

The Struggle over the Lloyd-George Budget

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THE STRUGGLE OVER THE LLOYD-GEORGE BUDGET

SUMMARY

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On April 29, 1909, Lloyd George, Chancellor of the Exchequer in the Asquith Administration of 1906–10, made his financial statement for the year 1909–10, and submitted the Budget resolutions to the House of Commons. The Finance bill based on these resolutions was rejected by the House of Lords on November 30th. Not quite all the time of the House of Commons between April 29th and November 4th, when the finance bill was read a third time and sent to the Lords, was devoted to Lloyd George's great measure. Some other legislation was taken alongside the finance

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bill; but from the end of April until the end of November, the mind of England was on the finance bill with greater intensity than it had been on any other legislative proposals ever submitted to Parliament.

Quite apart from the tremendous constitutional issue that was raised by the rejection of the finance bill, it is not possible to cite anything in the modern political annals of England that can be compared with the proposed fiscal legislation of 1909, and the intense and sustained universal interest that it aroused. The two years struggle in Parliament and in the constituencies that preceded the Reform Act of 1832; the repeal of the corn laws in 1846; the contest with the Lords over the extension of the franchise and the redistribution of electoral power in 1884-85; Gladstone's Home Rule bills of 1886 and 1893 — all these come to mind when an attempt at comparison is made. At each of these great crises England was aroused; and, as each crisis became acute, the excitement was intense. Particularly was this the case in 1831-32, in 1846, and again in 1884-85, and in 1886. But England never was aroused as it was aroused from April 1909 to February 1910; for never, since popular political education began in the last quarter of the eighteenth century, were the people of England, Wales, Scotland, and Ireland more generally or more completely informed on the questions at issue than they were on the proposals of the Asquith Government for meeting the new demands on the Imperial Exchequer, and concerning the claim of the House of Lords to reject the Finance bill and so to push aside precedents of three centuries standing.

Popular political education in modern England has passed through four stages. The first of these spans the period that lies between the American Revo-

lution of 1776 and the Reform Act of 1832. second extends from 1832 to 1867, and includes the era of Chartism, which did so much for popular political education. The third covers the period between the second extension of the franchise in 1867 and the third Reform Act of 1884-85, with the movement for this third extension of the franchise achieving nearly as much for popular political education as the Chartist movement had done between 1837 and 1867. The fourth stage is that to which the Lloyd George Budget belongs. It is the stage which has been enormously influenced by the incoming of the Labor party, and the almost epoch-making changes in popular political education which the propaganda of the Labor party since 1901 has brought about. The press and the platform each had their share in popular political education between 1776 and 1832, with largest honors, as regards effectiveness of popular political education, then falling to the press. Between 1832 and 1867, it was the platform, as developed and vigorously maintained by the Chartists and the Anti-Corn Law League, that did most for popular political education. At the next stage — 1867 to 1885 honors again fell to the press. At the latest stage, which may be regarded as beginning in 1901, the platform has obviously again had the largest share in popular political education.

This last statement may seem surprising. Ours is the day of half-penny morning and evening newspapers in England. The advent of the half-penny morning press in the middle nineties of the last century revolutionized newspaper production and newspaper distribution. So completely has newspaper distribution been revolutionized that there can scarcely be a hamlet in England, no matter how small or

how remote, which sometime in the course of the twenty-four hours is not now reached by the halfpenny newspapers of London, Birmingham, Manchester, Liverpool, Leeds, or Newcastle. Never did the daily press — penny or half-penny — give closer attention to Parliament and its work than between the end of April and the end of November, 1909. when the Budget was being pushed through its various stages in the House of Commons, or was awaiting its fate in the Lords. But neither the friends nor the foes of the Budget were content to leave to the press the work of making the Budget understood in the constituencies. Had there been no daily newspapers, had the half-penny and penny daily newspapers suspended publication after April 29th, the advocates and opponents of the Budget could not have made a greater or more continuous use of the platform than they did from June 1909, until nearly the end of Lloyd George and his colleagues of January 1910. the Asquith Administration realized even before the Chancellor of the Exchequer made his exposition of the new fiscal proposals on April 29th, that they were attempting the most difficult task ever faced by a Liberal Government. It was more difficult than Gladstone's tasks in 1886 and 1893, for then it was known that Gladstone's attempts at legislation were hopeless, because the House of Lords would never pass a Home Rule bill. In 1909, Asquith, like Gladstone, was confronted with the House of Lords. for three centuries the House of Lords had occupied a quite subordinate, almost exclusively formal place in financial legislation, and it must have been the conviction of the Asquith Government in April 1909. that if they could convince the country that the financial proposals were equitable, and that thirteen-

and-a-half millions sterling of additional revenue must be raised from new sources, the Lords might protest, but would none the less follow the precedents of centuries, and give a formal assent to the new finance bill.

The Liberal party in England to-day is at an enormous disadvantage in the press. From 1776 to 1886, the progressive party, whether Whig, Liberal, or Radical, had continuously the advantage in the press. In this period the journals which were of service to Liberalism were usually self-supporting and commercially successful; while hundreds of thousands of pounds had to be raised among wealthy members of the Tory party to subsidize the Tory press. But there came a change in 1886. In London and in provincial England, and in Scotland and Ireland, many daily newspapers that had hitherto been with the Liberals went over to Liberal Unionism. In the long run this meant that they became Tory journals. and to-day, for one first-class self-supporting daily journal which is with the Liberals, there are three or four newspapers of as good a class that are with the Tories and the reactionaries of 1909-10. Asquith and his followers were conscious of this disadvantage as regards the daily press, when they were confronted with the task of bringing people to realize that the new taxes on urban land, on mining royalties and wayleaves, and on the monopoly value of liquor licences, were equitable, and that there must be some new taxation to finance old age pensions and the addition of eight Dreadnoughts to the fleet.

