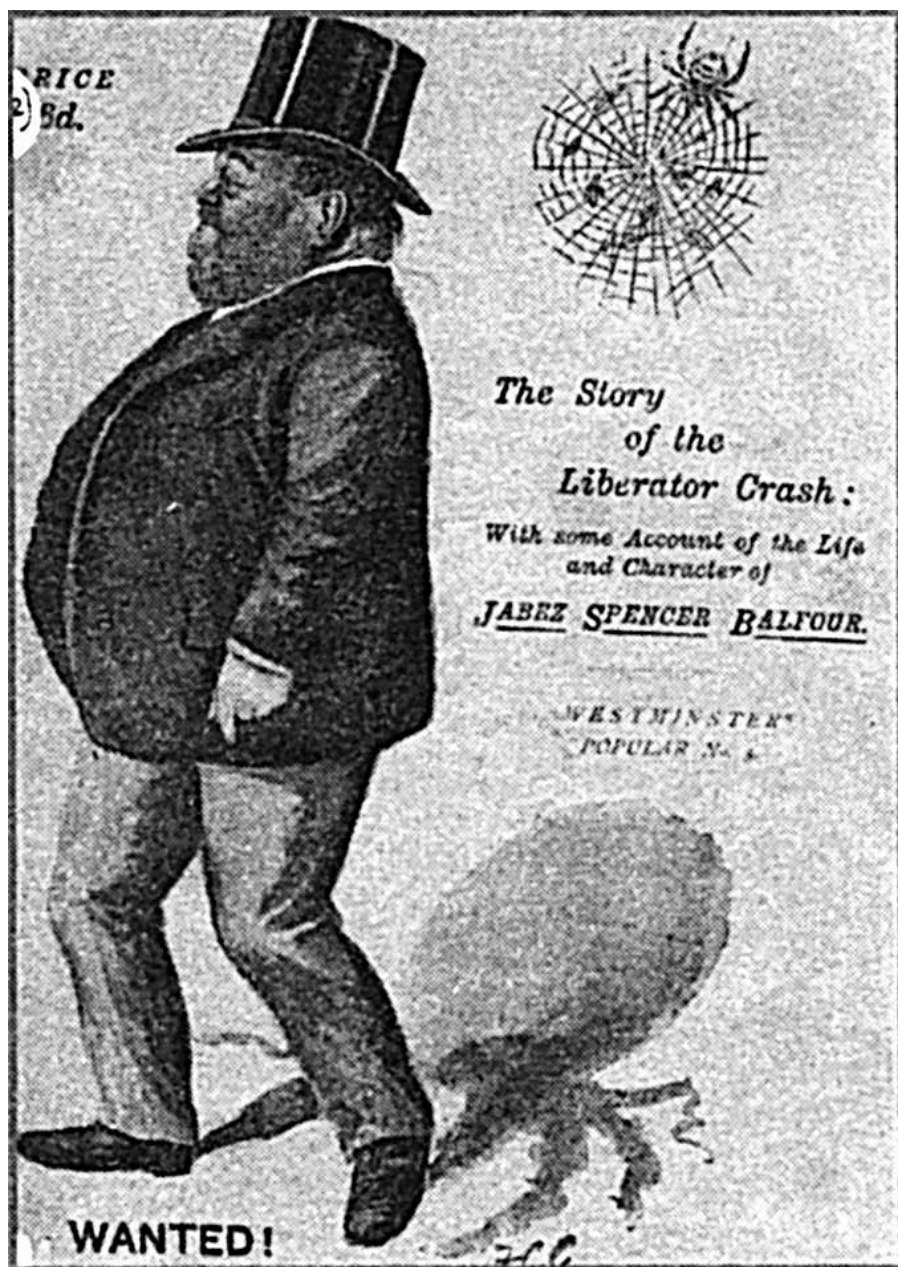


A 'SINCERE, THOROUGH

A 'sincere, thorough and hearty Liberal', as he liked to describe himself, Jabez Spencer Balfour, MP for Tamworth from 1880 to 1885 and for Burnley from 1889 until 1892, was, if not exactly an ornament, certainly an undoubted asset to the Liberal cause until commercial and personal disaster plunged him into notoriety. He had built before then a reputation as a shrewd and successful businessman, a pillar of Nonconformity, a devoted friend of the temperance movement, and a dedicated champion of Liberalism, first in municipal Croydon and then on the national platforms on to which, as a reliably crowd-pleasing orator, he was often invited to speak. **David McKie** tells his story.



