchamp** pointed out that if the noble lord looked at Clause 16, subsection 2, he would see that land which was not developed by the erection of dwelling houses or buildings for trade and industry would not be liable to the duty, and if the land had no market value it would not pay the undeveloped land duty. He next referred to a return obtained on the motion of Mr. Long dealing with the amount of public charges falling on owners of property worth £100, £1,000, and £100,000, or if invested in Consols and ordinary shares of an industrial company, yielding 5 per cent. It was, he said, an instructive return and he thought that the information it contained would go far to allay the fears which existed as to the operation of the Budget.

**The Earl of Donoughmore** said the noble earl's excuse for the tax on urban land had been that hitherto it had escaped its fair share of taxation. He was not the unfortunate owner of urban land, but he was surprised at the statement of the noble earl. It was not true that urban land had hitherto escaped its fair share of taxation. Urban land had paid exactly the same contribution to the revenue as other kinds of property, and therein lay the injustice of the additional taxation. It was difficult to deal with cases which had been quoted with which he was not familiar, but he could not help feeling that in the Lombard-street case quoted, no reason whatever had been shown as to why an increase in value of one shilling should have been met by a fine to the Imperial Treasury. The noble lord had quoted a case

of a kind that the municipal authorities had desired to have power to deal with for years. The municipal authorities had desired that power in order to relieve local rates, but that was not in the least what the Government proposed.

On November 24th the debate was resumed.

**The Marquis of Salisbury** said, in the very interesting speech which the Lord Steward delivered last evening, the noble earl began with an observation which appeared to him rather to disparage the grave constitutional issue which that house had now to consider, and he devoted his attention, as he said, rather to the dry facts of the Budget. He was sorry to say that all the noble earl's facts were not facts. Undoubtedly they had been supplied by those painstaking gentlemen who helped Ministers in distress with all sorts of information. The noble earl seemed to think that the increment of value, of which he quoted instances drawn from the various great urban communities, bore no share in contributing to the taxation of this country. Of course, if he thought for the moment, he would have remembered that every pound added in the City of London to the value of land there bore the burden of its increased rateable value, of its increased income tax, and when the owner of it died it bore the heavy burden of the death duties which his successor had to pay.

The Scottish Valuation Bill was of the greatest importance in this controversy. It was a Bill which their lordships dealt with in the ordinary manner which they were accustomed to apply to any legislative measure. It was one which they claimed the right to reject if they pleased; but which they did not in fact reject but did amend, and their right to amend it no one called in question. The principle was not, in truth, confined to Scotland. The noble earl, the leader of the House, pointed out in the debate that, of course, if it were passed it would afterwards be made to apply to England. It contained within itself very important ulterior results. For example, it was defended by members of the Government on the ground that it was important as leading up to legislation that should force unwilling sellers to part with their land and on the ground that it afforded a ready and reliable criterion for compensation when land was compulsorily purchased by the State. It was, in fact, the forerunner of a series of Acts of Parliament of the most important and intricate character. These qualities of the Scottish Valuation Bill of last year were not confined to that particular Bill, but were to be found quite as strongly in the valuation clauses of the Finance Bill at present under discussion. These principles of universal valuation, intended to lead up to compulsion on an unwilling seller to part with his land and the provision of a criterion for payment by the State on compulsory purchase, had been reaffirmed by members of the Government as being contained in the valuation clauses of the Finance Bill. The Lord Steward last night quoted the same passage from the report of the Royal Commission on Housing that was quoted by the noble and learned lord in the speech to which he had referred, which pointed out that one of the effects of taxation of capital values must be to force unwilling sellers to part with their land. The subjects which the Scottish Valuation Bill contained and with which they were allowed to deal were contained in quite as great a measure in the present Bill, with which they were not allowed to deal. How could that possibly be defended? How could any member of that House, he did not care in what quarter he sat, rise in his place and maintain that it was perfectly legitimate for them to deal with all these intricate principles in the Scottish Bill of last year, and that they were precluded from having any say whatever to exactly the same proposals, only rather wider, contained in the Finance Bill. If it was once admitted, as it was by the Government last year, that the Valuation Bill was an ordinary Bill, capable of being discussed on the first and second readings, in Committee, on report, and on third reading, they were bound, if there was any logical consistency left in public life, to apply the same conclusion to the Finance Bill.

**The Lord Chancellor:** Perhaps the noble lord will allow me to offer the explanation for which he is good enough to ask me in somewhat severe terms. When I addressed the House on Monday night the House will bear me witness that I drew a most pointed distinction between money Bills which were mixed up with other matters, or which were isolated and separate Bills by themselves on one hand, and the Bills which contained the supply of the year on the other hand. What I said on Monday night was limited wholly to money Bills that dealt



with the supply of the year. The noble lord may think I am right or wrong, but he has no right to suggest something more than inconsistency. Moreover I adhere to every word I said with regard to the Scottish Valuation Bill last year. (Cheers.)

**The Marquis of Salisbury** said that he never suggested that there was any charge against the noble and learned lord in his mouth other than inconsistency. He was perfectly aware that the noble and learned lord enjoyed a lofty integrity of character. On the contrary, it was because of the noble and learned lord's character and great reputation in their lordship's House that he thought it most important to correct the impression which he thought his remarks left on the House.

**The Lord Chancellor** was understood to say that he accepted that explanation most heartily from the noble marquis.

**The Marquis of Salisbury** said the noble and learned lord's observations on the second reading of the Valuation Bill in March of last year were of a perfectly general character, and in the discussions on the Bill, unless he was very much mistaken, noble lords opposite were at pains to prove that, in respect to the privileges of the House of Commons, there was no distinction between one kind of Finance Bill and another. And he remembered very well that, in the discussions on the amendments to the Old Age Pensions Bill, the old resolution of the corrupt Parliament of Charles the Second was trotted out by the noble lords opposite in order to show that the House had no right to amend that Bill. This distinction, let him assure the noble and learned lord on the woolsack, between the Finance Bill of the year and other Money Bills, although it might have been admitted on that side of the House, had always been repudiated on the other side of the House until the noble and learned lord spoke the night before last. When the noble and learned lord interrupted him—he did not complain of it—he was contending that the precedent of the valuation Bill of last year made it absolutely clear that the same measure of liberty to their lordships' House which was conceded in regard to that Bill must, logically and consistently, be conceded in the case of the valuation clauses of the Finance Bill now under discussion.

**Archbishop of Canterbury**: I am very far from denying that questions of a quite distinctly political character may arise, and do arise, in the treatment of which all the Bishops may rightly and consistently take part, and it would be affectation to pretend that we are not as citizens quite as well qualified as the average members of this House to form and express opinions on those questions. But I believe that ordinarily the Bishops act wisely in, as I have said, sitting loose to party ties. This particular occasion, in which, so far as I can judge from the speeches we have listened to, it seems to be clearly decided that the division is to have a strictly party character, is, in my judgment and in the judgment of many Bishops who have spoken or written to me on the subject, one of the occasions on which we are right in standing aside. I will not hesitate to say that I personally—and here I speak for myself alone—regret that the division is to have that character. But so it is.

**The Earl of Rosebery**, who was received with cheers as he advanced to the opposition side of the table, said,—I earnestly wish that the most reverend Primate, to whose weighty words we have just listened with so much attention, would throw the ægis of his doctrine of silence over myself, who am quite dissociated from party as any prelate that sits upon the bench behind him and perhaps more, I think, than some. (Laughter.) I wish it because I never rose to address your lordships with more reluctance than on the present occasion—partly from my sense of the awful gravity of the situation, by far the gravest that has occurred in my lifetime or in the lifetime of any man who has been born since 1832; partly from a sense of the personal difficulties that I feel in dealing with this question.

We must all be aware—and if we are not aware of it then we neither listen to nor read what is said and written—that the hereditary constitution of this House does lend itself to effective, even if it be unjust satire and criticism when the merits of this House come to be discussed by the electorate. If you had thought well in the time when it was open—and I hope it will be soon open again—to reform this House, then you would have been able possibly to bear the strain to be put on its vitality now. But I honestly confess—and I think your lordships will allow me to say that I have been urging that reform in and out of season—that I do apprehend the result of an appeal to the

country on an unreformed hereditary Second Chamber, mixed up with the promises of the Budget. I doubt whether you are choosing the best battlefield on which to risk the attributes and perhaps the existence of the House. (Hear, hear.)

Let me make one practical suggestion. The noble marquis is a lord of many legions in this House. He can carry this resolution by a majority which I do not like to compute, but which will compare favourably with some of the Government majorities in the other House. I believe that the first basis of any reform of your lordships' House will be some form of delegation such as is practised by the Scottish and Irish peerage, or else some such reform as that which is indicated in the report of your lordships' Committee giving persons of certain qualifications alone the right to vote among the peers, though it has been found that there is unexpectedly a large number of them. It is too late to ask the majority of this House to adopt some such reform as that, to take only the peers who have those qualifications, or to delegate the duty to those whom they think well fitted to act as their champions on this occasion? There are some who will swell the majority—and I make the remark without the slightest wish to convey disrespect—who will not count for a great deal when their names are called over. Some of us are very young; I wish we all were. (Laughter.) Some of us have not, from circumstances or taste, taken any part in public life. Their names will not greatly count in a division; but if you chose to select 150 peers from this majority and deputed to them the right of voting for us, then you will produce a list of names quite as weighty in their collective number as any similar list of names that could be collected from the House of Commons, and which would carry a far greater weight with the country when it was reckoned up and estimated than the mere numerical force which you will be able to bring into the lobby to-morrow night. (Hear, hear.) I do not know whether my suggestion is likely to be adopted, but I think that it would not be a bad reform, for I am as certain as I am of standing here that in the country such a list would have infinitely more weight than the 400 or 500 names taken without any selection at all. (Hear, hear.)

I think that you are risking in your opposition to this measure the very existence of the second Chamber itself. I do not pretend to be very greatly alarmed at the menaces which have been addressed to us on this and on other occasions. The House of Lords has lived on menaces ever since I can recollect—(laughter)—and yet it seems to be in a tolerably thriving condition still. (Laughter.) But I ask you to remember this. The menaces which were addressed to this House in old days were addressed by statesmen of a different school and under a different balance of constitutional forces in this country. The menaces addressed to you now come from a wholly different school of opinion, who wish for a single Chamber and who set no value on the controlling and revising forces of a Second Chamber—a school of opinion which, if you like it and do not dread the word, is eminently revolutionary in essence, if not in fact. (Cheers.) I ask you to bear in mind that fact when you weigh the consequences of the vote which you are to give to-morrow night. "Hang the consequences," said my noble friend Lord Camperdown, last night. That is a noble sentiment and a noble utterance. (Laughter.) It is a kind of Balaclava charge—(laughter)—and nothing more intrepid could be said by any of us if we had not to weigh the consequences, not to the individual, but to the State; and you should think once, you should think twice, and thrice, before you give a vote which may involve such enormous constitutional consequences. I have often heard it said by many friends, "What is the use of the House of Lords if it cannot always vote according to its convictions?" My reply to that is that the House of Lords has exercised its enormous power without always voting on its convictions, and the power it exercises could never be so valuable or is so much wanted as now.

I believe that if you chose to allow the Budget Bill to take effect, and when the country had had a sufficient experience of its intolerable inquisitions, its intolerable bureaucracy, and, above all, the enormous loss of employment and capital which it must involve—loss of employment which, I think, the noble and learned lord on the woolsack realised in his speech—and which must add enormously to the hideousness of the problem which the Budget will do nothing to solve—the problem of unemployment in this country. I believe that if you gave the country the experience of the Budget in operation you would achieve a victory when you next approach the polls

which would surprise yourselves and would give you the power of revising the finance of this country by methods more in consonance with your own principles and your own common sense. (Cheers.) We should then have an anti-Socialist Government, a luxury which I cannot say we possess now. We should have a reformed Second Chamber, in the way not merely of purging it to some extent, and arriving at the choicest part of it by delegation and election, but also by renovating it by means of those external elements that must necessarily give strength to a Second Chamber—all that would have been achieved in the best and, in the non-party sense, the most conservative interest of this United Kingdom. Unfortunately, that is not the line that the House is going to take. I am sorry—with all my heart I am sorry—that I cannot give a vote against the Budget on this occasion. My interest in this matter is mainly that of the Second Chamber, and I cannot stake all my hopes of its future utility and reform on the precarious and tumultuous chances, involved as they will be with many other irrelevant and scarcely honest issues—the tumultuous hazards of a general election. (Cheers.)