Confronted with this situation, the Asquith Government adopted some of the propaganda methods of the Labor party. The Labor party has never had a daily press. It has from the first had to carry on

its propaganda almost exclusively from the platform. Like the Methodists of the last half of the eighteenth century, and like the Salvation Army of the last half of the nineteenth, the Labor party has carried its message direct to the people. It has looked for little or no help from the daily press. Aid, it is true, has come from the press in the last four or five years. But it has come in the news columns rather than on the editorial pages, and it has come, not because there was any editorial sympathy with the aims and policies of the Labor party, but because there was a distinct and obvious news value in the doings and achievements of the party in and out of the House of Commons; for even half-penny Tory newspapers of the Harmsworth and Pearson schools cannot thrive on Tory editorials, minus the news of all the political parties.

It was in this carrying of a message direct to the people that the Asquith Government, during the unprecedented political struggle in the constituencies over the Budget, followed a lead that the Labor party had taken from Wesley and Booth; and, as regards the daily press, the gain to the Liberals was as immediate and as valuable as that, which, since 1901, has accrued from its propaganda methods to the Labor party. The Liberals — the Administration as well as the rank and file of the party - were convinced that they could win success with their financial proposals if only they could make them popularly understood. With their majority in the House of Commons of 170 over Tories and Nationalists combined, they were convinced that it was only necessary that the Budget should be understood in the constituencies to secure its enactment by Parliament. Everything depended on the constituencies. With

these at the back of the Asquith Administration, the Budget must go through the Commons with little or no loss of Liberal support there, and it could never have been imagined by the Liberals in April, that the Lords would dare to make the audacious innovation that put an end to the Budget in November. Accordingly, between the adoption by the House of Commons of the fiscal resolutions on April 29th, and the beginning of committee stage on the bill in which these resolutions were embodied, the Budget League was organized, under the direction of Sir Henry Norman; and there then began the most extensive and the best organized work of popular political education ever undertaken in behalf of a measure that was pending at Westminster. In 1831-32, there was much propaganda work in the constituencies in support of Grey and the Whig Ministers who were struggling at Westminster with a Tory opposition to the Reform Bill in the Commons and in the Lords. the time of the repeal of the corn laws in 1846, there was again an active propaganda in the constituencies: but for this measure most of the effective propaganda work — most of the work of bringing the public mind round to repeal—had been done long before Peel committed his government to the measure of 1846. In the same way most of the propaganda for the extension of the suffrage in 1867 had been done before Disraeli and the Tory government of 1866-68 took heed of the signs of the times, and stole a march on the Whigs and Liberals by extending the franchise to the working classes in the Parliamentary boroughs. The agitation which immediately preceded the reform of 1884-85 is of all political agitations since 1832 most nearly akin to the agitation over the Budget of 1909-10, because in 1884 the Lords obstructed and it was

then necessary to continue the propaganda for the extension of the franchise to the working classes in rural England until the Lords had receded, and the bills of 1884 and 1885 were safe. But not one of these earlier and historic agitations is quite comparable with the propaganda of May to November, 1909, and not one of them was so systematically carried out, or on so extensive a scale.

In those seven months, England witnessed a spectacle quite new in its political annals. The large force of members forming the Liberal party in the House of Commons was divided into two battalions. One of these battalions remained at Westminster to carry on the fight over the Budget in the House of Commons, to be on hand for the 540 divisions on the resolutions and the bill that were forced by the Tory opposition. Members of the second battalion, working under the orders of the Budget League, were in the meantime out in the constituencies engaged in the work of popular political education. Between May and November, while the propaganda was solely in support of the new taxation proposals, there were hundreds of Budget League meetings every week. The activity of the League was as great and as far-reaching as that of the Anti-Corn Law League of 1840-46, while, as regards speakers, the Budget League was infinitely better equipped than the Anti-Corn Law League ever was; for it had a call on the services of members of the Administration, as well as on those of the rank and file of the Liberal party in the House of Commons. On some evenings in the summer and autumn of 1909, there were nearly as many Cabinet ministers and members of the House of Commons on Budget League platforms in the constituencies as there were members of the Administration and of the rank and file going through the division lobbies in support of the Budget at Westminster. It is from this aspect that the Budget propaganda differs from all previous political agitations in England; for there never had been a propaganda work in which so many members of the Cabinet were continuously engaged. Queen Victoria, as can be learned from her published letters from 1837 to 1861, strongly deprecated the appearance of Cabinet Ministers on political platforms outside their own constituencies. Six-sevenths of the members of Asquith's Administration, had Queen Victoria been still alive, must have suffered from Her Majesty's displeasure. Burns in the House of Commons, and Loreburn, Morley, and Wolverhampton in the Lords were about the only members of the Asquith Cabinet, who had no share in the work of popular political education in the constituencies, as it went on from the introduction of the Budget resolutions on April 29th, to the rejection of the Finance Bill by the House of Lords on November 30th. Members of the Adminsitration and of the rank and file of the Liberal party in the House of Commons took turns in work for the success of the Budget. When they were not in the constituencies, they were at Westminster, and vice versa; and all this propaganda work in the constituencies was supplemented by Liberals and supporters of the Budget outside of Parliament.

Newspapers of both political parties could not do otherwise than keep their reading constituencies in touch with all this political activity. The Tory newspapers had also to give attention to the propaganda work of the Budget Protest League, which was organized on June 12th, by Mr. Walter Long, M.P. But the Tory opposition in the House of Commons

was numerically weak. It was weaker than any opposition since the disruption of the Tory party over the repeal of the corn laws in 1846. Balfour and his followers numbered only 149 in the last of the 540 divisions on the Budget, — that of November 4th, by which, on a vote of 379 to 149, the Finance bill was read a third time and sent to the Lords. So placed, the Tory party was not able to send many of its members from the House of Commons to aid in the propaganda of the Budget Protest League.