AND HEARTY LIBERAL'?

JABEZ BALFOUR, 1843 – 1916

Balfour – Jabez in his youth and in his late notoriety, but always J. Spencer Balfour when he was in his prime – was born, on 4 September 1843, in the Maida Hill area of London, to Clara Lucas Balfour, a celebrated lecturer, writer and temperance campaigner, and her husband James, who had married her when she was not yet sixteen and whose own attachment to the temperance movement reflected a previous weakness for drink. Clara Balfour's fame as a writer and a speaker at a time when women speakers on public platforms were rare brought the family out of near penury into a relative affluence which paid for the precocious young Jabez to be sent to schools abroad.

By now, his father was working at the Palace of Westminster as an aide to more senior officials while developing his own business interests. In the year of his seventeenth birthday, probably through his father's contacts, Jabez joined a firm of parliamentary agents. But his ravening ambition and restless energy propelled him towards greater things. Having married and settled in Reigate, he moved in 1869 with his wife and young family to the greater stage that

was Croydon, where he soon established himself as a person of consequence. The town's population had grown from 6,000 in 1801 to well over 50,000 by the time the Balfours arrived, and Jabez and Liberal businessmen like him believed it was time it was thoroughly modernised and given its independence from the county of Surrey.

Though motivated by a high local patriotism, they also scented a political advantage. Ratepayers excluded from voting under the old limited vestry system would be enfranchised if Croydon attained borough status, and that would push up the Liberal vote. 'In Croydon' says J. N. Morris in his history of religion and politics in the town, *Religion and Urban Change*, 'incorporation put an end to the claims of Anglicanism to act as the focus of community loyalties ... what the "democratisation" of local government ... achieved was therefore the supersession of the Anglican oligarchy who had previously ruled the town by what was in effect "a new municipal elite".'

That Croydon was given borough status in 1883 might have been partly due, Balfour suggested, to the influence he had deployed as a backbench Liberal MP. Though he represented

Under his guidance, the Liberator building society ... established itself as the biggest society in the land, offering families ... the chance to liberate themselves from the suzerainty of landlords.

(Left): Jabez 'wanted' on charges of fraud (Croydon Local Studies Library)

Tamworth in the west Midlands, his heart was always in Croydon, where it often seemed that little of consequence moved without him. The issues he raised in the Commons were as likely to concern the people of Croydon as the people of Tamworth. Before borough status, he regularly topped the poll for the school board. He sat on the bench and was active in local charities. He spoke often, and copiously, at the extravagant self-congratulatory banquets that punctuated the civic year. He served on an array of committees from the hospital to the commons preservation society. He was president of the local Liberal Party and a patriotic officer in the military Volunteers.

He was also by now a figure of increasing national reputation. Under his guidance, the Liberator building society – its name designed to echo that of the Liberation Society, an umbrella organisation promoting the interests of English and Welsh Nonconformity and challenging the privileged status of Anglicanism – established itself as the biggest society in the land, offering families who had seen no such hope before the chance to liberate themselves from the suzerainty of landlords. A string of satellite

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companies buttressed the Liberator: some to buy land, some to build homes for the society's clients. In time, the Balfour group launched its own bank, the London and General. Before long, it moved away from its founding commitment to extending the benefits of home ownership to unprivileged families and began to embark on prestige projects: the mighty Hotel Cecil, off the Strand; the luxurious apartment complex of Hyde Park Court; Whitehall Court, alongside the National Liberal Club. Admirers began to talk of Balfour's 'Midas touch', and companies in trouble sought to steady themselves and redeem their reputations by giving him seats on their boards. As the *Pall Mall Gazette* was later to recollect: 'Evidently, he was the coming man, and there appeared to be no bounds to his popularity. He was affluent, always smiling, always ready to give freely of both time and money.'