**Lord St. Davids** reminded the House with reference to the noble earl's complaint that the Budget was crude and vindictive, that the Bill had been under discussion in the House of Commons for six months—a longer time than any Bill which he could recollect in his lifetime, and he was a good many years in the House of Commons. The noble earl gave as an illustration of its alleged crudity and vindictiveness that the Chancellor of the Exchequer himself brought up 250 amendments. If the noble earl had ever been a member of the House of Commons he would have known that many of the amendments introduced in a great Government Bill were amendments to improve the Bill and very largely to meet the views of the Opposition. With reference to the charge that commercial enterprise was stopped and that there was great loss of credit due to the Budget, he thought he should admit at once that there were people in this country who were afraid of the Budget. People came to him in the City and told him they were afraid of the Budget. Could it be wondered at, when they read a speech like that just delivered by the noble earl. The noble earl had been First Minister of the Crown, and what did he do to encourage confidence and credit? He said ships going to North America were being ballasted with stocks and shares. That, said by an ex-Prime Minister, would be read to-morrow by poor deluded people who did not know that the noble earl was jesting and amusing himself; but what was play to the noble earl was death to other people. (Hear, hear.) If people in the country got frightened nobody on the Opposition side was more responsible for it than the noble earl himself.

**Viscount Milner** said: The whole immense fabric of the land taxes, costly and complicated and unworkable as I believe those provisions are, are going to give only £50,000 net this year. Nay, more, two of the most pernicious of these taxes—I mean the tax on unearned increment, sound in principle, though as a local and not a national impost—and the undeveloped land duty, which is wholly bad, are actually going to cost more during the present year than they will bring in. But these are not the only taxes that are to be imposed upon us which will bring in nothing this year. There is another item which is expected to yield nothing this year, which is to yield £1,370,000 next year, and rather over £2,000,000 in future years, and that is the item which is euphemistically described as the revision—revision is a good word—of the legacy and succession duties. The revision consists in raising a 3 per cent. rate to 5 per cent.; 5 and 6 per cent. to 10 per cent.; and in sweeping away altogether—I greatly regret this—of the exemption enjoyed by lineals and husbands and wives in the payment of the legacy duty, they having in the past escaped with the already sufficiently heavy payment of estate duty. In my humble judgment this is one of the very worst features of the death duties clauses, and the death duties clauses are among the worst features of the Budget. (Cheers.) I fully admit that it is not this or that tax, but it is the cumulative effect of these repeated onslaughts on capital which is fraught with so much danger to the national prosperity, to enterprise, and to employment. To my mind the position is a very simple one. The Budget is an abnormally bad one. (Hear, hear.) I think we ought not to pass it, as we have in silence passed others in previous years. If it is one having the most far-reaching consequences of a disastrous kind, and

if we realise that, how can we allow the country to suffer those disasters which we foresee? (Cheers.) With a deep sense of the gravity of the occasion, and of the responsibility which rests on every member of this House in the present crisis, but with a clear conscience and a great faith that our action and the motives which have prompted it will be fairly judged by our fellow-countrymen, I shall give my vote in favour of the amendment. (Cheers.)

**Lord Weardale**: A great deal had been heard about the land taxes. The taxation of land values was very old. During all the years that he had sat in the House of Commons he could scarcely remember a year when the subject was not discussed and when municipalities did not make representations asking that the unearned increment in urban land ought to be subjected to taxation. The Chancellor of the Exchequer had also been denounced for the language used in his Limehouse and Newcastle speeches, but what had his right hon. friend said in connection with the land taxes which had not been said before? At a meeting of the Allotments Association, held in 1886, at which he was present, this question of the unearned increment in urban land was discussed. What did Mr. Chamberlain, whose continued illness they all deplored—(hear, hear)—say on that occasion? Referring to the land taxes, he said that “the trade of the country is burdened with an annual tax of two millions, which is the price which commerce pays the landowners for the privilege of improving their property. I think that the time has come when this form of ransom should cease, and that it should no longer be considered one of the rights of property to go on blackmailing the public whenever their wants or necessities require them to enter into a bargain.” On what ground, therefore, could they stigmatise the language of the Chancellor of the Exchequer when his criticisms had not gone beyond the declaration of Mr. Chamberlain, now the friend of noble lords opposite? It seemed to him that a great deal of cant prevailed on this subject. (Hear, hear.)

**Earl Carrington**: The Duke of Bedford, who was one of the best if not the best of all the good landlords in England, was rash enough in 1897 to publish a book, in which he called attention to an estate in his possession, the Thorney Estate in Cambridgeshire. That estate consisted of about 23,000 acres, and contained some of the finest land in England. There was no house on the estate and there was no upkeep of any sort. The noble duke had described it as an estate which did not pay its way, which was a source of perpetual expense, and which was unsaleable. They had it from him that in 1895 there was a deficit of £441 and that the income-tax paid on the estate was £160. Agriculture under a Conservative Government seemed almost as hopeless as to be hardly worth bothering about, but the present Government had taken up the land question in earnest. They had been in office for four years and in the fourth year a Budget had been introduced which, if they were to believe one-hundredth part of what they were told, was going to bring the most utter ruin and destruction on the country which the mind of man could possibly conceive. (Opposition cheers.) But the most amazing thing had happened. In this Budget year, when there was no confidence, when nobody would buy, and when securities were going out to foreign countries, in this year of catastrophe and sorrow, the noble duke had put this unsaleable estate into the market. He had bid for it at once—(laughter)—on behalf of the Crown. It might be said that this was the thin end of the wedge for the nationalisation of land. (Laughter.) He had bid for the estate and his offer had been extremely courteously treated, though it had been treated with the contempt which it deserved. (Laughter.) He had had the estate valued by the Crown valuer and he had offered for this unsaleable property the fair market price which had been put on it. The offer was not listened to for one single moment, and this unsaleable estate had been sold in this year of woe for £750,000. Just think what that meant! Three-quarters of a million sterling at 4 per cent. meant £30,000 a year. This estate, which under a Conservative Government was unsaleable, under a Liberal Government had been sold and brought in to its fortunate owner an income of £30,000 a year. (Cheers.) Taking the income-tax at a shilling, that meant that that estate was paying to the State £1,500 a year instead of £160 in 1895, and that sum went towards the payment of old age pensions and those line-of-battleships which everybody considered to be necessary for the defence



of the country. And yet, in the face of that, they were told by Mr. Walter Long that this Budget had depreciated land as a security. (Cheers.) And this afternoon they had been told by no less a person than an ex-Liberal Prime Minister of England that this Budget blocked up every channel of enterprise and had entirely destroyed the confidence of the country. (Opposition cheers.) He dare say they would be told, "Oh, this is another attack upon the dukes." It was nothing of the kind. (Opposition laughter.) It was a statement of fact.

**The Earl of Onslow** said they were all delighted with the breezy optimism of the noble earl the President of the Board of Agriculture, not the less because that optimism took the form of a most confident belief in the omnipotent powers of the Liberal party and of the Liberal Government.

**Lord Glantawe** said he thought the manner in which the Chancellor of the Exchequer had met the obligations of the country was perfectly fair. It would be far better to accept the proposals which the Chancellor of the Exchequer had put forward than to turn to tariff reform. He was sorry that during the debates on this question uncomplimentary references had been made about dukes. They had a duke down in their neighbourhood. (Laughter.) He had a large mineral property, and he had had a good deal to do with him, both in buying land for a public purpose and also in his private capacity. He must do the Duke of Beaufort and his agent the credit of saying that they had met any case which was placed before them in the most liberal and generous manner. He could give an instance. There was a large colliery in the neighbourhood owned by the duke. The lessees had spent a very large amount of money, but the colliery was unremunerative for a number of years. The royalty was 9d. per ton, but, when representations were made to the agent, the duke very generously reduced the royalty by one-half. From that time the colliery had been a successful one and had given employment to a large number of people. That was an example by a noble duke which many other lessors of minerals might follow. (Hear, hear.)

On November 25th the debate was resumed.

**Lord Ashbourne** said: When he came to unfold the land clauses the Chancellor of the Exchequer appeared to have an attack of dukes on the brain. Dukes were not very unlike other men, and why the Chancellor of the Exchequer should go out of his way to drag a duke into every clause and every speech passed his comprehension. The undeveloped land tax did not primarily affect dukes, or millionaires, or great landowners. They were not a numerous class, but there were hundreds of thousands of small proprietors, and it would have been reasonable, in considering taxation, to remember that they might be making a tremendous onslaught upon those who could ill afford any addition to their burdens. Would it not have been wise to insert in that clause some words of protection and reasonable consideration for the building and kindred trades; to remember what they saw at the street corners, and to realise that thousands of workmen had been cast out of employment by the wreck of the building trade owing to this Budget? How the inclusion of such a tax in an ordinary Budget could be defended he could not understand. Nor could he understand the inclusion in a Bill which was intended to provide for the finance of the year of a proposal for setting up all over England a scheme of valuation which was to last for all time, at an expense which transcended for the year all the gain that was to come of it. To graft that proposal on to a Finance Bill was tacking of the grossest kind, to which that House had uniformly objected.

He did not think that any speeches that he had heard for a long time had so much impressed him as those of Lord Revelstoke, Lord Avebury, and Lord Milner. They all spoke, each from his own point of view, of the feeling of unrest and insecurity which had everywhere been caused by this Budget. Consols had fallen vastly; prices had tumbled down; a deadly blow had been given to trade and commerce, and there had been a flight of millions—an appalling number of millions sterling—from England to a more secure haven in other parts of the world.

He quite admitted that wealth should bear its full share in meeting the national wants. (Cheers.) No one questioned that. It was quite right that those who were wealthy should pay a much larger proportion of taxes than those who were much poorer. He knew a good many rich men, and had never

heard any of them express any dissatisfaction at having to bear their legitimate burden. The moment, however, they admitted the strain of reasoning that they had only to rob the rich to relieve the poor and starving it was quite possible that they might drive millions away, and if they did so they would necessarily increase the unemployed by thousands. It was easy enough by means of a Budget Bill to take capital from the capitalists of their own country and to apply it, when levied as taxes, as part of the income of the nation. But was that business? This Budget embodied many Bills and many programmes, and the House of Lords had a right to be sure that the nation knew that it was an entirely new departure.

If the House of Lords was prepared in silence to pass this Budget, so unusual in its conception, so enormously out of harmony with all previous action, so opposed to every Budget that Mr. Gladstone framed, so startling in possibilities, admittedly so far-reaching in its intentions, surely people would ask what was the use of the House of Lords having the strongest opinions about a Bill if when the time came for action it did nothing? (Cheers.) He was as impressed as any one with the magnitude of the issues. He felt as much as any one the seriousness of the debate in which they were engaged, and he felt the great responsibility which rested on every member of their lordships' House. Every one in going through life had to face and assume and not shrink and run away from responsibilities. (Hear, hear.) If they felt they had something before them which should not be presented as it had been; if they entertained a strong, vigorous judgment in reference to it; if they felt it was opposed to all principle and to precedent, that, according to their light and their conscience it could not and would not do any good, surely that was hardly the time to wait for something worse in order that they might then begin to do their duty. (Cheers.)

**Lord Balfour**: We are asked, for the first time, to look at the origin of property. We are asked, almost in the very words, to levy a fine upon those who are wicked enough to possess land of any kind. In some cases credit is taken for not confiscating the whole of what is described as national property, and I venture to say that the arguments used in support of these propositions are such as to strike at the security of the property and the principle of private ownership in land. (Hear, hear.) I frankly admit that the Government are not responsible for the wild exaggerations of all their supporters, but some of themselves are not free from blame in this matter. I ventured some weeks ago to bring to the notice of the House and of those who sit on the Government bench opposite the sort of arguments which are used by the Lord Advocate in the country. I called attention to the fact that he said "that these taxes involve a principle of far-reaching application." What was that principle? It was this, that the land of the country, the land, that is, distinct from the buildings erected on it, the land distinct from the improvements made upon it, in truth belongs to the nation." I asked the noble lord who leads the House with so much courtesy whether these arguments represented the views of his Majesty's Government, but I was told, as, perhaps, was right and proper, that the Government had no time to deal with abstract discussions of the kind. One would not care so much, perhaps, for what was said by the wilder spirits who are irresponsible members of the party opposite. But I think it is hardly fair—indeed, it is most unreasonable, if I may say so—that when those who hold high positions in the Government use arguments of that kind we should not know whether they represent the opinion of the Government as a whole. (Hear, hear.) I do not want to go too far, but I go to this length, that in my humble opinion reticence of that kind is not creditable to those of the Government, if there are any, who disagree with these arguments. If they represent the opinions of the Government they should be openly avowed; if they do not represent the views of the Government we have a right to know that fact for our comfort and our security. At any rate, these are novel arguments and new in the mouths of responsible statesmen.