It was largely owing to the lack of effective work in the constituencies against the Budget by Tory members of the House of Commons, that the earls and the dukes came into prominence in July and August and gave a distinctly class turn to the struggle. From about the middle of July until the end of the propaganda for and against the Budget, and again after the constitutional crisis had been reached by the action of the Lords on November 30th, and until the polling began in the middle of January, the struggle had undoubtedly its class aspects. There was during these months — July to January -- more hostility to what remains of feudalism and feudal rule in England, political and social, than at any time since the throwing out of the Reform Bill of 1831 by the House of Lords. In and out of Parliament — but especially in the struggle as it was waged in the constituencies — there were more bitter words against the House of Lords than at any time in English history, and a greater insistence from the platform that the time had at last arrived when a drastic reform of the House of Lords was the immediate task for democracy. That the struggle took this turn five months before the House of Lords committed itself to the gamble

of the Lansdowne resolution, passed on November 30th, must be attributed largely, I think, to the lack of discretion shown by the earls and the dukes, who in July and August either took to the platform, or wrote letters for publication, assailing the Budget and its authors and pleading for popular sympathy for themselves in their opposition to the new taxation which the Budget was threatening for the owners of urban and mineral lands. After the Lords had rejected the Budget, nothing could have prevented the bitter attack on feudal privileges and feudal rule which characterized the struggle in the constituencies from the beginning of December to the end of the pollings in January. With the Lansdowne amendment carried, every thing in the constitutional organisation of England that Englishmen have fought for since the days of James I was at stake. English people had grown accustomed to Tory reaction bebetween 1895 and the end of the Balfour Government in 1905. The Education Act of 1902 and the Licensing Act of 1904 are to-day monuments of how far a Tory government will go in reactionary legislation. But when the Budget was rejected at the bidding of Lansdowne, Cawdor, Curzon, and Milner, and other reactionary peers, and precedents of three centuries standing were audaciously swept aside, England was confronted with a revival of mediaeval rule, with the loss of the control of taxation and appropriation by the House of Commons, with an end to government by party and to the system of cabinet responsibility which is the most obvious and most serviceable outgrowth of government by party.

It would seem that responsibility for the early introduction of class feeling must lie with peers like Derby, Beauport, Londonderry, Portland, Marl-

borough, Rutland, Bedford, Buccleuch, and Somerset. These peers did not wait until their opportunity came in the House of Lords. They were not disposed to leave the case against the new taxation to the Tories in the House of Commons, or even content to act in conjunction with the leader of their party. Otherwise Balfour would not have been embarrassed, as he was, by the early extra-Parliamentary utterances of his supporters in the Lords, and there would not have been appeals in the Times from Tory Parliamentary candidates in the constituencies, for the storage of the peers in safe-deposit vaults until the struggle over the Budget in the House of Commons was at an end. With these peers, it was each for his own hand, and each had his own notion of how he could best awaken public sympathy for his own hard case.

The Earl of Derby, who owns some 69,000 acres of land, much of it in the urban centres of Lancashire, announced on July 29, that, with the Budget pending, he was curtailing his subscription list, and that "after consideration he had had no option but to strike off the Cheshire Agricultural Society from the permanent list." The Duke of Portland, credited with the ownership of 183,000 acres of land in England and Scotland, and a large owner of mining royalties, on August 3, explained to his tenants at Welbeck how the Budget was likely to affect that neighborhood. "A thousand pounds weekly," he said, "was spent in wages, nearly one thousand individuals being employed on the estate. It was unhappily too obvious that through no wish of his own, that sum would have to be largely diminished in the new circumstances indicated by the Budget, and that the result of the change — whatever it might be to himself, did not matter one two-penny ha' penny bit — could not be otherwise than disastrous and fatal to those living in the neighbourhood." "If the Budget became law," the Marquis of Londonderry announced on August 21st, "he would have to stop his practice of giving some of the game shot on his preserves to the unemployed." Similar methods of evoking popular sympathy were adopted by the Duke of Buccleugh and the Duke of Somerset. "I would have been very glad to have sent you a subscription," wrote Buccleuch to a football club at Dalkeith, "but owing to the large prospective increase in taxation caused by the present Budget, it has been found necessary to curtail very largely the annual subscriptions to such objects, and I much regret therefore, that it is impossible for me to send such a subscription." Somerset is the owner of a large estate at Wilpshire, a suburb of Blackburn, Lancashire. "Owing to the spoliative effects of this Budget," he wrote on July 19th to the people on his Wilpshire estate, "I am regretfully compelled to consider in the near future means of adjusting my outgoings to the new demands made on me. If in doing so, workpeople have to be discharged who have worked for me for years, if I have to forego improvements and cut down the wages bill, if I have to lessen and in some cases entirely stop my subscriptions to charities and associations, I trust that it will be understood that no one more bitterly regrets these retrenchments than I do, and the necessary hardship that they will bring on the workers and families who directly or indirectly live by the land."

The Dukes of Beaufort and Rutland took another line. Beaufort is master of a foxhunt, and at a "puppy walk" at Circnester, Gloustershire, he

told the people assembled for the occasion, that he would like to see Winston Churchill and Lloyd George in the middle of twenty couple of draghounds. Rutland declared, July 14th, that the Finance bill was the product of Socialists. "Personally," he added, "he would like to put a gag into the mouth of every labor member in the country and keep it there."

Utterances like these, infusing class bitterness into the struggle in the constituencies months before the House of Lords rejected the bill, account for another aspect of the struggle, as it was waged away from Westminster up to the end of November. the threats to discontinue presents of game to hospitals and unemployed and to stop subscriptions had become public, friends of the Budget in the neighborhood of great territorial palaces went to the rate books to ascertain the valuations at which these mansions were assessed for the poor rate, and for municipal and county charges. It was then discovered that Chatsworth in Derbyshire, the home of the Duke of Devonshire, was paying on a rental valuation of £770, and that Cardiff Castle, the home of the Marquis of Bute, was rated at £921 10s. are instances of the rating of mansions in the provinces. It was ascertained that in London, Lansdowne House and grounds, Berkeley Square, estimated to be worth £8 a square foot were assessed at a rental value at $7\frac{1}{2}d$; while a club in the immediate neighbourhood was assessed at 5s. $6\frac{1}{2}d$. per square foot. The ratebook value of Devonshire House, Piccadilly, was about 6d. per square foot, while that of a hotel divided from Devonshire House by a narrow side street was on the rate books at 12s. a square foot. Scores of similar examples of valuations of territorial mansions for local taxes were unearthed all over England, especially after the peers had begun their vigorous and persistant attack in the country on the land valuation clauses of the Budget. It was out of these exposures that there was developed the cry of tax dodging against the peers and the other large landed proprietors.