So when borough status was granted, his fellow Croydon Liberals persuaded him to put his name forward as charter mayor of the town, a role he performed with such energy, enthusiasm, generosity and swagger that the aldermen and councillors voted to keep him on for a second term. With his seat at Tamworth doomed to be swept away in a redistribution, he hoped to ride back to Westminster on this tide of popularity at the general election of 1885 as member for Croydon.

But here he was disappointed. In the second year of his mayoralty his reputation was dented by the operational problems and financial difficulties of the Croydon tramway system, which he ran with some Liberal colleagues, and his opposition to a planned new railway line linking the town centre with the city of London – an opposition all too clearly attributable to his seat on the board of a rival company. The Tories also succeeded in alienating potential supporters by representing Balfour's support

for the Liberation Society as hostile to the survival of the Anglican church and by implication to the Christian religion too. And despite their success in local politics, the Liberals were consistently disappointed at national elections in Croydon, even after Jabez had gone and less controversial candidates contested the seat. Maybe with his characteristic optimism, Jabez overestimated his chances of success. At any rate, in the event, he took only 4,315 votes to the 5,484 of the eminent local Tory drafted in to oppose him.

His affection for Croydon did not survive this reverse. Thereafter he was rarely seen in the town. He left his fine house and moved to the edge of Hyde Park, while he also acquired a country house in the village of Burcot in Oxfordshire, where he established himself as the philanthropic modernising squire of the village.

Balfour was eager throughout to resume his career at Westminster. Though he lost at Walworth in the general election of 1886, and failed to hold a Liberal seat at a by-election in Doncaster two years later, he took advantage of an early warning of a coming vacancy at Burnley to sweep into the town and tie up the nomination within hours of the formal announcement that the former member was quitting. Six days later, he was elected for Burnley, unopposed, the town's Unionists having been so badly wrong-footed that they did not put up a candidate. At the general election of 1892, he was re-elected with the biggest percentage majority seen in the town since the 1832 Reform Act. Now he anticipated preferment, confidently expecting, according to one seasoned political reporter, an under-secretaryship at the very least.

The record of his Commons performances hardly suggested that Balfour would prosper at the despatch box. Despite his success on public platforms, where on subjects from the

greatness of Gladstone to the need to reform the franchise and extend it to women or the case for home rule for Ireland, he could captivate and enthuse an audience, his Commons speeches were rare and made no great impact. An MP could achieve far more, he liked to explain, by assiduous work in committees and party meetings and Westminster corridors than by addressing the House. He made much more of a splash in his constituencies: at Burnley, a town he always extolled in lavish terms, he got himself installed as president of the football club, on whose behalf he accepted the Lancashire Cup after their unexpected defeat of their bitter rivals Blackburn in 1890, while also delivering a lecture lasting one hour and twenty minutes to the local Literary and Philosophical Society in honour of Dr Johnson. And working people's organisations were impressed with the energy and resolution with which he took up their causes at Westminster and in government offices. Above all, he got himself talked about: as for instance when, trapped in a late-running train and anxious not to be late for a Burnley occasion, he hired a special train to complete his journey from Wakefield.

Yet the party leader on whom he always lavished such praise failed to fulfil his dream of ministerial office. Perhaps Gladstone knew what was coming. Within weeks of his re-election, Balfour's commercial empire was in serious trouble. The economy was running into recession. The near-collapse of the great city house of Barings had fractured investors' confidence. And subordinates strategically placed within Balfour companies had begun to betray him. The collapse of one of these companies brought down his London and General Bank, where customers found the doors locked against them on 2 September 1892, and within a few days the rest of the empire began to look doomed.

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Balfour tried to dismiss these problems as merely ephemeral, but investigations by the Official Receiver swiftly made them look terminal.