If I had to appeal to any one who *par excellence* was a Radical and was also an honest man (laughter) I should name John Bright, and when this sort of argument was brought to his notice he said:—"If you think to relieve the nation by robbing the landowners you admit that any class may be robbed if the nation or the poor require relief." (Hear, hear.) Sir W. Harcourt said:—"I am content to assume that a man's right to his land depends upon the same principle as your right to the coat on your back—that you have paid for it"; and he went

on in homely style to say, "If you want to reform the land laws do not begin by ballyragging the landlords." The language is not mine, but I think I might say, if you want to be fair to an unwritten constitution, do not begin by ballyragging the House of Lords. (Cheers.) I have one other quotation, and it has the merit of bringing in the opinion of Mr. Gladstone, as repeated with approval by a member of the present Government. I regret that Lord Wolverhampton is not present to-night. Speaking to his constituents less than two years ago he was discussing matters affecting Socialism and the appropriation of land as part of that doctrine, and he said he would have nothing to do with any such scheme. He reminded his audience of what he once heard Mr. Gladstone say. There was a conversion, not on Socialism as a whole, but on the nationalisation of land, and, according to Lord Wolverhampton, the old gentleman, in his quiet stern way, listened for a long time and then broke out suddenly and said, "Do you mean to pay for it or do you not? If you mean to pay for it, it is folly; if you do not mean to pay for it, it is robbery." (Cheers.) I want to know before this debate closes whether those on the Ministerial bench agree with those statements of men who have been colleagues of some of them and whose memory is honoured not only in their own party but throughout the nation. It has been admitted by everybody during this debate that we should contribute to the money which is required according to our ability. It is almost a commonplace that the ownership of land is not an adequate test, taken by itself, of ability to pay. Land is already heavily burdened, and the complication of this Bill is such that it is absolutely impossible to estimate how much is added to those burdens.

To some extent I stand in a peculiar position. I am responsible for a scheme for making owners of urban land contribute more than they do now to the bearing of public burdens. To that scheme I absolutely adhere. It was arrived at after five years of careful inquiry, during some part of which I had the assistance of Lord Milner as a colleague before he was taken to those greater and more arduous duties in which he made his fame. The opinions which I then ventured to express were not lightly formed. They would not go the length of the views of those who were described as in favour of the taxation of land values. I did not expect to find that that carefully guarded and conservative scheme for which I made myself responsible was to be quoted in support of the wild theories and ridiculous proposals now enshrined in the Bill before the House. (Hear, hear.) What I ventured to say was that, were it to be proved that increase of value was in any way due to public expenditure, a special rate should be put on in respect of that advantage. The Lord Steward, who also is not present, mentioned the Thames Embankment as an illustration in support of the proposals of the Bill. That is quite contrary to fact. The land and buildings along the Thames Embankment derive their increased value quite as much from public expenditure as from what is called unearned increment, and they are one of the most conspicuous examples in which, I think, local authorities might be allowed to derive more advantage than they have done. In recommending that class of scheme we carefully, in a paragraph printed in the forefront of our report, guarded ourselves against being quoted in favour of those wild theories of depriving owners of their unearned increment which are a feature of this Bill. It is not fair to any one who takes part in public life and is appointed to serve on a Royal Commission to misquote what he says in that capacity; and I think no one has suffered more than I have done by being quoted in support of theories which I have not only not adhered to, but have carefully guarded myself against. (Hear, hear.)

As far as finance is concerned, in this Bill we have a departure in valuation of the most serious kind. All that is proposed in the matter of valuation will be based on the purest hypothesis, when it is not based on absolute conjecture. The present system of valuation is easy to understand; it is arranged on definite principles; it has worked with extreme smoothness, at all events as far as I know it in Scotland; it is under the jurisdiction of the Law Courts; and it is a most serious departure to uproot that system and put it into the hands of a body of Commissioners without giving them most precise and careful directions. The land clauses of this Bill have this distinction, if they have no other, that there are 12 different kinds of values, including increment value, site value, principal value, gross value, full site value, total value, assessable site value, value for agricultural purposes, original site value, and original total value. (Laughter.) Some of these expressions are defined, some are not. One of them is defined and is never used again

in any other part of the Bill. (Laughter.) Site value in Clause 2 has a different meaning to site value in Clauses 25 and 27. I will ask your lordships to look at the different subsections of Clause 25 and to say whether it would be a bad puzzle in the country house to get a dozen common-sense men to sit down and see if they could really agree on an understanding of that clause as printed in the Bill. (Laughter.) There were special traps and pitfalls. English expressions were used which had no well defined meaning in Scottish Law, and which, if they are to be used in Scotland, ought to be interpreted or specifically applied. I suppose the Lord Advocate was too busy elsewhere to attend to his duties. (Laughter.)

I turn to my own friends and say: Are you wise at this stage, in these circumstances, to make a new claim—for it is a new claim which you are making in the resolution which is before the House to-night? I know quite well what many of you are thinking, that in matters of strategy attack is often the best defence. I know well when I look round the House and see the faces of people with the immense majority of whom I am proud to claim personal friendship—a friendship which I hope I shall never forfeit—that the immense majority of you are taking the course which you are proposing to take in what I believe to be a spirit of loyalty to the interests for which you stand, for no self-seeking or selfish purpose of your own. I venture to say, if you will allow me, that to some extent you have been put in a false position. You have been urged to take this course by those in the public Press and elsewhere who, in my opinion, are not the wisest friends of this House—(Ministerial cheers)—and it is from an honourable feeling that you cannot betray those interests which I have mentioned that you will vote, as I am afraid you are going to vote, for the resolution which is before you to-night. I am no out and out supporter of this Bill. I do not like its scheme of finance; I do not admire its contents, its form, or its history; I dislike still more the arguments of some of those who support it. In many respects it is not just, it is not fair as between man and man. For the first time our finance is being founded upon class hatred and class jealousy. (Hear, hear.) I say also that its principles could not be permanent without, in my opinion, fatal injury to the best interests of the country. Nevertheless, I do not agree to the wisdom of stopping it in the way and by the method which is proposed.

I object to the tactics which combine the defence of a Second Chamber with taxation of some of the prime necessities of food of the people of this country. (Ministerial cheers.) I do not want to introduce more elements of division than it is necessary to do. The noble viscount who spoke last night said he would raise from 13 to 15 millions by a system of tariffs. The noble lord who is to follow me is the presiding genius of the Tariff Reform League. If either of them will tell me how that amount of revenue can be raised by any of their systems, I will promise to give the most careful and earnest consideration to the matter. If they will add to their favour by explaining how they are to get that revenue, as some of them say, by taxing the foreigner, I shall be still more obliged. (Ministerial cheers.) While I say that I am open to argument, I am not going to have my course diverted either by abuse or ridicule, and still less by coercion. Not very long ago an anecdote was told as illustrating the position of that body to which I am proud to belong, the Unionist Free Traders, which so aptly describes the position in which I find myself to-night that I hope your lordships will pardon me if I repeat it. The story goes that a negro evangelist who had not, perhaps, thoroughly mastered the principles he sought himself to expound announced that in life there were only two paths, one leading to death and the other to damnation. One of his audience said, "In that case this nigger will have to take to the woods." (Laughter.) I propose to take to the woods. (Laughter.) Will you let me say as a last word that I think noble lords on this side who are acting with a light heart and without, perhaps, fully studying the gravity of the decision which they are to give, but which I have endeavoured, however feebly, to put before them, are really walking into a trap which has been set for them by those who are not their friends.

**Viscount Ridley:** The defence of the Budget was that after all, the necessary money must be got. Why was it necessary? There were other sources of taxation open. Other countries had for years found large sums of money from the taxation of imports. (Hear, hear.) Germany obtained £7,000,000



a year from import duties on manufactured goods, and the United States obtained 38 millions from import duties on foreign manufactured goods. He submitted that a small extension of the Customs staff already engaged in the work would enable the authorities to overtake the additional work. It had been said in the course of the debate that it would be impossible to bring such a tariff into operation under three years. He pointed out in reply that the Conservative Government imposed an import duty on corn, that £2,000,000 of revenue was raised the first year, and that the duty was imposed at once without any difficulty.

It was said that under a system of import duties raw material would be taxed. In the Budget, however, the duties on minerals were a burden on raw material which every one agreed must ultimately fall on coal, the most necessary of our raw materials for our industries! (Hear, hear.) In placing these duties on land the Government were placing them on the most necessary of all raw material. Not only in respect of agricultural land, but also on undeveloped land they were placing a duty which would increase the cost to those who were anxious to develop land for industrial purposes. In their incidence some of those land taxes were not burdens upon undeveloped land; they were burdens on the developing of land—(hear, hear)—one of the most necessary of the raw materials of this country. If it was alleged that trusts were a dangerous feature behind tariffs, he said that under the present system of driving capital abroad in increasing quantities day by day they were encouraging foreign trusts to exploit the British market with the products of our own finance. This Budget operated heavily upon capital, which was precisely that article which would give employment to the people of this country if only it was allowed to be invested in the development of home industries. (Hear, hear.) So that under this Budget, which was paraded as a poor man's Budget, as the antithesis to tariff reform, they saw some of the very worst features which could possibly be alleged against a tariff system. In the sacred name of free trade they were piling up taxation on the staple articles of consumption and imposing heavy burdens on the raw material of industry; in memory of Cobden they were making the cost of production heavier day by day, and in memory of Gladstone they were piling up taxation in a manner which was calculated to produce the maximum of unemployment. It might be that tariff reform was not the only alternative to this Budget, but he was quite certain it was the only practical alternative which there was the least chance that the people of this country would ever consider.

**Lord Lucas** said that Lord Revelstoke had omitted to mention the social problems which were connected with the commercial machine. The noble lord had said that the City would like to go back to the days before the present Government came into office. If that was true, and he did not think it could be, it would mean that the City did not consider social problems. At the time which the noble lord had referred to there was a decrease in the birth-rate, and a depreciation in the national physique. There was a growing feeling of discontent, due to the fact that little or nothing was being done with regard to unemployment or for the organisation of labour, that there was nothing for the workers of the country beyond a penniless old age, and that the effect of what they called the great vested monopolies in land and liquor was growing and becoming more serious every day. In the ten years which followed the year 1895 there had been the most rapid growth of Socialism which this country had ever seen, and it could be definitely traced to the causes which he had mentioned, and the fact that no remedy was being provided. A totally insufficient attempt had been made to deal with the hopelessly unnatural conditions which had existed in this country for over 100 years, ever since what he might call the day of the great industrial revolution, when people began to crowd to the towns. These social questions were plain for every one to see, and he did not think the great dehumanised money-making machine, which asked for its toll of money as the result of human labour, was prepared to thwart social reform. If that was the position which the City took up, it was one which would do an immense amount of harm and would turn out far more Socialists than anything which the Government could do. He did not believe that it was the position of the City. When the City realised that the Government were not Socialistic—(Opposition laughter)—but that they were social reformers who were trying to wipe out some of the arrears of the last hundred years, there would be a revival in confidence.

What was the question which was going to be put before the country next January? It was this, whether we wished to raise the extra taxation necessary by free-trade methods, as exemplified in the present Budget, or by the alternative method of tariff reform. He did not ask for a sheer impossibility, but they did want to know something of the broad lines of the alternative about which they were going to ask the country to vote. Was food going to be taxed, or was it not? They had been told that it was, and yet that the cost of living was not to go up. They had been told that manufactures were going to be taxed for revenue purposes, and also that they were to be taxed to keep them out, and so give more employment at home. They could not have it both ways. They believed that the Opposition dared not lay their Budget by the side of this, and submit them both to the impartial judgment of the country. When they said they were prepared to overthrow the fabric of the Constitution in order to obtain the judgment of the people, it was cant if at the same time they prevented the people having the information without which it was impossible for them to form a judgment.

**Lord Faber:** Let them look for a few minutes at the tendency of Radical finance in the past so as to arrive at what their minds might be with regard to the future. In 1906 they took 1s. off coal, which represented £2,500,000, and in that year they also took 1d. off tea, representing £1,250,000. In 1908 they did what he thought was very extraordinary from a financial point of view, they took off half the sugar duty, amounting to no less than £3,000,000. That was extraordinary because the Chancellor of the Exchequer had to find £8,000,000 for old age pensions, £3,000,000 for Dreadnoughts, and £4,000,000 for what he would call fancy legislation, such as the Development Fund, roads, and land valuation.