It had long been known to the few who are familiar with the traditions and details of English rating that the great mansions of the aristocracy were not carrying an equitable burden of local taxation. They have thus escaped their full quota to poor law, municipal, and county charges from at least three causes. In England all local taxation is based on rental values. The great mansions are seldom for rent. Hence there is an absence of any basis for rating; and for generations the mansions have been on the rate books at merely nominal rental values. They have stayed at such ridiculous valuations because no one in the parishes concerned cared to antagonize the local feudal aristocracy by objecting to the assessments. Another reason was the long sustained and assiduous cultivation of the notion that the palaces brought visitors to the spot, added to the amenities of the locality, and found work for men and women living in the neighborhood. A third reason was that which had been put forward in the forties of last century against the repeal of the corn laws, — that the great landowning class is of singular social and political value to the nation and that people do wisely to make some sacrifice for its benefit.

The it was not news to people familiar with the usages of local rating that there were hundreds of great mansions all over England in respect of which the payments to parish and municipal or county

burdens were much less than those of retail traders in the same town or parish, these disparities, old as rating itself, now became widely known through the press, and the general knowledge of them added to the class antagonism which was aroused by the struggle over the Budget. Class antagonism was further heightened by the unanimity with which the land-owning peers threw in their lot with the Chamberlain movement for a return to protection, with import duties on grain and foodstuffs. English people in general understand that a return to protection would mean higher rents for farmers who hold under year to year agreements from territorial proprietors; and in industrial England there was resentment against the peers who, by their opposition to the Budget, were not only seeking to avoid the new taxation the Budget was to impose on owners of urban lands and minerals, but whose only alternative was import duties from which large and immediate returns would accrue to themselves in the shape of increased rents for agricultural lands.

The constitutional issue did not come into the struggle until the end of November. Thereafter until the pollings in January, the Budget and protection were subordinated on the platform to the issue with the House of Lords. Opponents of the Budget and advocates of protection sought to keep these issues to the front between November 30th and the pollings, and to subordinate the revolution threatened by the vote on the Lansdowne resolution. Little success attended these efforts. The Budget and protection had been continuously discussed from May to December. But when the constitutional issue was projected into the campaign, it became the one question that audiences cared to hear discussed. Tory speakers, who, after November 30th, were

disposed to canvass the Budget and protection, usually met with an impatient, if not interrupted hearing, and were often compelled by their audiences to narrow themselves down to a defence of the House of Lords. Here many of the Tories were on uncertain ground, even at Tory meetings; and as the struggle on the constitutional issue proceeded, they were compelled to admit, as soon as they approached the constitutional issue, that the hereditary principle could not be defended, and that if the anti-Budget and protectionist party succeeded at the General Election, it must without delay undertake a reform of the House of Lords.

From May until November, however, the Budget and protection held the field, and there was in progress in these seven months an educational campaign for which, as has been said, there is no precedent in English history. All this popular political education centered about the work of the two leagues — the Budget League, with Norman as its organizer, and the Budget Protest League, of which Long was the guiding spirit. In platform ability and in the number of meetings, the Budget League easily had the advantage. This was especially so in the large urban centers, where since the middle years of the nineteenth century municipal development has been much retarded and often warped by the inability of the municipal councils to bring centrally located, but unoccupied land, on to the tax lists. Tho the propaganda of the Budget League covered rural as well as urban England, its most effective work was done in the large cities and in the great manufacturing centers, where the existing method of assessing unoccupied land for rating is a grievance that goes back to the early days of the municipal era that began in 1835.

The Budget Protest League, the this also pushed its propaganda in the centers of population, found its most promising field in rural England, where meetings could be held under the shadow of a territorial mansion, with a duke or earl in the chair; invitations being sent to the tenantry of a great estate, and an audience rounded up by the land agents of local landed proprietors, often aided by the knights and the dames of the Primrose League. A political organisation like the Primrose League could exist and flourish only in a feudal country such as England, with its highest social rank dependant on landed possessions. It thrives best, — indeed almost exclusively, — in those parts of England which are still feudal in their political and social organisation; and it was in these places that the Primrose League rendered effective service to the propaganda of the Budget Protest and Tariff Reform Leagues.

In urban England, much of the anti-Budget propaganda work was done by the Chamberlain Tariff Reform League. The House of Commons had not seen Chamberlain for three years before the Budget was introduced. He had not been on a political platform during this period of enforced retirement from active public life. But Chamberlain during his absence from platform and Parliament had written scores of letters in support of the propaganda to which he committed the Tory party in 1903. At every by-election from 1906 to 1909, there was a Chamberlain letter to the Tory protectionist candidate, which was used as a manifesto from the Tory leader. Just as soon as the Lloyd George Budget was introduced, Chamberlain's public letters were anti-Budget and protection. His messages from Birmingham went to the Tory and Anti-Budget candidates at the seven by-elections (Attercliffe, Stratford-on-Avon, Cleveland, Mid-Derbyshire, Dumfries Burghs, High Peak Division of Derbyshire, and Bermondsey) that were fought on the Budget between April 29th and November. At all of these elections, except that at Bermondsey, the Liberals, much to the dismay of the Tories, held their own; and at Bermondsey, where the election came at the end of October, when the Finance bill was at Committee stage in the House of Commons, a Liberal seat was lost owing to the intervention of a Labor Socialist candidate.