The whole edifice, it was quickly established, had been built on illusion. The celebrated profits were nearly all pure invention. Balfour had worked on the basis that if people thought you were highly successful and prosperous they would pump in the sums that in time would make you successful and prosperous. Under Balfour's accounting system, companies simply computed what dividends and bonuses would need to be paid to keep them looking healthy and commercially alluring, and then cooked the figures to fit. Fictitious transactions were engineered between Balfour companies (easily done, as the directors of company A would be much the same people as the directors of company B) to boost company balance sheets when results were due to be published and dividends fixed. Complaisant valuers and auditors devised and approved grossly inflated assessments of company assets. (At one point, one of the Balfour companies had as its auditors a retired Nonconformist minister and Jabez's tailor in Wallingford.) The money which trusting investors had committed to the Liberator to safeguard their futures had been shamelessly milked for other Balfourite purposes. Too late, they found that the man who paraded himself as their benefactor had robbed and betrayed them.

As the awful truth began to emerge, ruined shareholders and Liberator clients clamoured for recompense, even for vengeance. But at this point, their prey disappeared. For weeks there were rumours of sightings all round the world. In fact, he had fled to Argentina, which seemed a safe enough choice since no extradition treaty existed between that country and Britain (there had been negotiations, but no final version had ever been ratified).

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Balfour established himself in Buenos Aires and then, when the press caught up with him there, in Salta, 800 miles up-country.

Here he was joined by a young woman he said was his wife, though in fact she was the daughter of an old business associate, who had been his unofficial ward after the early death of her father. His wife, Ellen, had long been out of the picture, confined to the Priory Hospital since a breakdown after the birth of her second child, with no expectation that she would ever recover. Ensnared in Salta, Balfour resisted all attempts to return him to London. He planned to do business there, and the local community was confident he would bring the place new prosperity. The great temperance champion negotiated to purchase a local brewery. Even when the extradition treaty was finally ratified, he thought himself safe, arguing that it could not be used retrospectively.

When the federal courts in Buenos Aires said that it could, he took up more time by appealing. He was adept in exploiting the angry resistance to central power then evident in much of the Argentine republic, claiming that federal attempts to send him home constituted an outrageous attack on the rights of the province. As soon as a ruling was given by the government or the courts of the capital, the authorities in Salta refused to accept it and asserted his right to stay. And even when that hope of escape appeared to be exhausted, he and his advisers discovered a provision in Argentine law which said that no one against whom a legal case was outstanding might leave the country; on which basis, they organised a roster of sympathisers to bring actions against him one after the other.

British officials in Buenos Aires began to warn London that hopes of ever getting him back were fading. In the end it took something close to a kidnap to bring him home. Scotland

Yard's extradition specialist, a redoubtable man called Frank Froest, hired a train and had it stationed in sidings near Salta. When, in April 1895, the latest ruling favouring Balfour's extradition was reported from Buenos Aires, he had Balfour aboard the train before the local courts could convene to declare this procedure illegal. With Froest on the footplate, the train steamed south-eastwards. But a posse of Salta officials and Balfour sympathisers caught up with it, and one of the officials rode on to the line in order to block the tracks. When the driver attempted to stop the train, Froest obstructed him, and the train mowed the horseman down. Later the British government paid \$50 in *ex gratia* compensation, stipulating that this was to cover both the man and the horse.

The outcome of the trial when it came was a foregone conclusion, and the sentence of fourteen years' imprisonment with hard labour, handed down on 28 November 1895, reflected less the largely technical charges he faced than the public outrage over the havoc the crash had created. Many hundreds were ruined. Some killed themselves; some went mad; some died from grief and despair. 'You will never' Balfour was told by the judge, a former Conservative MP, 'be able to shut from your ears the cries of the widows and orphans you have ruined.'