Glancing very briefly at the land taxes he believed that the Chancellor of the Exchequer had departed from the ways of previous great masters of finance, who first sat down to calculate what the financial needs of the nation would be during the coming year and then tried to find the best way of meeting them, each separate year standing on its own basis. (Cheers.) Mr. Lloyd-George, speaking on August 18 last, said that with regard to the land taxes they had budgeted for £675,000 this year and were going to have the money; next year it would be double the amount, and it would grow from year to year until it would amount to millions a year. The right hon. gentleman went altogether outside the boundaries of one year when he expected to find millions and millions in time to come. It was very bad policy and bad finance to say that they were going to get millions and millions out of land, whether agricultural or urban. If a man 30 years ago had invested his money in agricultural or urban land and had let it alone he would have done quite as well by investing it in Consols. (Cheers.) Now they came to a very interesting tax, because it was applied in such a novel way—the increment duty and site value tax. This was a very one-sided proposal, because valuation of sites was to be made every five years, and if they went up the Government was good enough to take 20 per cent., and if the value fell the unfortunate owner had to find the money himself. (Cheers.) That seemed to him to be very unfair, and it had been asked over and over again why should land be singled out for this taxation. The policy of extending the increment duty to the general business affairs of life had already been mooted, for on September 24 no less a person than the Home Secretary said, "I do not see at all why at some future time, when more money is wanted, the principle of unearned increment should not be applied to other forms of property as well as the property of land." Did the country realise the gravity of a statement of that kind?

**Viscount Galway** regarded as the most dangerous feature of the Bill in the way in which the Government had mixed Imperial and local taxation. It was proposed that one-half of the yield of certain taxes should be given in relief of rates; but there was no provision that a locality should receive that proportion of the money which was raised in it by these taxes. He believed that the clause was inserted with a view to bribe municipalities to accept the Bill.

**The Bishop of Hereford** said that tariff reform was being advocated as an alternative to the Budget. He was old enough to remember what men called "the hungry 'forties." Where he was brought up it was engraven in his memory what a dismal and wretched time it was for the poorer people of the country and for the farmers. If the majority of the electors

were as old as he was, and had some of his memories of that dismal and wretched time, there would be no tariff Reform. Tariff reform was a new name for protection; it was a gamble with the necessities of life. There were two fundamental objections to it. One was that while many of the rich would become richer—the gospel of millionaires—it would sink the poor into deeper poverty. Experience and history also showed that it would honeycomb our political life with intrigue and corruption, from which it was now happily free. All through the discussion, moreover, on the land taxes and valuation an endeavour had been made in many directions to confuse the issue. As he understood it, the Budget would be a benefit to agriculture in the long run, and farmers and landlords should recognise that fact. Who among them also would dare to assert that, in respect of urban land, a great part of the increment arising from it was not the real property of the community? It was hardly decent that the owners of land should stand up on either side and denounce this tax. (Hear, hear.)

**Lord Eversley** said: Turning to the Budget before the House, he should like to say one or two words on the land clauses, and especially on that clause dealing with increment value. It had been said by many speakers in the course of the debate that that clause amounted to confiscation, and was Socialistic. He could not himself hold that view. The first man probably who advised the taxation of the unearned increment was the late Mr. Mill, and he was far removed indeed from Socialism. He thought he was present at the birth of the idea, because 45 years ago he was a member of the Political Economy Club, of which Mr. Mill was also a member, and it was there that Mr. Mill first broached his idea of unearned increment. The only difficulty that was raised was that it would be extremely hard to work out the scheme in practice. The Government in this Bill seemed to have found a method by which it would work practically. As an illustration of the possible operation of the increment tax, he would mention a case in which, a good many years ago, he was concerned in the purchase of 240 acres of land from two large owners for the purchase of an open space. With the assistance of the London County Council and other local authorities, he and his friends were able to raise the money needed. The price was more than £1,000 per acre. It was learned afterwards that a considerable part of the land had been purchased 30 or 40 years earlier for £50 an acre. During the whole of those 30 or 40 years the land had paid nothing to the local authority in rates except as agricultural land. He was told that quite recently some four or five acres of adjoining land had been sold to the local authority for £5,000 an acre. Those were instances in which it would not be unreasonable that the owner of the land should be called upon to make a contribution to the State and equally to the local authority.

On November 29th the debate was resumed.

**Lord Rothschild**:—Unemployment is always looming before your House, and one of the causes, in my opinion, of unemployment at present is the great difficulty that builders have, not because land is held up, as is often said, but because of the difficulty they have of borrowing money, which they used to do with great ease.

**Lord Denman** said the noble lord (Lord Ampthill) had, in the closing sentences of his speech, complained of gross personal attacks—he presumed on those sitting on that side of the House. Might he remind the noble lord of one or two expressions that had already been used in the course of this debate by noble lords opposite? One speaker had alluded to the "vulgarity" of Mr. Lloyd-George, while Lord Newton, in an eloquent peroration, spoke of the "nauseous cant" of Mr. Winston Churchill. He proposed to show, by a few quotations, the typical style of oratory that had found favour with distinguished members of the party opposite. First of all, it would only be fitting and respectful that he should deal with the utterances of one or two of what Lord Rosebery termed that poor but honest class, the dukes. He would begin with the most moderate and go on to the more violent of these particular utterances. The Duke of Rutland was reported to have said at Haddon Hall on September 18 that the Government were "a crew of piratical tatterdemalions." He was not sure what the noble duke meant, but he did not complain, for, after all, the platform speeches of the noble duke had a subtle charm. On a later occasion he was

reported to have said that he would like to gag all the members of the Labour party in the House of Commons. Perhaps the noble duke would like to serve the Liberal members in the same way. The Duke of Beaufort, at a function at Cirencester, was reported "good-humouredly" to have responded to a demand for a speech, and to have said that he would "like to see Mr. Winston Churchill and Mr. Lloyd George in the middle of 20 couples of dog-hounds." (Laughter.) The noble duke must possess a most winning sense of humour. The Duke of Somerset, in a letter of the type which had become familiar during this controversy, used a thinly veiled threat that he would discharge his estate hands and reduce his subscriptions to charitable and other associations if this Budget became law. Mr. Joynson-Hicks, a distinguished member of the Tory party in the other House, speaking at Manchester, said that "he only wished the dukes had held their tongues, every one of them." It would have been a great deal better for the Conservative party if, before the Budget was introduced, every duke had been locked up, and kept locked up, until the Budget was over; and he went on to say that "those men who were going about the country squealing and saying that they were going to reduce their subscriptions to charities because they were going to be unduly taxed ought to be ashamed of themselves, dukes or no dukes." Presumably it was to utterances of that kind that the noble lord referred when he talked of the "claptrap" that had been spoken about dukes. In a long letter to the *Times* Mr. Hiram Howell, the Tory candidate for one of the divisions of Manchester, wrote:—"The Lancashire working men were sick of the cry of 'Property, property, property,' and he wished that some one would give the dukes a hint, if they had not already done so, to put away their pocket handkerchiefs." He wondered whether that hint had been given, for he observed that only two noble dukes, the Duke of Norfolk and the Duke of Marlborough, had taken part in this debate. Another declaration which he would quote was that of Sir Spencer Maryon Wilson, who stated that, in the event of the Finance Bill being passed, he would be compelled much against his will to sell the Rectory Field, of which he was the owner. A fortnight later he found an announcement in the paper that this gentleman had taken an estate of some 30,000 acres for the shooting. It was hard to believe in the abject poverty of people who could rent large estates for shooting, and this instance showed the sort of pressure which was being brought to bear by well-to-do people on less well-to-do people. These things were threats of what would really happen if the Budget became law. Sir Gray Humberston Skipwith, of the County of Worcestershire, was reported to have said that the Lord Advocate was one of the most unprincipled blackguards living, that Mr. Lloyd George ought to be shot, and that if there was an invasion of this country he would not only not help to repel them, but would welcome the invaders. He had no doubt that it would be said that these were not men in official positions. He agreed that these men were not likely to hold the position of Chancellor of the Exchequer or President of the Board of Trade, but he would now quote the utterances of Sir Alexander Acland Hood, who, as the House was aware, had for some years been a Whip of the Conservative Party in another place. The position of Whip in another place was very often the stepping stone to Cabinet rank, as in the cases of Mr. Arnold Morley, the late Lord Tweedmouth, the present Home Secretary, and Lord Waleran. He could imagine Sir Alexander Acland-Hood occupying the position of Chancellor of the Exchequer in a tariff reform Government. Speaking at Kingston, near Taunton, last year, Sir Alexander had said that the members of the Government had faces like sausages or suet puddings. (Laughter.) He was speaking at the time of political cartoonists or caricaturists, and saying that the faces of the members of the Government could not be caricatured on that account. He referred to this statement without any animus against Sir Alexander, for he did not think he had in his mind those members of the Government who were also members of the King's Household (laughter); for they as a rule were spared the distinction or terror of the political cartoon. Sir Alexander Acland-Hood was known to be Mr. Balfour's right-hand man; he said as much in the speech just quoted, and he hoped some member of the front Opposition bench would say if Sir Alexander was carrying out Mr. Balfour's instructions when he made the speech. It was not a very pleasant task to go into personalities, but noble lords opposite seemed to think that some of their friends could use any language on the platform with absolute freedom; but when they talked to him about the vulgarity of Mr. Lloyd-George, his reply was "What about the polished metaphors of Sir Alexander Acland-Hood?" (Laughter.)



On November 30th the debate was resumed.

**The Archbishop of York :** In this country it is a very far cry from the taxation of land values to that abstract and logical system of Socialism which was denounced by the noble earl Lord Rosebery, with such impressive eloquence as "the end of property, the end of the family, the end of religion, the end of all things." May I say, without presumption, that perhaps I know as many as any member of this House of those who would be described perhaps as Socialists, and though I disagree fundamentally with many of their positions, I know many of them to be as devoted to the property they have, to their families, and to their religion as any of your lordships. (Laughter.) But is it not possible to attach too much importance to phrases and resolutions? (Ministerial cheers.) It is difficult for us here who have no difficulty about language to realise the glamour of language to another section of the community. They are men deficient in knowledge of history and of economics, deficient in training in public life, they find it difficult to embody their ideals in words or in concrete shape, and so the large promises and stimulating phrases of logical Socialism appeal to them, they applaud them, and they repeat them without very deeply understanding them. But when they touch some matter upon which our working men have special knowledge and experience, such, for example, if I mistake not, is the property of our large building societies and friendly societies, they can be trusted to take an independent line.

**The Earl of Crewe :** What are the main objections which are taken to the substance of this Finance Bill? So far as I am able to gather from the various speeches that have been made, you object to it, first, because it imposes taxes upon capital. (Opposition cheers.) You object to it, next, because it imposes taxes upon land in a manner which you consider leads up to land nationalisation, and, thirdly, you object to the increase of the licensing duties. Now, my lords, when noble lords say that they object to taxes on capital, I should like to feel sure what they mean. The taxes on capital in contradistinction to what? Do you mean to object to taxes on capital in contradistinction to taxes on income, or do you object to taxes on capital in contradistinction to taxes on earned income? Because these are two very different things. In the first case, it is a mere question of machinery. We propose to raise the money from the same persons, but instead of raising it in a large sum as by death duties, at a fixed or uncertain period, we propose to raise it annually, say, in the form of a graduated super-tax. My lords, that is a perfectly arguable proposition, and it is open to anybody to take the view that the one form of raising the money is better than the other. But if your objection to the taxation of capital is that it is not the taxation of earnings, then do not go about the country saying that you are of opinion that the rich ought to be taxed and that the poor ought not to be taxed more than they are. I know the argument. You broaden the basis of taxation and you raise more money from the less well-to-do and from the poor than we propose to raise, but it is all for their good in the long run. You are going to take more of their money in the form of taxation and you are going to benefit them in the form of employment. Well, my lords, that may be. I will not argue that point at this moment. But do not say that you are not proposing by any alternative you may have to this Budget to tax the poor more and the rich less, because that cannot be the case. (Cheers.)

Is your real objection to this form of taxation an objection to graduation? Graduation is a very old story. I believe there was a graduated income tax in the 15th century. To come to much more recent time, everybody knows that in Pitt's great Budget of 1799 the system of abatement, and consequently of graduation, was asserted very much on the lines on which income tax is graduated now. But the charge which has been brought against us with an ability which I admire and with a force which to some extent I am willing to admit is that there has been a serious fall in securities and that capital is leaving the country. That was enforced in a speech by Lord Revelstoke, which has received many compliments, but not more compliments than it deserved. —(cheers), and it was also enforced by other speakers well qualified to give an opinion on the subject.