Chamberlain gave an anti-Budget lead at all these by-elections, quite as pronounced as that of Balfour or Lansdowne. On the question of protection he was of course much more aggressive than Balfour, concerning whom there was a lament in the Tory party as late as December 31st, that his leadership offered a striking contrast to Chamberlain's dashing tactics in the fight for import duties on food stuffs and manufactures.¹

The he was confined to his room, and could only write letters and prompt those of his Tory colleagues who were near him, Chamberlain was the actual leader in the anti-Budget fight as well as in that for protection. He continued to be the real leader after Balfour had begun to bestir himself — to show a hazy interest

1 "Chamberlain," read this complaint (London Letter by cable to the Star, Montreal, December 31st, 1909) "in 1903, flung down his new tariff in outline, and defied the Radicals to pick holes in it. His tariff proposals stand in substance to-day as the accepted policy of most Unionists, with the minor modifications made by the Chamberlain Tariff Commission. But Balfour still clings to the broad principles and eschews details. It has been common knowledge for months past that he has been going over the Commission's policy point by point with the Commission staff, and with the closest sympathetic care; but, when pressed as he has been much pressed recently, to answer yes or no whether he will put two shillings per quarter on foreign wheat and one shilling on colonial, as the Commission proposes, Balfour falls back on his statement 'I am prepared to impose moderate duties on anything that may be necessary in order to carry out the cardinal and accepted features of the Unionist policy'."

in protection — and after Curzon and Milner came vigorously into the struggle in the constituencies and bade democracy do its worst in revenge for the Lord's rejection of the Finance bill. It was a letter from Chamberlain, written to the great Budget Protest League demonstration at Bingley Hall, Birmingham, addressed by Balfour on September 22nd, that first put forward on the part of any responsible leader of the Tory party of the Commons, the audacious contention that it was the duty of the Lords to push aside violently all precedents and accepted theories of the working of the constitution and throw out the Budget. More than any man in the Commons, perhaps more than any one man of the House of Lords, he is responsible for the struggle in which England found itself engaged in the closing days of 1909 and the opening weeks of 1910.

Three explanations of the action of the Lords can be offered: (1) dislike and dread of the land valuation scheme which was part of the Finance bill, and which was necessary if any part of the unearned increment accruing from urban land was ever to find its way into the Imperial Exchequer; (2) pressure from the liquor interest, which has been uniformly Tory, and which of course was hostile to the proposed tax on the monopoly value of liquor licenses; (3) the unconcealed eagerness of the landed classes, associated since 1903 with Chamberlain in his fiscal campaign, to stampede the country into protection. Had there been no Chamberlain propaganda for a return to protection similar to that which was abandoned in 1846, - had Balfour never tacitly left the lead of the Tory party to Chamberlain, — it is extremely doubtful whether the tremendous constitutional issue which the Lords forced on the country would have been

Without the existence of the movement for protection, in which all peers who are large owners of land are directly interested, it is more than probable that sharply worded protests entered on the Journals would have marked the limit of the hostility of the Lords to the Lloyd George Budget. Valuation the land-owning peers admittedly dread, and with good reason, as the revelations on rating during the struggle over the Budget made obvious. The interests of a large number of peers are also closely interwoven with the liquor trade, and for forty years the liquor interest has been the valuable ally of the Tory party. It is a commonplace of English politics that at elections every public house is good for ten Tory votes. But land valuation and loyalty to the vested interests of the liquor trade would not of themselves have been sufficient to impel the House of Lords to its vote of November 30th. The protectionist movement and the interest of the peers in import duties on grain and food stuffs turned the balance. Scores of bucolic peers, who at ordinary times ignore Parliamentary work, but who hurried to Westminster after the Finance bill left the House of Commons on November 4th, are not owners of either urban or mineral lands. Agricultural land was untouched by the Budget, except in so far as there was an increase in the estate duties. But rent of most of the agricultural land of England, Wales, and Scotland, would move upwards within eighteen months of the enactment of a protectionist tariff which imposed duties on grain and other farm products; and it was loyalty to Chamberlain and his protectionist movement, and also a lively sense of the gain to accrue from protection, that drew two hundred peers, ordinarily unknown at Westminster, to the House of Lords to help

to sign the death warrant of the Finance bill of 1909.

The first call to these peers was Chamberlain's letter of September 21st — the letter, already referred to, that was read at the Bingley Hall meeting at Birmingham. It is a letter that must always be of historic value, more valuable as a document than any speech or letter from the nominal leader of the Tory Party. It is valuable, too, as a measure of the distance which Chamberlain had travelled between the contest with the Lords over the extension of the Parliamentary franchise in 1884 and the infinitely greater struggle with the Lords in the winter of 1909-10. Chamberlain was with Bright and Gladstone in the contest in the autumn of 1884 - in the campaign that followed what had amounted to a rejection of the bill for the extension of the franchise to the working classes, outside the Parliamentary boroughs. Bright was the Winston Churchill of the struggle of 1884. Chamberlain was the Lloyd George; and at Denbigh on October 20th, 1884, he made a speech against the claim of the Lords which must be read alongside his letter of September 21st, 1909, to gauge the length of his journey along the road of reaction since he parted company with Gladstone and the Liberals over the Home Rule bill of 1886. At the height of the campaign against the Lords in 1884, Chamberlain asked:

Are the Lords to dictate to us, the people of England, the laws which we shall make and the way in which we shall bring them in? Are you going to be governed by yourselves, or will you submit to an oligarchy which is the mere accident of birth? Your ancestors resisted kings, and abated the pride of monarchs. It is inconceivable that you should now be so careless of your great heritage as to submit your liberties to this miserable minority of individuals who rest their claims upon privilege and upon accident.

This was Chamberlain's attitude to the Lords, when, in 1884, he stood in popular estimation next to Gladstone in the conflict then waging for the third extension of the franchise since 1832. He wrote on September 21st, 1909, when he was the actual if not the titular leader of the Tory party:—

The citizens of Birmingham have always been democratic, and in the present case I think they are likely to support any attempt to get the present controversy referred to the people, who in the last resort ought to decide between us and the Government. I hope the House of Lords will see their way to force a general election.

Later Chamberlain went even further, after the Lords had fulfilled his hope. He wrote on December 14th —

We have to determine once for all whether in disregard of the experience of our own flesh and blood elsewhere throughout the English-speaking world, we above all nations can do without a Second Chamber. I do not think that our people are prepared for such a change as this, and I believe that a House of Commons entirely uncontrolled would be a great public danger. It would be much worse than the House of Lords, which, just because it is a hereditary Chamber, must depend for its success in interpreting the true mind of the people . . .It is better to abolish Cobdenism and not the Constitution, to pull down free imports and foreign privileges in our market, and not the Second Chamber, whose only offence is in giving the nation a chance to speak for itself. Let the workers defend their work and stand by the Peers who in this case are standing by them. If the issue of tariff reform were submitted by itself there would be no doubt whatever of the reply.