He served ten years and four months of his sentence. Released on 14 April 1906, he was hired by the Northcliffe Press to write an account of his prison experiences, which led the *Weekly Despatch* for twenty-six weeks and was later, in a slightly more muted form, published as a book: *My Prison Life*. Remarkably free from self-pity and self-exculpation, its revelations shocked middle-class breakfast tables. When the Northcliffe Press tired of him, he set himself up as a mining consultant, though that came to a halt with the outbreak of war.

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But still he would not give up. In August 1915, just short of his seventy-second birthday, he went out to Burma to take up a post at a tin mine. When his new employers realised how old he was, and contemplated what the heat of the place might do to him, they ordered him home. That decision, though well meant, was fatal; he returned to a bitter winter. He died on 23 February 1916, on a train to south Wales, where he was due to start a new job with a colliery company. 'A man of cold-blooded villainy', *The Times* had dubbed him in the moment of his disgrace, 'one of the most impudent and heartless scoundrels on record.' Yet now he was almost forgotten. It took some time for the authorities in Newport, where his body was removed from the Fishguard train, to establish who the dead man was. Obituarists over the next few days remembered him as a minor politician and major rogue.

Yet others who knew him suggested that had bad times not arrived when they did, he might have ended up knighted, possibly ennobled, even a member perhaps of the Privy Council. Had his companies survived through the crisis of 1892, they might possibly, some City observers maintained, have prospered to a degree where genuine profits would have accrued, his companies might have been put back on an honest footing, and those who became his victims would have been saved from penury. Some of his cherished projects, like the Hotel Cecil, would indeed make substantial money one day. And certainly, it was mordantly noted later in the City and in newspaper commentaries – the outstanding example of which, still richly readable, was that by J. A. Spender in the *Westminster Gazette* – there were those now occupying the high places to which Jabez Spencer Balfour had once aspired who had resorted to methods no

Perhaps the greatest mystery in Balfour's story is whether he was an honest man who went to the bad or whether he was bad all along.

less dishonest than his to make their businesses prosper; and got clean away with it. Bad though he was – and the sufferings he inflicted on his victims cannot be condoned or forgiven – he was not, even then, the worst of the bunch.

Perhaps the greatest mystery in Balfour's story is whether he was an honest man who went to the bad or whether he was bad all along. His mother had written to one of his older brothers when Jabez was five: 'he will either be good or evil – there is nothing negative about him'. Spender, who examined his rise and fall more closely than most, was never entirely sure. His development of the Liberator seems to have been coloured by a genuine commitment to enhance the daily lives of Nonconformist England – while also enhancing the lives of those who sat round the boardroom table. This Nonconformist Liberal was fully attuned to the kind of teaching more often identified with Adam Smith and for that matter Margaret Thatcher, which teaches that men fired with the urge for self-enrichment are often the most effective agents for the general improvement of the economy and of society. And

pious people, among whom he aspired to be numbered, could always shore themselves up with a precedent from 1 Chronicles 4:10, which suggested that God might approve of their hopes of becoming rich. 'And Jabez called on the God of Israel, saying, Oh that thou wouldest bless me indeed, and enlarge my coast, and that thine hand might be with me, and that thou wouldst keep me from evil, that it may not grieve me! And God granted him that which he had requested.'

'Into the depths of human motives' wrote Spender 'what sure plummet can be cast? In the complexities of human character, who shall judge or decide?' These are questions that go much wider and deeper than the history of Jabez Balfour.

David McKie, a former deputy editor and chief leader writer of The Guardian, now in retirement, writes a weekly column, Elsewhere. His Jabez, The Rise and Fall of a Victorian Rogue, published in 2004, was shortlisted for the Whitbread biography prize. His Great British Bus Journeys: Travels though Unfamous Places appeared in March 2006.

Journal subscriptions

As noted in the last edition, the subscription rate for the *Journal of Liberal History* is increasing from the 2006–07 membership year, which starts with the next issue, number 53. This will allow us to increase the length of each issue and so publish the greater volume of material now being submitted. We have also taken the opportunity to simplify the rates structure, which is as follows:

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For payment details, see page 3. Payment is now possible by credit card via our website, www.liberalhistory.org.uk.

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