Now my lords, I make two admissions. I admit that capital is a very timid thing. Its mobility is denied, but if it is not as agile as an antelope it is, I am willing to admit, almost as timid. (Laughter.) That is one admission. The other admission I am prepared to make is this, though I am afraid it also involves

something in the nature of a charge, that it may be the case that some people have been, by what they have heard, induced to sell British securities and invest in foreign securities. But if that be so, that is because noble lords and other people of equal authority have frightened this timid creature capital (Opposition laughter and cries of "Oh!"; and Ministerial cheers)—and have, without in the faintest degree meaning to do it, helped the result which they themselves deplore. (Cheers.) Now, my lords, the figures of our foreign investments are almost astronomical in their character. I see it is said that during the seven years from 1884–1890 we invested the sum of £400,000,000 abroad. From 1890–1904, not particularly prosperous years, we only invested £100,000,000 abroad. From 1905 to the present date, 1909, we have invested some £400,000,000 abroad, and I suppose that if matters proceed as they are doing it is not unlikely that in the seven years we shall have invested some £700,000,000. Nobody admitted in general terms more frankly than Lord Rothschild, who spoke yesterday, that foreign investments of this kind are of immense advantage to this country. It is evident, of course, that it must be so. Not only do people get their interest for their money, but a great deal of money is actually laid out in this country in supplying material for railways and kindred objects. But is it the fact that in consequence of these gigantic investments abroad capital cannot be found at home for sound commercial and industrial objects? That is a point on which it seems to me the experience of any one man, no matter how distinguished a financier, cannot be sufficient to give an answer. A very large amount of data must surely be collected and carefully revised before anybody could presume to say that this either is or is not the case, and I do not know that those data are forthcoming. But at any rate there are some data which tend to show that although there has been a depreciation in securities, yet in the case of a very large number of the most important industrial concerns in this country they have no difficulty in securing or in getting the money which they require for their enterprise. (Hear, hear.) I have here a list of the debenture issues of 12 of the most important industrial concerns in this country. I will not trouble you with their names, but I imagine that their total united capital must be much more than £50,000,000. There is nothing whatever in the figures of those debentures during the last four years to support the allegation that the general policy of His Majesty's Government has been such as to cause a fall. Some have fallen slightly, others have risen slightly; but the general position remains much the same, and when we come to consider what has happened between the middle of April, when the Budget was introduced, and the middle of November, we find that the debentures of these great industrial concerns have on the whole slightly risen, and their shares have risen very perceptibly indeed—all this in spite of the fact that when the Budget was introduced the Bank rate was  $2\frac{1}{2}$ , whereas to-day it is 5. That certainly does not seem as though the Budget has had the effect with which it is charged. But I should like to offer one or two general observations on this subject. I think it is evident that the whole trend of investment must as time goes on tend rather in the direction of the choice of foreign securities so long as the facts remain as they are—namely, that in every class of security, whether it be Government security or any other class, the rate of interest in this country for each is somewhat lower than can be obtained in other parts of the world. (Hear, hear.) My lords, investment has grown up from the day when people hid their savings in an old stocking. It passes then to the stage in which a man puts his money in a few houses which he can see before him. Perhaps then, getting a little bolder and a little more educated, he will put stock in a railway which runs through the country in which he lives. At last he finds, as his experience grows wider, that money can be invested safely abroad, and what to begin with was put in an old stocking ends perhaps in British Columbia. As the general scale of living in every class tends to become higher, and, if you like the word, more luxurious, the rate of interest which a man gets becomes more and more important, and as quite good security with higher rates of interest can be obtained abroad, that is naturally a temptation to the investor to place his money there.

I pass for a moment to the land proposals of his Majesty's Government on which so many strictures have been made. I do not propose to trouble the House by going through the different duties suggested and defending them in detail, but this I will say, that I believe the general sense of fairness of the community will support the proposition that the special kind of land which in this Finance Bill we propose to tax is a reasonable subject of taxation and that our proposals to tax it are moderate in themselves. (Cheers.) I have never been able to understand

why, if it is a reasonable thing to tax undeveloped land for local purposes, it is a monstrous and Socialistic thing to tax it for State or Imperial purposes. I can understand the arguments that may be used as to the destination of the money, that it is fair that a large portion of it should go locally, but when it comes to the question of Socialism or no Socialism, I do not see that it matters to a man who lives in the West End of London and is thus taxed whether his tax goes to the five or six million people in London or the 40 millions in the British Isles. The noble marquis, Lord Lansdowne, in his speech put to me a question with regard to the nationalisation of land, and the suggestion that I should express an opinion on that subject was further made by Lord Denbigh this evening. I am perhaps less alarmed than some of your lordships on the subject, I do not say of the nationalisation of the land, but the national ownership of land, because in a part of the world for whose affairs at this moment I am responsible that system exists in absolute perfection. There is no part of the Empire about which higher hopes may properly be entertained than the Protectorate of Northern Nigeria. Northern Nigeria possesses a very ancient Mahomedan civilisation. It is so civilised that one of the features of its taxation from immemorial times has been a graduated land tax, and another has been a death duty. In Northern Nigeria there is no

private ownership of land, and I sincerely hope there never will be. I trust that whoever presides over the Colonial Office will not be captivated by the idea that any country where the land is the property of the nation and where its complete ownership is not admitted must necessarily be a backward country.

### THE DIVISION.

The Lord Chancellor rose as the Earl of Crewe resumed his seat, and after the question had been put in the formal manner, the House divided, and there voted—

FOR LORD LANSDOWNE'S AMENDMENT	350
AGAINST	75
MAJORITY	275

The announcement of the figures by the Lord Chancellor was received with some cheers. A slight hissing was heard, but it is not possible to say from what quarter of the House it proceeded.

The Lord Chancellor then put the amendment as the substantive resolution, and it was agreed to without a division.

## DIVISION.

### Contents—75.

Loreburn, Lord (Lord Chancellor)  
York, Archbishop of  
Wolverhampton, Viscount  
(Lord President)  
Crewe, Earl (Lord Privy Seal)

#### MARQUISES.

Breadalbane  
Northampton

#### EARLS.

Beauchamp (L. Steward)  
Carrington  
Chesterfield  
Craven  
Granville  
Kimberley  
Liverpool  
Russell

#### VISCOUNTS.

Althorp  
Gordon (Aberdeen, E.)  
Morley of Blackburn  
Peel  
Selby

#### BISHOPS.

Birmingham  
Chester  
St. Asaph

#### BARONS.

Aberdare  
Acton  
Airedale  
Allendale  
Armitstead  
Ashton  
Blyth  
Boston

Burghclere  
Castletown  
Colebrooke  
Coleridge  
Courteney of Penwith  
De Saumarez  
Denman  
Dunning (Rollo, L.)  
Emly  
Eversley  
Farrer  
Fitzmaurice  
Glantawe  
Granard (Granard, E.)  
Grimthorpe  
Hamilton of Dalzell  
Haversham  
Hemphill  
Herschell  
Loch  
Lochee  
Lucas  
Lyveden

MacDonnell  
Marchamley  
Mendip (Clifden, V.)  
Monkswell  
Monteagle of Brandon  
Nunburnholme  
Pentland  
Pirrie  
Reay  
Rendel  
Ribblesdale  
St. Davids  
Sandhurst  
Saye and Sele  
Shaw  
Shuttleworth  
Stanley of Alderley  
(Sheffield, L.)  
Swaythling  
Tenterden  
Torpichen  
Weardale  
Welby

Tellers.—Lord Denman and Lord Colebrooke.

### Not Contents—350.

#### DUKES.

Norfolk (E. Marshal)  
Argyll  
Beaufort  
Bedford  
Devonshire  
Grafton  
Leeds  
Marlborough  
Newcastle  
Northumberland  
Portland  
Richmond and Gordon  
Rutland  
Somerst  
Sutherland  
Wellington  
Westminster

#### MARQUISES.

Abergavenny  
Ailesbury

Ailsa  
Anglesey  
Bath  
Bristol  
Bute  
Camden  
Cholmondeley  
Exeter  
Hertford  
Lansdowne  
Linlithgow  
Salisbury  
Winchester  
Zetland

#### EARLS.

Abingdon  
Albemarle  
Ancaster  
Aylesford  
Bandon  
Bathurst  
Brooke and Warwick

Brownlow  
Cadogan  
Cairns  
Camperdown  
Carlisle  
Carnarvon  
Carnwarth  
Cathcart  
Cawdor  
Chichester  
Clarendon  
Cottenham  
Coventry  
Cowley  
Cranbrook  
Darnley  
Dartmouth  
Dartrey  
Denbigh  
Derby  
Devon  
Doncaster (Buccleuch and Queensberry, D.)  
Dundonald  
Effingham  
Eldon  
Ellesmere  
Essex  
Ferrers  
Feversham  
Fitzwilliam  
Fortescue  
Gainsborough  
Graham (Montrose, D.)  
Guilford  
Haddington  
Halsbury  
Hardwicke  
Harewood  
Harrington  
Harrowby  
Hillsborough (Downshire, M.)  
Huntingdon  
Ilchester  
Kilmorey  
Lauderdale



## Not Contents—continued.

## EARLS (continued):—

Leicester  
 Lichfield  
 Lindsey  
 Lonsdale  
 Lovelace  
 Lucan  
 Malmesbury  
 Mansfield  
 Manvers  
 Mar and Kellie  
 Mayo  
 Morle  
 Morton  
 Mount Edgcombe  
 Munster  
 Northbrook  
 Northesk  
 Onslow  
 Pembroke and Montgomery  
 Plymouth  
 Poulett  
 Powis  
 Roberts  
 Romney  
 Rosslyn  
 St. Germans  
 Sandwich  
 Scarbrough  
 Shaftesbury  
 Shrewsbury  
 Sondes  
 Stanhope  
 Stradbroke  
 Stafford  
 Strange (Atholl, D.)  
 Suffolk and Berkshire  
 Tankerville  
 Temple  
 Vane (Londonderry, M.)  
 Verulam  
 Waldegrave  
 Westmeath  
 Westmoreland  
 Wharfedale  
 Wicklow  
 Winton  
 Winton (Eglintoun, E.)  
 Winchelsea and Nottingham.

## VISCOUNTS.

Bridport  
 Churchill  
 Colville of Culross  
 Cross  
 De Vesci  
 Falkland  
 Goschen  
 Halifax  
 Hampden  
 Hardinge  
 Hill  
 Hood  
 Hutchinson (Donough-  
 more, E.)  
 Iveagh  
 Knutsford  
 Llandaff  
 Milner

## Ridley

St. Vincent  
 Templetown  
 Tredegar

## BISHOP.

Lincoln

## BARONS.

Abinger  
 Addington  
 Aldenham  
 Alington  
 Allerton  
 Alverstone  
 Amphill  
 Annaly  
 Ardilaun  
 Armstrong  
 Ashbourne  
 Ashburton  
 Ashcombe  
 Atkinson  
 Avebury  
 Bagot  
 Balinhard (Southesk, E.)  
 Barnard  
 Barrymore  
 Basing  
 Belhaven and Stenton  
 Belper  
 Berwick  
 Biddulph  
 Blythwood  
 Borthwick  
 Botreaux (Loudoun, E.)  
 Bowes (Strathmore and  
 Kinghorn, E.)  
 Boyle (Cork and Orrery,  
 E.)  
 Brancepeth (Boyne, V.)  
 Braybrooke  
 Braye  
 Brodrick (Midleton, V.)  
 Brougham and Vaux  
 Burnham  
 Camoys  
 Carew  
 Castlemaine  
 Chaworth (Meath, E.)  
 Cheylesmore  
 Churston  
 Clanwilliam (Clanwilliam  
 E.)  
 Clements (Leitrim, E.)  
 Clifford of Chudleigh  
 Clinton  
 Clonbrock  
 Cloncurry  
 Colchester  
 Collins  
 Cottesloe  
 Crawshaw  
 Curzon of Kedleston  
 Dawnay (Downe, V.)  
 De Freyne  
 De L'Isle and Dudley  
 De Mauley  
 De Ramsey  
 Deramore

## Desborough

Digby  
 Douglas (Home, E.)  
 Dunalley  
 Dunboyne  
 Dunleath  
 Dunmore (Dunmore, E.)  
 Ebury  
 Egerton  
 Ellenborough  
 Elphinstone  
 Erskine  
 Estcourt  
 Faber  
 Fairlie (Glasgow, E.)  
 Farnham  
 Fermanah (Erne, E.)  
 Fingall (Fingall, E.)  
 Forester  
 Foxford (Limerick, E.)  
 Gage (Gage, V.)  
 Gerard  
 Glanusk  
 Gormanston (Gormanston,  
 V.)  
 Grenfell  
 Grey de Ruthyn  
 Grinstead (Enniskillen, E.)  
 Gwydyr  
 Harlech  
 Harris  
 Hartismere (Henniker, L.)  
 Hastings  
 Hatherton  
 Hawke  
 Hay (Kinnoull, E.)  
 Hindlip  
 Holm Patrick  
 Hothfield  
 Howard of Glossop  
 Hylton  
 Kenlis (Headfort, M.)  
 Kenmare (Kenmare, E.)  
 Kenry (Dunraven and  
 Mount-Earl, E.)  
 Kensington  
 Kenyon  
 Kesteven  
 Kilmarnock (Erroll, E.)  
 Kinross  
 Kintore (Kintore, E.)  
 Knaresborough  
 Lamington  
 Langford  
 Lawrence  
 Leconfield  
 Leigh  
 Leith of Fyvie  
 Lilford  
 Llangattock  
 Lovat  
 Ludlow  
 Lurgan  
 Macnaghten  
 Manners  
 Masham  
 Massy  
 Meldrum (Huntly, M.)  
 Meredyth (Athlumney, L.)  
 Michelham