The Chamberlain Tariff Reform League had long been preparing for a general election. It was ready for an appeal to the constituencies before the Budget was introduced, and before it was known that the Budget, plus the constitutional crisis, was to occupy the public mind from May 1909 to the end of January

1910. Its opportunity came when the Budget Protest League was organized and began its propaganda. The Tariff Reform League was soon alongside the Budget Protest League, and from thousands of platforms between May and December there were protests against the Budget: condemnations of it as socialistic, and as discriminating in the classes of property made liable to imperial burdens, and arguments for the program of the Tariff Reform League, as an alternative. If the activity of the Budget Protest League, the Tariff Reform League, the Primrose League, and the various organisations of the liquor trade be grouped as of the propaganda against the Budget, as it all undoubtedly was, it is difficult to say on which side there was the greatest political agitation between May and December.

An accurate estimate of the armies in the field, however, and of their activities is of no great consequence. The fact of importance and of historic value is that never before in England was there such a wide-spread and universal campaign of political education as in the months that intervened between the introduction of the Budget to the House of Commons, and its rejection by the Lords. Sport, trade, and finance, and advertising had necessarily to be cared for by the daily press, - otherwise newspaper publishers could not meet their weekly bills, - but for the rest politics — Parliamentary and extrafield. During Parliamentary — held $_{
m the}$ months, politics, whether at Westminster or in the constituencies, meant only the Budget and the alternative scheme of the Chamberlain and Milner protectionists. Hoardings in the cities, and blank walls in the rural areas were covered continuously with the picture posters of the Budget League, the Budget Protest League, and the Tariff Reform League. advertisements of proprietary goods were snowed under by political picture-posters of a range in conception and a style as regards design, color, and workmanship, that far excelled anything in the way of political posters ever issued from the color presses of London, Belfast, Birmingham, Manchester, or Leeds. And while these presses were working night and day to keep the hoardings and blank walls fresh in color, and in line with the progress of the struggle at Westminster, in the constituencies, and in the daily and weekly press, hundreds of other presses were at work in the cities, from which the country was soon flooded knee-deep with leaflets and booklets of facts and figures. During the first period of the campaign, that is, from May until November, — the work of popular political education of both parties was so complete and so inclusive that there could scarcely be found in England, except in the gaols, a man or woman, or a boy or girl over ten years old, who did not know (1) that sixteen millions of additional revenue were needed to meet the new calls on the Exchequer for the fiscal year 1909–10; (2) that these millions were needed for old age pensions and Dreadnoughts: (3) in what way these sixteen millions sterling were to be raised, — what were the important new taxes to be imposed by the Budget; (4) whence came the opposition to the new taxes on urban and mineral lands and on the liquor trade; and (5) that protective duties on food stuffs and manufactures were the only alternatives offered by the Tory opposition in the House of Commons and in the House of Lords.

The Chartist movement extended over eleven years, from 1837 to 1848. It did more for political education than any movement before or since, until

the Labor party was organised in 1901. Its teachings, however, were political rather than economic. The Corn Law League was chiefly responsible for popular education in economics between the beginning of the reign of Queen Victoria and 1846. But from May 1909, to the end of January 1910, in a period of only eight months, more was done for popular education in politics, as well as in economics, than was achieved by the Chartists and Corn Law League in the whole eleven years between 1837 and 1848. If England is ever to have a politically educated democracy such a democracy ought surely to have been in existence at the time of the general election of 1910.

Amid all the turmoil of the fight, as long as it centered only about the Budget and protection, two facts stand out with remarkable clearness. There was a general agreement as to the necessity for the new expenditures that called for the sixteen and a half millions of new revenue, - a call on the sinking fund for £3,000,000 and new taxation to raise £13,500,000. These expenditures were made at the instance and by the authority of the Asquith Government; but both political parties accepted responsibility for old age pensions, and for the building of eight warships of the Dreadnought type. If there was any difference between the two parties on these questions, it was that the Tories insisted that neither policy had been carried far enough. The Tories, in their electioneering literature, promised old age pensions at sixty-five instead of at seventy (the age limit fixed by the Act of 1908) and moreover they undertook, if returned to power, to remove the pauper disqualification. These two changes would increase the expense of old age pensions from nine to fourteen millions sterling a year. Additional Dreadnoughts were also promised by the Tories. Hence the naval and social policies of the Asquith Government which made necessary the increased revenue may be said not to have been in controversy at any time from the introduction of the Budget to the general election which began on January 15th, 1910. Consequently discussion from April to November centered mainly, if not exclusively, about the proposed new taxes and the alternative policy of protection.

Most of the discussion turned on the proposals of the Budget. These embodied some additions to existing taxes, such as those on whiskey, beer, and tobacco; the establishment of a supertax on incomes above £5000; increased stamp duties on deeds for the sale or mortgage of real estate and on the transfer of shares and bonds and other securities. taxes were those on urban lands; on mining royalties; on the monopoly value of liquor licenses; on motor cars and on petrol. From the first there was little or no opposition to the taxes on motor cars and petrol — except of course from the protectionists — because before the Budget was introduced, an understanding had been reached between Lloyd George and organisations representing users of motor cars, that the proceeds of these taxes were to be earmarked for building new roads for motors, and for aiding local road authorities in making existing roads safer and more serviceable for motor traffic. These taxes scarcely in the controversy. They would not have been in at all had not the protectionists made use of the proposal to impose them to urge duties on imported cars to safeguard the interests of English manufacturers. The increased stamp duties also were soon out of the controversy. The whiskey duty became

largely an Irish question, the Nationalists in the House of Commons showing most concern. There was little opposition to the increase of a half-penny an ounce in the duty on tobacco. And, as there are large areas in rural and urban England in which men with incomes of over £5,000 can be counted without getting into two figures, the supertax found its opponents chiefly in the City of London and in the ranks of the large owners of land and mining royalties.