## Middleton

Monck (Monck, V.)  
 Monckton (Galdway, V.)  
 Montagu of Beaulieu  
 Mostyn  
 Mount Stephen  
 Mowbray  
 Muncaster  
 Newlands  
 Newton  
 North  
 Northbourne  
 Northcote  
 O'Neill  
 Oranmore and Browne  
 Oriel (Massereene, V.)  
 Ormonde (Ormonde, M.)  
 Oxenford (Stair, E.)  
 Penrhyn  
 Playfair  
 Poltimore  
 Ponsonby (Bessborough,  
 E.)  
 Powerscourt (Powerscourt,  
 V.)  
 Ranfurly (Ranfurly, E.)  
 Rathdonnell  
 Rathmore  
 Rayleigh  
 Redesdale  
 Revelstoke  
 Ritchie of Dundee  
 Rosmead  
 Rossmore  
 Rothschild  
 St. Levan  
 St. Oswald  
 Saltoun  
 Sandys  
 Savile  
 Scarsdale  
 Seaton  
 Shute (Barrington, V.)  
 Silchester (Longford, E.)  
 Sinclair  
 Somerton (Northampton, E.)  
 Southampton  
 Stalbridge  
 Stanmore  
 Steward of Garlies (Gallo-  
 way, E.)  
 Stratheden and Campbell  
 Sudeley  
 Swansea  
 Templemore  
 Tennyson  
 Teynham  
 Trevor  
 Tyrone (Waterford, M.)  
 Vaux of Harrowden  
 Ventry  
 Vivian  
 Waleran  
 Wemyss (Wemyss, E.)  
 Wenlock  
 Westbury  
 Willoughby de Broke  
 Wolverton  
 Zouche of Haryngworth

Tellers.—Viscount Churchill and Earl Waldegrave.

## Mr. Asquith in Albert Hall.

### Statement of Liberal Policy.

On December 10th, with most of the Cabinet on the platform, Mr. Asquith delivered the following speech:—I thank you, in not merely formal words, but from the bottom of my heart, for this most moving and stimulating greeting. The position which I have for the time being the honour to hold, head of his Majesty's Government and the chosen leader of a great political party, is a position as beset with anxieties and responsibilities as can fall to the lot of man. (Hear, hear.) It is a position, I say, which no one can usefully or honourably fill unless, on the one hand, he enjoys in full measure the confidence of his colleagues and followers, and unless, on the other hand, the policy of the Government over which he presides is a policy which is not forced upon him against his better judgment—(cheers)—or in which he reluctantly and grudgingly acquiesces, but is one to which he can give a sincere and whole-hearted approval. Leadership without authority and without loyalty is the emptiest and least enviable of baubles. But so long as the two conditions which I have named are satisfied—as I am glad and grateful to acknowledge they have been in my case—a man is sustained against the pressure of infinite and unceasing care by the sense that there is no better employment for human effort than the concerted pursuit of great purposes for the common good. (Cheers.)

### FOUR YEARS' WORK.

As the chairman has reminded us, four years ago, when the new Liberal Government had been a few days in power, my ever late lamented predecessor, standing in this place, outlined its intended policy. So far as that policy could be carried into effect by administrative and executive action, as, for instance, in the building up of free government in the recently conquered Colonies of South Africa—(cheers)—I may claim that the highest anticipations which he aroused have been more than satisfied. (Hear, hear.) But the bulk of the reforms which he described could only be achieved by changes in the law; and the law in this country can only be altered in one way. (A Voice: "Then change the law by women taxpayers.") Disorder and interruption, during which a man was ejected amid cheers.) The law in this country, I say, can only be altered in one way, and that is by the conjoint action of a composite body which we call Parliament. The House of Commons of 1906 was not then born; to-night its days are numbered and its work is done. ("No, no.") No Legislative Assembly in our history has ever laboured with greater assiduity—(cheers)—or, so far as the majority are concerned, with more unity and singleness of purpose—(cheers)—to discharge the trust committed to it by the people, and to clothe in legislative form the expectations held out to the electorate. It is true that, apart from a mass of useful but non-contentious measures, a few of these proposals have, in an expressive phrase used the other day by Lord Lansdowne—(hooting)—been allowed to pass. (Hear, hear, and laughter.) The list—a very slender one—of those favourites of Parliamentary fortune—(laughter)—includes one item—the Act for the establishment of old-age pensions—(cheers)—which we deliberately kept out of the electoral programme of 1906 because we were not disposed to promise that which we did not see our way to perform. (Cheers.) Well, gentlemen, it was allowed to pass—(laughter)—amid a chorus of oburgation and with attempts, which happily proved futile, to limit its operation by time—(hear, hear)—and we are now assured and I accept and emphasise the assurance, it has become an indestructible part of our social legislation. (Cheers.) A House of Commons which secured this honourable provision for old age is a House of Commons which has not lived in vain. (Cheers.) But what of the tasks to which by far the greater part of its long hours have been devoted? The Session of 1906 was given in the main to licensing, the Session of 1909 almost exclusively to devising the necessary ways and means for the national defence and for necessary social reforms. (Cheers.) Lord Lansdowne, as he surveys and thumbs the Statute-books for four years, calculates their weight and numbers their pages,

is suffused with a glow of compulsory self-approval, and is lost in admiring wonder at the moderation of the House of Lords. (Laughter.)

### THE PRINCIPLE OF REPRESENTATIVE GOVERNMENT.

Yes, but you and I, when we search those volumes, search in vain for any trace of legislation on the most socially and politically important of the reforms which were set forth in this hall four years ago, which were submitted to, and discussed before, and approved by, a vast majority of the electors, which the representatives of the people came to Westminster pledged to accomplish, and which, during four years, that new House of Commons strove laboriously and faithfully to carry into law. (Cheers.) Gentlemen, so far as those things are concerned, the electors in 1906 might just as well have spared themselves the trouble of going to the poll. (Cheers.) And why? Another body, which is subject neither to election nor dissolution, stood in the way. ("Shame," "Out it," and cheers.) The toil and care of the people's elected representatives were nullified, and now, as a fitting climax to this work of destruction, the supplies granted by the Commons are stopped on their way to the Crown! ("Shame.") And so, gentlemen, we are here to-night on the eve of another dissolution and it falls to my lot to take up the tale. (Loud cheers.) The last time we reckoned without our host. We are not going to make that mistake again. (Cheers.) I tell you in the name and on behalf of the Liberal party, that we have at this moment laid upon us a single task, a task which dominates and transcends, because it embraces and involves every great and beneficent social and political change upon which our hearts are set. That task is to vindicate and to establish upon an unshakable foundation the principle of representative government. (Cheers.) Do not let me be misunderstood. No one is asked to abandon or to lay aside the causes for which he has been fighting. On the contrary, there is not one of those causes whose fortunes will not be found to hang upon this. Let me, without entering upon anything like an exhaustive catalogue, take a few capital illustrations.

### EDUCATION, LICENSING, AND ELECTORAL REFORM.

Take, first of all, the cause of national education in England and Wales. We stand where we stood four years ago. The anomalies and injustice created by the Act of 1902 have still to be set right. (Cheers.) We have to secure by statute the access of every child to a school which is under the complete control of a popularly elected authority—(cheers)—and in which the office of teacher is not fenced about by any sectarian test. (Cheers.) Provided that that right is established and made universally available we shall be ready, as we have shown ourselves ready before, to deal liberally with the cause of minorities in populous areas. With regard to licensing we stand by the main and governing principles of our Bill of last year. (Cheers.) Our franchise law is still encumbered by artificial distinctions and impediments for which there is no justification in principle or in policy. (Hear, hear.) Some of the most crying of them we have in this Parliament attempted to set right by the Plural Voting Bill and the London Elections Bill. (Cheers.) You know what was their fate and how it was brought about.

### WOMAN SUFFRAGE.

Let me say a word here on the relevant, but I gather from what I have already heard, the delicate and much-vexed topic of woman suffrage. (Laughter.) My own views on that matter are, I believe, tolerably well known—(laughter and cheers)—and I have seen nothing in the course of the last four years which has induced me to modify them. (Cheers.) But this is a question as to which there always has been, and as I suppose there always will be adversity of opinion in both parties, with which, therefore, it is peculiarly difficult for any Government to deal. Nearly two years ago I declared on behalf of the present Government that in the event, which we then contemplated, of our bringing in a Reform Bill we should make the insertion of a suffragist amendment an open question for the House of Commons to decide. Through no intention and through no fault of ours that opportunity for raising the matter has been taken away. Our friends and fellow workers of the Women's Liberal Federation—(cheers)—have asked me to say that my declaration survives the expiring Parliament, and will hold good in its successor—(cheers)—and that their cause, so far as the Government is concerned,



shall be no worse off in the new Parliament than it would have been in the old. I have no hesitation in acceding to that request. The Government, notwithstanding the deplorable and suicidal excesses—(loud cheers)—of a small section of the advocates of the change, has no disposition or desire to burke this question, it is clearly one on which a new House of Commons ought to be given the opportunity to express its view. (Cheers.)

#### WALES, SCOTLAND, AND IRELAND.

If we look to regions further afield, the long-delayed claim of the Welsh people for complete religious equality—(hear, hear)—in the Principality will, I believe, be put forward at this election with as much energy of conviction as ever and with as strong proof that it represents a really national demand. There is, as Wales well knows, one obstacle, and one obstacle only, to its realisation. (Hear, hear.) The people of Scotland, who have a first call on my personal interest and sympathy, have suffered more during this Parliament from the direct action of the House of Lords than any other part of the United Kingdom. Their Land Bill, their Valuation Bill, and on the very last day of last Session their House Letting Bill, all sanctioned by the House of Commons, were—each in turn—done to death because, forsooth, Lord Camperdown and his friends think they know much better than the elected representatives of Scotland what are the wishes and opinions of the Scottish people. Ireland, on the other hand, from a legislative point of view may be said by comparison to have been, for once in a way, fortunate, largely because the measures sent up did not come widely athwart the interests, the prejudices, and privileges of the other House. The University question which had baffled British statesmen for the lifetime of a generation, has been settled for the last time by Mr. Birrell on national lines. The improvident finance of the Land Act of 1903 has been corrected and supplemented, and a real effort has been set on foot to deal with the social and economic dangers of congestion. Nor is there any part of the United Kingdom which has benefited in so large a degree as Ireland by the grant of old-age pensions.

#### HOME RULE.

But, gentlemen, is there any man in this crowded hall who is credulous enough to suppose that these measures, singly or in combination, or a succession of similar measures, have struck or can strike at the root causes of Irish discontent? Speaking on behalf of the Government in March of last year, a week before my accession to the office of Prime Minister, I described Ireland as the one undeniable failure of British statesmanship. (Cheers.) I repeat here to-night what I said then, speaking on behalf of my colleagues, and, I believe, of my party. The solution of the problem can be found only in one way—(cries of "Home Rule," and cheers)—by a policy which, while explicitly safeguarding the supreme and indefeasible authority of the Imperial Parliament, will set up in Ireland a system of full self-government—(loud cheers)—in regard to purely Irish affairs. (Cheers.) There is not, and there cannot be, any question of separation. (Cheers.) There is not, and there cannot be, any question of rival or competing supremacies. But, subject to those conditions, that is the Liberal policy. (Cheers.) For reasons which I believe to be adequate the present Parliament was disabled in advance from proposing any such solution. But in the new House of Commons the hands of the Liberal Government and the Liberal majority will be in this matter entirely free. (Cheers.)

#### SOCIAL REFORM.

I must not close this brief review—and it is all relevant to the purpose for which we are assembled to-night—of our outstanding problems without referring to that which is perhaps the greatest of them all. When, last year, after careful preparation in the remission of the burdens of taxation and in the reduction of our national liabilities, we brought in our scheme of old-age pensions we were avowedly opening only the first chapter in a new volume of social legislation. (Cheers.) If we are to be condemned to political impotence or extinction for a generation, I for one shall be fully compensated by the knowledge that, through the action and efforts of our Government, more than half a million of old people who, in their days of activity and strength have worked to create and increase the wealth of the nation, not only at this Christmas, but for the rest of their lives, are saved from a choice between want and loss of self-respect. (Cheers.) But old age, though it is perhaps the most appealing, is, after all, only one of the hazards to which the life of our industrial popu-

lation is exposed. Sickness, invalidity, unemployment—these are spectres which are always hovering on the horizon of possibility, I may almost say of certainty, to the industrious workman. We believe here also the time has come for the State to lend a helping hand. (Cheers.) That is the secret, or at least it is one of the secrets, of the Budget of this year. (Cheers.) It is described, and rightly described, as a Budget which looked beyond the 31st of March next, and which sought to raise revenue from sources of a growingly productive character. We admit the charge, if charge it be. Yes, gentlemen, it was a Budget which sought by taxes on the accumulations of the rich and the luxuries of the less well-to-do, and by a moderate toll on monopoly values which the community itself has, either actively or passively, created—(cheers)—to provide the sinews of war for the initiation and the prosecution of what must be a long, a costly, social campaign. (Cheers.) That was the Budget put forward on the authority of a united Cabinet—(cheers)—passed after months of by no means fruitless discussion by the House of Commons—(cheers)—rejected in a week, and at a single blow, by the House of Lords. (Cries of "Shame," and "Out with them.") And that, gentlemen, is primarily why we are here to-night..

#### THE CLAIM OF THE LORDS.

The immediate, the actually provoking cause of what is rightly called a constitutional crisis is the entirely new claim put forward by the House of Lords not only to meddle with, but, in effect, to control and to mould our national finances. (Cheers.) Only once within living memory has the Upper House attempted to touch a single tax imposed or repealed by the House of Commons. That attempt recoiled at once upon their heads, and it has never since been renewed. This year, by one stroke, they have taken upon themselves to shatter the whole fabric of the year's taxation. This, I repeat, is a new and an entirely unexpected danger to popular liberties. (Cheers.) Two years ago it was as undreamt of as would have been, and is to-day, the revival by an arbitrary Minister of the veto of the Crown. (Cheers.) In the debate in 1907—not very long since—on Sir Henry Campbell-Bannerman's motion, the leader of the Opposition—(A Voice: "Judas")—declared that it was common ground between us—common ground—that the House of Lords could not touch finance. As lately as October of last year the same authority asserted that the power of the House of Commons over finance was uncontrolled. (Cheers.) A week ago I quoted the former of these two declarations in the House of Commons and asked whether it still held good. (Laughter.) To that question Mr. Balfour, although he spoke for more than an hour, made no reply. (Laughter.) Gentlemen, when the most fertile and astute dialectician of our time passes by an obviously relevant point without making an attempt even to circumnavigate it—(laughter)—the inference is tolerably clear. (Hear, hear.)

#### THREE CONSTITUTIONAL INNOVATIONS.

We are indeed—and I say it in all seriousness—suddenly confronted with no less than three constitutional innovations. In the first place, we have the claim of the Upper House, not as an archaic legal survival, but as a living and effective right to control the levying of taxation. (A voice: "Never.") In the second place, we have the claim of the same House—a body which cannot itself be dissolved—to compel a dissolution of the popular Chamber. And lastly, as a consequence and corollary of the other two, we have an assertion of its power to make or to unmake the Executive Government of the Crown. Every one of these revolutionary pretensions we shall withstand for all we are worth. The result is what at first sight seems a paradox, that we, the progressive party, find ourselves here to-day in the first place occupying Conservative and constitutional ground defending the liberties which have been transmitted to us from the past against invasions and usurpations which for the first time, received the official countenance of the Tory party. Gentlemen, what has been done once may be done again. ("No.") I do not say that it will be—(hear, hear)—but I do say this, that it becomes our first duty to take effective steps to make its recurrence impossible. (Loud cheers.) We shall therefore demand authority from the electorate to translate an ancient unwritten usage into an Act of Parliament—(cheers)—and to place on the Statute-book a recognition, explicit and complete, of the settled doctrine of our Constitution that it is beyond the province of the House of Lords to meddle in any way, to any degree, or for any purpose, with our national finance. (Cheers.)

## MR. CHAMBERLAIN'S LETTER.

Gentlemen, this proposed revolution in our constitutional practice becomes the more significant, and I think the more sinister, because it has been brought about at the direct instigation and through the ceaseless pressure of those who for years past have been trying to bring about a revolution in our fiscal system. (Cheers.) Some weeks ago, in September, at a meeting in Birmingham—(laughter)—when few people thought that the responsible leaders of the Tory party were going to be driven into these wild and desperate courses, a letter was read from Mr. Chamberlain. (Hisses and groans.) Let me say in passing that his opponents regret quite as sincerely as his friends—"But he is a traitor," and cheers)—the causes which disable him from coming into the foreground in this impending struggle. (Hear, hear.) But in that letter Mr. Chamberlain expressed his hope that the House of Lords would see their way to force a general election. And he proceeded to give his reasons. "The Budget," he wrote, "is the last effort of free-trade finance to find a substitute for Tariff Reform." There we see the whole motive of his manœuvre unmasked. (Cheers.) The Budget was to be rejected at all hazards, at whatever violence to constitutional usage and practice, not because it is a Budget of Socialism and spoliation no!—but because it provides a substitute, an effective substitute—I will go further and say a destructive substitute—for what is called Tariff Reform. Tariff Reform, as we all know—whatever it may mean to Mr. Balfour, and that is what nobody knows—(laughter)—but we all know it means in the mouths of Mr. Chamberlain and his followers, amongst other things, the taxation of the necessities of life. It is the fear of its advocates that if this Budget once takes its place on the Statute-book, this Budget which seeks to provide the cost of social improvement from the superfluities of one class, the luxuries of another, the monopoly value of a third—(cheers)—if this Budget, I say, once takes its place on the Statute-book the cause of the Tariff reformers would become a forlorn hope. (Cheers.) It is that fear which has provoked and engineered this crisis. In the issue so raised you have at stake the double fortune of our constitutional liberties and of Free Trade.

## THE HOUSE OF LORDS.

So far we are on the defensive; but at the same time and by the same action the House of Lords has, not, indeed, raised, but has hurried on for prompt decision a larger issue still. (Cheers.) I tell you quite plainly, and I tell my fellow-countrymen outside, that neither I nor any other Liberal Minister supported by a majority of the House of Commons are going to submit again to the rebuffs and the humiliations of the last four years. (Loud cheers, again and again renewed.) We shall not assume office, and we shall not hold office, unless we can secure the safeguards which experience shows to be necessary for the legislative utility and honour of the party of progress. (Cheers.) You will be told, and you have been told it already, that the issue lies between government by two Chambers and government by a single Chamber. It is not the case. I myself, and I believe a large majority of the Liberal party, are in favour of what is called the bi-cameral system. I see nothing inconsistent with democratic principle or practice in a Second Chamber as such. On the contrary, I see much practical advantage that might result from the existence, side by side with the House of Commons, of a body, not, indeed, of co-ordinate authority—(cheers)—but suitable in its numbers and by its composition to exercise impartially in regard to our ordinary legislation the powers of revision, amendment, fuller deliberation, and, subject to proper safeguards, of delay. (Cheers.) Those are both useful and dignified functions. Yes, but we have got to deal with a pressing and an immediate necessity. (Cheers.) It may well be that a process of evolution or substitution may in course of time give us a body better fitted than the House of Lords for the judicial exercise of the functions which are really appropriate to a Second Chamber in a democratic State. But, as a great man once said, "Things are what they are," and we have to face them as they are. (Cheers.)

Our present condition gives us all the drawbacks, with few, if any, of the advantages, of a Second Chamber. For what is our actual Second Chamber? (Laughter.) It is a body which has no pretensions or qualifications to be the organ or the interpreter of the popular will. (Cheers.) It is a body on which one party in the State is in possession of a permanent and overwhelming majority. It is a body which, as experience has shown, is in temper and action frankly, nakedly partisan. It is a body which does not attempt to exercise any kind of

effective control over the legislation of the other House when its own party is in a majority there. It is a body which, when the conditions are reversed, however clear and emphatic the verdict of the country has been, sets itself to mutilate and to destroy democratic legislation, and even in these latter days it lays a usurping hand on democratic finance. (Hear, hear.) That is a plain, literal, unvarnished picture of what every one knows to be the fact. (Cheers.) We are going to ask the country to give us authority to apply an effective remedy to these intolerable conditions. (Cheers.) Here again, what is to be done will have to be done by Act of Parliament; the time for unwritten convention has, unhappily, gone by. We are not, as I have said, proposing the abolition of the House of Lords or setting up a single Chamber, but we are going to ask the electors that the House of Lords shall be confined to the proper functions of a Second Chamber which I enumerated a few minutes ago. The absolute veto it at present possesses must go. (Loud cheers.) The power that it claims from time to time of in effect compelling us to choose between a dissolution and, as far as our main projects are concerned, legislative sterility—that power must go also. (Loud cheers.) The people in future when they elect a new House of Commons must be able to feel what they cannot feel now, that they are sending to Westminster men who will have the power not merely of proposing and debating but of making laws. (Cheers.) The will of the people as deliberately expressed by their elected representatives must, within the limits of the life-time of a single Parliament, be made effective.

## SHORTER PARLIAMENTS.

Finally, these changes in the relations between the two Houses—of course, I do not at this moment commit myself or commit you to precise details of machinery or method—these changes must be accompanied and supplemented by a shortening in duration of the life of the House of Commons itself. No one desires—certainly no Liberal desires—to make possible the ascendancy, even for a brief span of years, of a body which has ceased to represent the nation. Shorten the life of a Parliament to five years—(cheers)—I should not myself be afraid of making it four—and you will have reduced that possible risk to vanishing point.

## THE ISSUE.

That, gentlemen, is the policy which the Government lay before you. (Cheers.) Let no one under-estimate the magnitude of the task. (Hear, hear.) We have not embarked upon it without counting the cost. (Hear, hear.) I do not—which of us does?—under-estimate the odds against which we have to contend. The House of Lords has behind it on this occasion—(cries of "Beer")—forces which it could never have enlisted upon the abstract issue of its constitutional right to deal with finance. (Hear, hear.) The vast majority of those who are going in January to back it up at the polls would a year ago have strenuously denied its possession of any such right. No, gentlemen, but it will have behind it on the one hand, concentrated for resistance, the formidable interests which the Budget has offended, and, on the other hand, burning with aggressive and missionary zeal, the motley horde which has gathered itself together around the flag of Tariff reform. (Laughter and cheers.) Does the prospect alarm you? (Cries of "No.") I see that some great organs, which in old days used to be in touch with popular opinion, can discern no evidence that the nation resents the conduct of the Lords. (Cries of "Don't they?" and cheers.) I believe you could tell a different tale? (Cheers.) Well we shall see. (Hear, hear.) And how do we stand ourselves? United I hope and trust; for I cannot believe that with such causes at stake there will be found any room for sectional divisions, for local differences, for personal rivalries. All these will, I am convinced, be fused and combined in a common campaign against a common enemy. (Cheers.) For, gentlemen, in the three capital issues which I have endeavoured to lay before you—the absolute control of the Commons over finance, the maintenance of Free Trade, and the effective limitation and curtailment of the legislative powers of the Lords—in these three issues we are following on the best and surest lines of Liberal tradition and Liberal policy. (Cheers.) We have behind us the authorities whose teaching and example we most revere—the fathers and founders of our constitution, the economists and administrators who rescued our industries from the fetters of Protection, the greatest apostles of democracy in our own time, Gladstone and Bright. (Cheers.) We have to support us the memories of the past, the needs of the present, the hopes of the future. Show yourselves worthy of the task, Quit yourselves like men. (Loud and prolonged cheers.)



## Mr. Balfour's Statement of Conservative Policy.

On December 11th Mr. Balfour issued his address to the electors of the City of London. The address was intended to be a manifesto setting forth the Conservative party's policy for the General Election.

GENTLEMEN,—It is understood that Parliament will be dissolved early in 1910; and I shall then solicit the renewal of the confidence which you bestowed on me in such generous measure nearly four years ago.

The immediate occasion of the dissolution is the resolution of the House of Lords that the country shall be consulted upon the Budget proposals of 1909.

The Budget, therefore, is the subject primarily before the constituencies, and it might have been supposed that the alternative methods of raising the money necessary to meet the obligations of the Treasury would have been the topic most deeply interesting to Government apologists.

For motives not difficult to conjecture this does not seem to be the case. It is not the merits of the Budget about which they are concerned; it is that those merits should be submitted to the judgment of the people and (bitterest of all) submitted at the instance of the upper house.