From beginning to end, the attack of the opposition centered mainly on the new taxes on urban lands and on the monopoly value of liquor licenses. In this attack the opponents of the taxes — the large owners of urban lands and of mining royalties, and the great brewing interests—early got out of hand. They gave the Tory party a lead which many of its supporters in the House of Commons from borough constituencies, many of its Parliamentary candidates in the great industrial centers of the Midlands and North of England, and tens of thousands of its supporters in these electoral divisions, regretted, but were reluctantly compelled to follow. Balfour has been occupied, since he ceased to be premier, in catching up with his party, rather than in giving it an efficient and determined lead.1 The land-owners and the brewers apparently got away from him early in the fight over the Budget. To the dismay of the urban Tories, and of those Tories who are not tied to the liquor interests, the whole of the party was early committed to an uncompromising opposition to the taxes on undeveloped lands in urban centers,

¹ See Griffith Boscawen's "Fourteen Years in Parliament" one of the most enlightening of recent books on the inside history of the Conservative party since it was stampeded for protection by Chamberlain in 1903.

on unearned increment accruing to owners of urban land, on increments accruing at the renewal of urban leases, on mining royalties, and on the monopoly value of liquor licenses.

It was in connection with the taxes on urban lands that the scheme was embodied in the Budget for a valuation of all the land of England, Wales, Scotland, and Ireland. This was the proposal most persistently opposed by the great land-owners in and out of the House of Lords. Under it a grievance of half a century's standing with municipal councils would have been partially removed. All lands, urban and rural, were to be valued. The land was to be valued apart from buildings and improvements, and in the case of undeveloped land in urban communities, when a sale or a transfer was thereafter made, the value of the land entered in the new Domesday Book was to be the basis. The difference between this value and the price at which the land was sold was to represent the unearned increment. Twenty per cent. of the increase in value was to go to the Imperial Treasury. This money, going into the Treasury, was to be earmarked, part going as grants in aid to the municipalities, and part being available for Imperial expenditures.

Hitherto unoccupied and undeveloped land in municipal areas has either paid local taxes on its agricultural value, that is on the rent it was worth as farm land; or it has escaped completely all municipal burdens, because, as was frequently the case, it was so placed as to have no agricultural value. There is scarcely a large town in England or Scotland in which there is not land thus escaping all local and Imperial burdens. Such land is continuously inincreasing in value by reason of the pressure of busi-

ness or population, and is held in expectation of enhanced value, because, with no taxes to pay, it costs the owners little or nothing to keep it vacant until a purchaser appears who is willing to pay the price for which the owner is holding out. Many of the vacant sites are a nuisance, calling for extra care from the police. Others are a blot because of their use for bill posters' hoardings. Others again are covered or partly covered by shanties of corrugated iron, or of wood, which tend to deteriorate the value of adjoining properties. In many towns congestion has been aggravated for two or three generations because so much land is held vacant, exempt from taxation; while in other towns, municipal economy and development have been retarded and warped.

Municipal councils in England and Scotland for nearly thirty years have been appealing to Parliament for help in this grievous problem. Help could only have come through the Budget. No Tory Government would introduce legislation. It would have been in collision with the Lords had it even hinted at such legislation. If a Liberal Government had attempted to end this grievance of the municipalities, otherwise than in a finance bill, its measure, as may be seen from the fate of the twice-rejected Scottish Land Values bill, sent to the Lords in 1907 and 1908, would never have succeeded in running the gauntlet of the House of Lords. Overcrowding in towns was attributed by the Royal Commission on the Housing of the Working Classes of 1885 in part to the conditions on which land in urban centres is held. When at second reading stage of the Finance bill on June 8th, Lloyd George was defending the tax of a halfpenny in the pound on the value of undeveloped urban land, and the tax of twenty per cent. on unearned

increment accruing at the sale of such land, he contented himself with recalling the recommendation of this Royal Commission of 1885, and the similar recommendations of the Royal Commission on Local Taxation of 1898–1902.

The second of the new taxes which would have fallen on the owners of urban land, or at any rate would have been paid by them, was to be collected on the renewal of building leases. The system of short leases of building sites is mainly a London institution. It is nearly two centuries old, and is in service on the estates of most of the great London ground landlords. It is also established to a considerable extent in Bristol, to a less extent in Manchester and a few other of the large provincial cities. Under this system, a man creets a building on the site he has leased, paying an annual groundrent. the expiration of the lease, if no renewal is made, the building passes into the possession of the ground landlord. The leases run for periods varying from forty to sixty years. At the expiration of the lease, if the owner feels that he must continue business at his old site, he opens negotiations with his landlord. Two conditions, sometimes three, are then made for renewal: (1) the payment of a large sum, known in the technical language of London real estate agents as a fine; (2) an agreement for a largely increased rent for the site; (3) oftentimes an agreement that the lessee shall rebuild according to designs and specifications which shall be approved by the landlords, surveyor or architect.

¹ See the Report of the Royal Commission on Local Taxation, — 1898–1902 — "appointed to enquire into the present system under which taxation is raised for local purposes and whether all kinds of real and personal property contribute equitably to such taxation." H. V. Jones, Parliamentary Papers, 1801–1900, p. 163. Cf. Report of the Royal Commission on the Housing of the Working Classes. England and Wales, 1885, ibid., 1801–1900, p. 128.

Unearned increment has for generations been accruing to the London ground landlords under this leasehold system, with even less trouble to themselves than to owners of land in urban centres which stood unoccupied. Each million of people added to London's population; every improvement made by the County Council; London's increasing attractions for visitors from the United States and all other parts of the world; even the growing wealth of the United States, of Canada, and of Australasia, swelling the army of tourists who pour into London between May and October of each year — all these have steadily added to the wealth of the great landlords. owner of the building pays all local taxation, on the site and on the building, for his taxation is based on rental value. The only direct gain to the National Exchequer from the falling in and renewal of London leases has been an increase in the income tax assessed on the ground landlords, due to the increased rents, and the occasional windfalls when a London ground landlord passes beyond to the region where ground landlords, surveyors, and tax-collectors are unknown. The Lloyd George Budget proposed to value all these properties in London, Bristol, Manchester. Value of site and of building would have been entered separately on the new Domesday Roll, and when a lease expired, the tax collector would have intervened with a claim for reversion duty of ten per cent. on the value of the benefit accruing to the ground landlord.1