There may be good reasons for their irritation; but assuredly they are not reasons drawn either from the letter or the spirit of the British Constitution; nor are they based on those more general principles of government common to representative institutions in the best types of modern democracy.

### THE CLAIM OF THE GOVERNMENT.

The claim of the Government, stripped of the bad history and bad law with which it is obscured, is simplicity itself. They hold that the House of Commons, no matter how elected or when elected, no matter what its relation to public opinion at the moment, is to be the uncontrolled master of the fortunes of every class in the community; and that to the community itself no appeal, even on the extremest cases, is to be allowed to lie. The question to be noted is not whether the Second Chamber may originate money Bills, for that has never been claimed; nor whether they may amend money Bills, for that has not been raised; nor whether they could resist the declared wishes of the people, for that has never been suggested. The questions raised are three—(1) May there not be occasions on which an appeal to the people on matters of finance is necessary? (2) Is not this one of them? And (3) if these questions be answered in the affirmative, does any other machinery exist for securing the appeal except that which has been set in motion by the House of Lords?

In the United States of America it is a fundamental principle of the Constitution that all kinds of property shall be taxed alike, and that no one form shall be prejudiced by special taxation. That Constitution is not easily changed; and before a measure like the British Budget could be legally attempted the consent must be obtained of a two-thirds majority in both Houses, nor could any such measure become law without a national mandate from a still stronger majority of the country.

If we suggest the impossible, and imagine these constitutional safeguards withdrawn, would the American taxpayer even then be reduced to the precarious position of his British brother? Far from it. Special taxation might, indeed, be imposed by the House of Representatives, but it could be rejected by the Senate, it could be vetoed by the President.

I do not ask that the British citizen should enjoy the same security for his property as the citizen of the United States. I am not so immoderate. I only ask that if his property be subjected to exceptional taxation, by the caprice of a Minister and his majority, he should not be deprived of the only methods known to the Constitution by which an appeal to his fellow countrymen may possibly be secured.

### THE ATTACK ON THE LORDS.

The truth of the matter is that the present attack on the House of Lords is but the culmination of a long-drawn conspiracy. The Government came into office, not to work the Constitution of the Country, but to destroy it. They desire what is, in effect, a single Chamber Legislature. The Second Chamber may be permitted to survive, partly to reassure that amiable and influential class which cares not how much realities are changed so long as names remain the same; partly to correct the legislative slips of the Lower House which, under our existing system, are numerous, and I believe inevitable. But they desire that for all important purposes the Constitution of Britain shall be as

definitely a single Chamber Constitution as the Constitution of the Greeks. For this end they have continuously laboured. It is this policy which represents the solitary thread of consistency connecting the wayward legislative projects of the last four years.

I have watched with interest the progress of this conspiracy. Its results must so far have disappointed the conspirators. On no single occasion when Bills have been rejected by the Upper House or abandoned in the Lower on the alleged ground that they had been mutilated by the Lords, has the rising tide of the Ministerial unpopularity shown the slightest pause or check. Then came the Budget; and with it the opportunity of manœuvring the House of Lords into the position of either abandoning its functions as a Second Chamber or of taking action which might give new life and hope to the Single Chamber plot.

The scheme was ingenious. I do not think it is proving successful. The people of this country are not insulted by having their opinion asked on the Budget, nor do they think that the House of Lords has gone beyond their duty in asking for it. And they are surely right. For the single Chamber system is not consistent with the democratic working of the representative Government in complex and developing communities. The representative Assembly is no doubt the primary organ of the popular will, and it possesses the powers in this country which it certainly does not possess in either the Republic of America or in the Republic of France. It determines without appeal the political complexion of the Government. It controls all the Estimates. It initiates all the taxes. In legislation it is the dominating partner. The Ministers who direct and sometimes tyrannise over its deliberations are nevertheless its creatures; and while no vote of the House of Lords could reduce the salary of an Under-Secretary by a shilling, the most powerful Cabinet must bow to the House of Commons.

### "SINGLE-CHAMBER CONSPIRATORS."

These are great powers; in some respects they are, I believe, without example. But they do not satisfy the single Chamber conspirators. And why? Because they wish the House of Commons to be independent, not merely of the Peers, but of the people.

Nor would there be grave objection to this if there was any security that the action of the elected embodied on all great and far-reaching issues the deliberate will of the electors. But there is not and cannot be any such security. It is only by a transparent convention that we can, for example, assume that a House of Commons returned on the cry of Chinese slavery, represents the mind of the nation on the question of Socialism. And the convention which is convenient and in many respects even necessary, becomes not merely absurd, but perilous when it is applied to questions of fundamental importance, which have been but imperfectly discussed, which are perhaps but imperfectly understood, which deeply affect individual rights, and social well-being.

In such cases there should be an appeal from the people's representatives to the people themselves; and no machinery, however imperfect, for securing this end should be abandoned until a better has been devised.

In any case the single Chamber system is impossible. And it is as impossible in the region of finance as in any other. If finance meant in 1909 what it used to mean in earlier days, the question would be unimportant. But directly the need for money is used by a Government as an excuse for adopting the first instalment of a Socialist Budget, for treating property not according to its amount, but according to its origin, and for the vindictive attack on political opponents, then the people have a right to be consulted; and that right could never have been exercised had the Peers not used on behalf of the people the powers entrusted to them by the Constitution.

### CONSTITUTION OF THE HOUSE OF LORDS.

If you ask me whether this constitutional machinery could not be improved, either by some change in modification of the House of Lords, or by the institution of a Referendum, I am certainly not going even to suggest a negative reply. The House of Lords as at present constituted contains, I suppose, more men of first-class eminence in the business of law, of arms, of literature, of science, and of finance, more men who have held great administrative posts over seas, more men in daily touch with local business than does the House of Commons. Its debates on great occasions (for reasons in no way derogatory to the Chamber in which I hope to spend all the working days of my political life) are on a more even level of excellence. Nor would it, I think, be wise to turn it into a second and rival House of Commons, and make it completely elective. But this does not mean that,

even for its comparatively subordinate, though all-important, constitutional functions it cannot be improved. Nor is any such opinion held by its most distinguished members.

But all such schemes are but remotely connected with the present issue. It is not so much the privileges of the Lords which are threatened by the single Chamber plot as the rights of the people. It is in their interests that the plot must be defeated.

#### THE SOCIAL PROBLEM AND THE POOR LAW.

On the Budget itself I have already said so much elsewhere that I need say little now.

I am interested in it chiefly as it affects security, and through security the prosperity of the country and the employment of its people. For here it touches the problems, or rather groups of problems, which lie at the very heart and centre of social well-being.

I say groups of problems because unemployment is not a single disease, nor can it be dealt with by a single remedy. It is as complex in its causes as it is tragic in its results. A man may be unemployed through inherited defects of body or mind, through evil training and surroundings, through illness, accident, or age, through the slow deterioration which too often creeps over those who have wasted hope and courage, not in the endeavour to do something, but in the baffled search for something to do.

Again, the employable may be unemployed either because he and some willing employer did not get into touch, or because there is no demand for the kind of work he is qualified to perform.

This brief statement is, of course, incomplete; but even as it stands it shows how complicated is the social problem before us. It has long been evident that it cannot be solved through the machinery of the existing Poor Law. Since the Commission appointed by the late Government have reported, it has become plain that the Poor Law machinery cannot even aid in its solution. For every member of that Commission, Unionist and Radical, official and unofficial, Individualist and Socialist, agreed after exhaustive inquiries, that the machinery of the Poor Law must be "scrapped."

The task thus imposed upon us must be faced. But it is difficult, and in some respects perilous. The sentimentalist and the doctrinaire, the man who thinks that other people's misfortunes are part of an appointed order requiring on his part the exercise of no virtue but resignation; the enthusiast who is prepared to tax two men out of employment in order to compensate one man for being unemployed—all these represent types of criticism which, in an unfavourable hour, may prove formidable to the best considered schemes. In truth, this great and pressing reform requires caution as well as courage. If we succeed, the amount of suffering which may be cured or prevented is beyond computation. If we fail (but I think we shall not) we may end by increasing the very ills we desire to remedy.

It is important, however, to observe that State-organised methods of dealing with destitution, either by way of prevention or cure, can do little directly to promote the market demand for labour. They may add to the labour supply—as by turning the unemployable into the employable. They may render the supply more available—as by the establishment of labour exchanges. They may increase the number of workmen seeking for employers; but they will not increase the number of employers seeking for workmen.

Yet, surely, this is at least as important an object as is the other. If the wise and humane treatment of those who cannot support themselves belongs to social pathology, the encouragement of enterprise belongs to social hygiene. And how from this point of view do the fiscal policies compare of Government and Opposition?

#### TARIFF REFORM.

The Budget, now waiting the sentence of the people, seems designed of set purpose to make every man who has invested his money in this country consider how he can remove it, and every man who is hesitating where to invest it determine to invest it abroad. The super-tax frightens some, the new death duties cripple others, and, worse than all, the origin of the proposals and the principles on which they have been defended show clearly how thin is the dividing line which separates the policy of the Government from that of the avowed Socialists.

Such is, and must be, the effect of the Budget and of Budget speeches on the mind of the investor. Very different are the results I anticipate from Tariff Reform.

There are those who regard it as a paradox to say that Tariff Reform will stimulate home industry. It seems to me a truism. Only by Tariff Reform can you hope to retain Colonial preference;

only by tariff reform can you hope to modify commercial treaties in your favour. Only by tariff reform can you secure from unfair competition the home producer in the home market. It will do no injury in neutral markets, it may give valuable aid in protected markets. Is it credible, then, that it will not keep capital here that would otherwise go abroad? Is it credible that if it does the demand for labour will not increase?

On other aspects of tariff reform I will here say nothing. The very fact that it is the first "plank" in the Unionist programme has prevented it ever receiving less than its due meed of attention, whether from friends or foes.

#### THE LAND QUESTION.

But some observation on land I must make; for on the subject of land no absurdity in argument and no folly in legislation seems wholly ruled out of court.

The Government began their career by loudly proclaiming the doctrine known as "Back to the land." It might have been supposed, in these circumstances, that they would have done their best to make the position of the small cultivator as attractive as possible. Not at all. The life of the small cultivator, living solely on his holding, is often a hard one—harder often than that of the agricultural labourer. He is not within easy reach of the urban amusements, and in our climate the risks of weather can neither be forgotten nor escaped. These are disadvantages. But there is one great advantage which his urban brother rarely possesses to the same degree—the advantage of ownership. The hope of this may bring him to the land. The enjoyment of it may keep him there. But it is just this that the Government in their wisdom refuse to give him. They have some vague idea that private ownership in land is a thing to be discouraged. They do not think it criminal, like Henry George. They only think it a little discreditable. The man who chooses to indulge in a taste so perverted may legitimately be made to suffer—and (outside Ireland) nothing should be done to help him. The earth is the Lord's, and, therefore, in a well-constituted society the rents should go to the Chancellor of the Exchequer.

This being, so far as I can make out, their view, they insisted that the small holders should be tenants—and (in England at least) tenants of a public body. Now there is not a farmer of sense in the whole of Great Britain who would not rather be a tenant of Mr. Lloyd George's favourite duke than of any public authority from Caithness to Cornwall. The whole way of looking at the problem is illogical and absurd. If it be desirable that money should be spent on the land with slight hopes of profit property in land should not be talked of as an abuse. If it be desirable that small cultivators should give long hours of toil to the development of their holdings, the reward of possession should be within their reach.

In this address I am compelled to restrict myself to broad constitutional issues and certain great social and financial problems. I am thus perforce constrained to be silent about the Navy, but this is of the less importance, as I have spoken more than once in the City upon this great theme since the perilous position of the country first became evident earlier in the year. The situation remains grave and the future is anxious. I do not think the public will readily forget or forgive the lamentable negligence which so dangerously encouraged the very rivalry in shipbuilding which they had so often and I doubt not so sincerely deplored.

Here, then, I close what is not and cannot be more than an indication of certain important portions of the policy which I trust our party will pursue. To maintain the Empire, the Union and the Constitution, these are among the traditional obligations of the party which gain rather than lose in force as time goes on. But we have more to do than merely to preserve what we have received. The world moves, new conditions arise, problems of Empire, problems of trade, problems of national finance, problems of national defence, problems of social amelioration meet us in forms not dreamed of a few years since. They must be solved, each in its appropriate way, but, diverse as they are, it will, I think, be found that no substantial advance can be made towards the solution of any one of them till a change of Government takes place and a party is returned to office prepared to press through to the utmost of its force the policy of tariff reform.

I have the honour to be

Your obedient servant,

ARTHUR JAMES BALFOUR.

4, Carlton-gardens, Dec. 10.