1 Section 13 of the Finance bill reads thus: "The value of the benefit shall be deemed to be the amount (if any) by which the total value of the land at the time the lease determines, subject to the deduction of any part of the total value which is attributable to any work executed or expenditure of a capital nature incurred by the lessor during the term of the lease and of all compensation payable by such lessor at the determination of the lease, exceeds the total value of the land at the time of the original grant of the lease, to be ascertained on the basis of the rent reserved and pay-

The owners of mining lands in receipt of royalties and wayleave rents were the only other land-owners who, as such, were to be liable to new taxation. are great land-owners, such as the Bridgewater Trustees, the Marquis of Londonderry, and the Marquis of Bute, who themselves mine and market the coal under their properties. But the number of land-owners who so manage their mineral properties is comparatively small. The more general custom is for land-owners to transfer the privilege of mining to limited liability companies, subject to the payment (1) of a rent, much in excess of the agricultural renting value, for land used for pit-gear and surface equipment and miners' cottages; (2) of a royalty on all coal mined; (3) of rents for wayleaves giving a right of way across the property of the landlord, from the colliery to a railway or canal or to tidewater. Mining royalties range from fivepence to one shilling and twopence per ton, depending on the quality of the coal, the cost of mining, and the nearness to large and suitable markets. In the Cleveland district, owners of iron ore lands in some cases share with mining companies the burden of local taxation. arrangement, however, is peculiar to the iron mining country of the North-east of England. There is no such arrangement on the coal-fields of England and Wales, and the only contribution that the owners of mining royalties have made to public burdens, in respect of them, has been through income tax. Royalties on the Rhondda Valley coalfield, South Wales, reach a total of £200,000 a year; wayleaves and rents

ments made in consideration of the lease (including, in cases where a nominal rent only has been reserved, the value of any covenant or undertaking to erect buildings or to expend any sums upon the property), but where the lessor is himself entitled only to a leasehold interest the value of the benefit as so ascertained shall be reduced in proportion to the amount by which the value of his interest is less than the value of the sample."

of land used by the coal companies to another £30,000 a year. The coal companies pay in the aggregate £54,000 to municipal taxation; while the owners of the royalties escape scot-free so far as the cost of the poor law and of local government is concerned. The Ecclesiastical Commissioners, who hold in trust large areas of land in the County of Durham, drew, in the year ending March 31st, 1908, £430,000 in mining royalties, and were at no charge in respect for them for parish, municipal, or county taxation. By the Finance bill royalties on coal and iron ore were taxed at the rate of five per cent. and there was to have been a tax of five per cent. on wayleave rents.

Of the new taxes levied by the Finance bill perhaps the most intricate was the tax on the monopoly value of liquor licenses. But the principle of it and the reasons for it can be set out in a few lines. Between 1828 and 1869 there was an enormous increase in the number of beer shops in England, due to the licensing legislation of the Wellington Government of 1828–29 which made it as easy and as inexpensive to secure a license to sell beer as it is in an American city to obtain a dog license. In the social and economic history of England, this was the era of free trade in beer. Every cottager, eager to add to his weekly wage, established himself as a vendor of beer and porter; and the beershops added enormously to the squalor of the period. In 1869, an end was made to the granting of beer licences. But some thirty-five thousand holders of these licences in 1869 were acknowledged by Parliament as having vested interests in them, and it was enacted that none of them could be withdrawn by the licensing magistrates, unless convictions under the liquor licensing code were recorded against their holders in the police

courts. From about 1870 it became increasingly difficult to secure licences for new public houses; and between 1880 and 1904, it was the policy of most licensing benches not only to grant no new licences, but to refuse the renewal of licences for public houses (as distinct from the ante-69 beer houses) whenever an excuse could be found which would stand scrutiny at quarter sessions on appeal from the licensing bench.

From 1904 to 1909, some 5350 liquor licenses were extinguished under the provisions of the Balfour Act of 1904. That act, it will be recalled, turned all the existing licenses into freeholds, — putting all on the same statutory basis as the ante-'69 beerhouses, but provided that magistrates might extinguish licenses, and pay compensation to the license holders out of funds levied on all the licensed houses within the jurisdiction of the licensing bench. In 1881, the number of houses licensed for the sale of liquor on the premises was in round figures 106,940. To-day the licensed houses are at least 12,000 fewer than in 1881, due to refusals of renewals of licenses between 1881 and 1904, and to the administration of the Act The the population of England and Wales has increased from 25,974,000, in 1881 to an estimated population of 46,000,000 in 1909, the payments into the Imperial Treasury in respect of each liquor license have remained practically the same as in 1881, when the movement towards fewer licensed houses began to awaken sympathetic public attention. The average payment for a license to sell liquor for consumption on the premises is now £18 10s., houses being grouped in six divisions for license duty in accordance with the ratable value of the houses to which they are attached. Under the Finance bill there was to be a tax on the monopoly value of a licence, based on

"the amount by which the annual value of the premises exceeds the annual value which the premises would bear if they were not licensed premises." This was the proposal which aroused the liquor interests. It was in behalf of these interests that Lord Rothschild convened a caucus of the Lords at Lansdowne House against the Asquith Licensing bill of 1908, -- the caucus "at a famous house in a famous square" which resulted in a summary and indignant rejection of the bill. This, and the increased duty on whiskey and beer, were the proposals that at meetings of brewery shareholders from May until December led to appeals from brewing company presidents to "strive to prevent this robbery"; that led these presidents to declare that "so far as brewers were concerned, they knew no politics except their trade," that led to appeals from presidents of brewery debenture holders' committees for subscriptions to aid in financing the anti-Budget campaign; and that turned every one of the 94,056 beer shops of England and Wales, from April 1909 to the pollings in January 1910, into recruiting quarters for the Tories and the protectionists.1

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1 "Whatever fate may be in store for rival political parties at the forthcoming general election, there can be little doubt that all who are engaged in the brewing and sale of liquors will be found recording their votes against the present Government, in the hope of doing, at all events, something to secure a respite from the anxiety and tension that have encompassed them during recent years." "Facts for the Fight," Yorkshire Post (Conservative), December 27, 1909.